SAKURA BANK

INTERIM FINANCIAL REPORT

April–September 2000

Profile

(As of September 30, 2000)

Head Office

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Established	1876
Total Assets (Non-Consolidated)	¥46,877.8 billion
Deposits (Non-Consolidated)	¥33,330.1 billion
Loans and Bills Discounted (Non-Consolidated)	¥31,232.5 billion
Capital Stock (Non-Consolidated)	¥ 1,042.7 billion
Domestic Network	
Branches	350
Sub-branches	34
Agencies	4
Overseas Network	
Branches	16
Sub-branches	2
Representative offices	6
Consolidated Subsidiaries	63
Subsidiaries and Affiliates Accounted for Using the Equity Method	33
Number of Employees	13,440

Ratings (As of December 31, 2000)

	Long-Term	Short-Term
Moody's	A3	Prime-1
S&P	BBB+	A–2
Fitch	A	F1
R&I	AA–	a–1+

http://www.sakura.co.jp/bank/index-e.htm

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

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

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This interim financial report was printed on recycled paper.

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Consolidated Financial Highlights

The Sakura Bank, Limited and Subsidiaries

Six Months Ended September 30, 2000 and 1999, and Year Ended March 31, 2000	Millions of Yen			Millions of U.S. Dollars
	Sept. 30, 2000	Sept. 30, 1999	Mar. 31, 2000	**Sept. 30, 2000**
For the Term				
Total Income	**¥ 884,783**	¥ 918,153	¥ 2,157,102	**$ 8,192**
Total Expenses	**799,283**	841,578	2,030,963	**7,400**
Income before Income Taxes and Minority Interests	**85,500**	76,574	126,139	**791**
Net Income	**31,302**	40,803	62,581	**289**
At Term-End				
Total Assets	**50,713,080**	48,825,915	48,495,608	**469,565**
Loans and Bills Discounted	**33,330,305**	32,592,302	32,333,211	**308,613**
Securities	**7,581,110**	6,612,666	6,928,746	**70,195**
Deposits	**35,859,349**	34,301,313	33,738,616	**332,031**
Total Stockholders' Equity	**2,183,752**	2,202,550	2,208,554	**20,219**
Capital Ratio (%)	**12.30%**	12.43%	12.53%	**12.30%**

	Yen			U.S. Dollars
Per Share of Common Stock				
Net Income	**¥ 6.26**	¥ 8.63	¥ 12.58	**$0.05**
Total Stockholders' Equity	**335.35**	338.30	340.98	**3.10**

Non-Consolidated Financial Highlights

The Sakura Bank, Limited

Six Months Ended September 30, 2000 and 1999, and Year Ended March 31, 2000	Millions of Yen			Millions of U.S. Dollars
	Sept. 30, 2000	Sept. 30, 1999	Mar. 31, 2000	**Sept. 30, 2000**
For the Term				
Total Income	**¥ 749,216**	¥ 817,025	¥ 1,930,928	**$ 6,937**
Total Expenses	**655,658**	762,733	1,776,858	**6,070**
Income before Income Taxes	**93,558**	54,291	154,069	**866**
Net Income	**51,939**	33,070	57,117	**480**
At Term-End				
Total Assets	**46,877,873**	47,141,479	46,559,485	**434,054**
Loans and Bills Discounted	**31,232,502**	32,143,364	31,939,952	**289,189**
Securities	**7,268,199**	6,576,841	6,911,602	**67,298**
Deposits	**33,330,148**	34,005,767	33,342,655	**308,612**
Total Stockholders' Equity	**2,286,716**	2,244,015	2,252,289	**21,173**
Capital Ratio (%)	**12.67%**	12.42%	12.50%	**12.67%**

	Yen			U.S. Dollars
Per Share of Common Stock				
Net Income	**¥ 11.28**	¥ 6.74	¥ 11.24	**$0.10**
Total Stockholders' Equity	**359.76**	348.18	351.38	**3.33**
Cash Dividends per Share				
Common Stock	**3.00**	3.00	6.00	**0.02**
Preferred Stock:				
Series II	**7.50**	7.50	15.00	**0.06**
Series III (Type-2)	**6.85**	6.85	13.70	**0.06**

Notes: 1. All consolidated figures and non-consolidated figures have been truncated rather than rounded.
2. The accompanying financial statements are presented, for convenience only, in U.S. dollars by arithmetically translating all Japanese yen amounts at ¥108.00=US$1, the exchange rate in effect on September 30, 2000.

To Our Shareholders

Management Philosophy

Developments in information technology (IT) can justifiably be termed revolutionary and historically significant. Amid this IT-led economic and social change, Japan faces the task of undertaking dramatic structural reforms regardless of resistance. Nowhere is this more evident than in the nation's financial services sector, which continues to reverberate from the far-reaching liberalization of its regulatory framework. The field of competition is rapidly transforming as it is swelled by new entrants from other sectors and geographical areas, as well as a succession of large-scale mergers and strategic alliances. We view these circumstances as splendid opportunities for further growth. To take advantage of these and build on our strengths, we are devoting our full energies to embracing IT and developing new strategies attuned to the changing times.

Earnings Progress

Our true strength and main source of revenue is the commercial banking field, which has a strong clientele base. To expand this business field and make it more profitable, we have made full use of scientific data analysis and strategic approaches to concentrate our resources on improving loan yields and marketing housing loans and investment trusts. While we have continued to implement an extensive restructuring plan—particularly with respect to the rationalization of existing branches and our workforce—we have also moved boldly to open service delivery channels suited to the new millennium, to heighten profitability and better meet our customers' needs.

These efforts are paying off. In the first half of fiscal 2000, ended September 30, 2000, we posted domestic gross operating profit that positioned us as the top-ranked Japanese bank, and achieved major decreases in expense ratios for the third consecutive period. As a result, we registered record net operating profit for the interim period, again placing us in the upper echelon of Japanese banks. We also took the opportunity to accelerate the disposal of problem loans as a step toward completely resolving this issue.

New Directions

In line with our firm conviction that the IT revolution will make the 21st century a consumer-driven era, we have formulated innovative business models for consumer banking that anticipate changes arising in the new millennium. During the period under review, we started a number of initiatives to define these business models, including the foundation of an Internet-specialized bank and a venture offering consumer loans with unique features. Both are part of an integrated structure that allows us to draw on significant synergies.

Improving Shareholder Value

As a result of decisive new business developments and strategic initiatives such as those mentioned above, we have succeeded in steadily heightening shareholder value, despite the challenging operating environment. We are by no means complacent, but we are progressing in the right direction, as indicated by the credit ratings increases issued by all major rating agencies in 2000.

Merger with Sumitomo Bank and Launch of Sumitomo Mitsui Banking Corporation

On April 1, 2001, we will celebrate the inauguration of Sumitomo Mitsui Banking Corporation (SMBC), our new corporate entity. Since we initialed the strategic alliance and integration plan in October 1999, we have forged ahead with preparations for the merger, including resolution of the new bank's operational structure and strategies, emphasizing speed in our deliberations. In December 2000, we received notification of approval from the Financial Services Agency, allowing us to proceed with the merger. We are now shifting preparations into even higher gears for a positive start in April.

As the new bank, we will strive to meet the expectations of shareholders and stakeholders for continued growth by extracting the benefits of the merger as early as possible. By integrating and enhancing our financial solutions services, product line-up and networks, the new bank will provide higher-value-added services while lowering costs. And by striving for further growth with the required sense of urgency, we, SMBC, will secure a position at the top of the Japanese banking industry at an early stage.

January 2001

Akishige Okada
President

Toward the Launch of Sumitomo Mitsui Banking Corporation

On April 1, 2001, Sakura Bank and Sumitomo Bank will merge, starting anew as Sumitomo Mitsui Banking Corporation (SMBC). Previously, in December 2000, we received official approval for the merger from the Commissioner of the Financial Services Agency. We have decided upon a symbol and preparations for the inauguration of the new entity are proceeding smoothly.

Symbol

The ascending curve of the symbol, named “Rising Mark”, signifies the new bank’s growth through the application of the diverse skills of SMBC staff to provide progressive, value-added financial services and, through these services, to contribute to the welfare of customers, shareholders and the community at large. We have selected “fresh green” and “trad green” as the two corporate colors. Fresh green will be used in the Rising Mark to express our youthful, knowledgeable and friendly approach, while trad green will be used as the symbol’s background and text color to represent our tradition, reliability and stability. The symbol, color scheme and the SMBC acronym, collectively referred to as our mark unit, will be used consistently to promote our corporate identity.

Mark Unit

SMBC Corporate Strategies

Through the merger, the new bank will figure prominently in terms of size and quality among Japanese financial services groups while striking a good east–west regional balance in its clientele and branch networks. In particular, SMBC will have a critical share in the market’s fast-growing segments—retail customers and small and medium-sized companies. Moreover, the large-corporation clienteles of both originating banks are complementary, with little overlap, providing opportunities to effectively market both founders’ products and services to customers with whom relationships are well established. The merger will also significantly improve our ability to capture new customers, such as those attracted by new service channels and e-finance.

We will fully exploit these synergies and the strong brands of the founding banks to develop SMBC as a provider of comprehensive, high-value-added financial services for the 21st century, integrating and enhancing the financial solutions provision, product line-ups and networks of the two banks.

Consumer Banking

Based on the two banks’ current results, SMBC will have the largest number of customer accounts among the domestic banks, and rank at the top of the Japanese banking industry in terms of sales of investment trusts and residential mortgages. Leveraging this advantageous starting position, we will draw upon the experience gained thus far in developing winning products, services and channels and combine it with the abilities of our highly skilled work forces to offer outstanding retail services.

Organizationally, we will maintain the existing separation in both banks between the consumer and corporate banking divisions to provide a smooth, seamless transition. Within these groupings we will organize around the various target segments.

(1) Asset-Building Segment (Standard Households)

We will focus our main efforts on this segment, following a two-pronged approach to expand our dominant market share. Customers in this segment are primarily looking to build up retirement assets. We will combine the financial advice provided from manned branches (direct channel) with the marketing and services provided via our remote channels, such as call centers, telephone banking and Internet banking, which will enable us to become the preferred bank of our customers.

(2) Asset Management and Private Banking Segments (Business Owners and High Net Worth Individuals)

Business owners and high net worth individuals seek sophisticated, impartial investment consultation. We will furnish them with tailor-made products and services as part of comprehensive asset and liability management packages.

(3) Mass Retail Segment (General Consumers)

Customers in this segment can be expected to be future users of the services offered to the first two segments above. To attract these customers—providing them with optimal convenience at low cost—we will fortify our remote channels and continue to develop our convenience store ATM network (@BΛNK terminals in am/pm stores).

We will also be ramping up our credit card business with the reorganization and consolidation in July 2001 of The Sumitomo Credit Service Company, Limited, and Sakura Card Co., Ltd., into Sumitomo Mitsui Card Co., Ltd. In addition, we will expand our consumer finance and settlement services through tie-ups with The Sakura Loan Partner, Limited, and The Japan Net Bank, Ltd.

Middle Market Banking

We will respond proactively to increasingly diverse corporate banking requirements and the rapidly evolving market for financial instruments by making full use of the capabilities of the Middle Market Banking Unit to deliver advanced financial services and the product development capabilities of the SMBC head office. We will be looking to boost our cost-competitiveness in this division through operational rationalization.

(1) Financial Solutions Business (Middle Market)

In this segment, we will focus on providing timely, proactive financial solutions to small and medium-sized businesses. This will involve initial public offerings (IPOs), securitization, trade-related finance and settlements, and derivatives and other hedging instruments.

(2) Small Business (Small Businesses and Entrepreneurs)

SMBC will serve this segment with a new service, entitled Value Door, that will make use of its IT networks. With services ranging from Internet-based credit applications to management consulting, information services and settlement services, we will provide comprehensive support to small businesses. Unsecured loans utilizing credit scoring models and specialized business branches that will furnish a detailed response to small business needs will be part of our efforts to expand our market share in this segment.

Corporate and International Banking

(1) Corporate Banking

The two founding banks have secured a large clientele of first-tier corporate customers, including the member companies of the wider Sumitomo and Mitsui groups. We will build a tightly knit organization comprising the Corporate Banking, International Banking and Investment Banking units as well as specialized SMBC Group companies, to serve this clientele with high-quality solutions for direct market financing, mergers and alliances, efficient application of IT, and trade settlements. In addition to traditional financial services, we will place priority on debt capital market services, such as loan syndication and securitization services. Our settlement and cash management services will meet the growing demand to make more efficient use of working capital.

While sustaining a strong customer service focus, we will be undertaking swift measures to increase profitability—maintaining the scale of assets at appropriate levels and seeking to attract more fee-based business—and heighten our asset turnover and capital turnover ratios.

(2) International Banking

SMBC will organize its international banking operations into three regional divisions—Asia Pacific, Americas and Europe—to provide responsive international banking services. We will determine strategies on a region-by-region basis and rationalize the existing branch network as soon as possible. At the same time, we will be looking to expand our clientele and network in Asia, where we enjoy a regional advantage over European and North American competitors.

Investment Banking

(1) Wholesale Securities Business

In this market, we will establish Daiwa Securities SMBC Co., Ltd., as the flagship vehicle. This company will be formed by merging industry powerhouse

Daiwa Securities SB Capital Markets Co., Ltd. (itself a joint venture between the Daiwa Securities Group and Sumitomo Bank), with Sakura Securities Co., Ltd., in April 2001. Boasting the largest customer base among the domestic banks, we will enjoy competitive advantages over other financial groups in this market. We will fully leverage this position and refine our organization to strengthen our wholesale business.

(2) Asset Management Business

We will continue to build up our asset management business by seeking new opportunities to offer first-class investment products and by drawing on the expertise of Sakura Investment Management Co., Ltd., and Daiwa SB Investments Ltd., a joint venture between Sumitomo Bank and the Daiwa Securities Group. We also intend to establish a lead in the market for defined contribution pension plans through Japan Pension Navigator Co., Ltd., a joint venture between SMBC and six other financial institutions.

e-Business and Strategic Alliances

(1) e-Business

We aim to position the new bank as an e-finance leader, establishing it as part of a far-reaching group based on strategic alliances with a variety of partners that offer strong IT capabilities, content, networks and large, broad-based clienteles. We will venture into Internet banking, online brokerage services, financial portal sites and other opportunities as they arise.

In the field of Internet banking, we intend to position Japan Net Bank, the nation's first Internet-specialized bank, as the de facto standard for Japanese Internet banks. To lead our online brokerage operations, DLJ*direct* SFG Securities Inc. is opening its doors as a joint venture between a major U.S. online discount brokerage company CSFB*direct* Inc. and several other of our Japanese partners.

We are also addressing the business-to-consumer (B2C) and business-to-business (B2B) markets with financial portal sites and settlement services that are in the planning or implementation stages. SMBC will also concentrate on adopting digital broadcast banking services and smart card payment systems.

(2) Strategic Alliances

SMBC's strategic alliances will not be limited to e-business. We will consider tie-ups with other domestic and foreign financial institutions and companies in other industries in the interest of providing comprehensive financial services of the highest caliber.

Subsidiaries and Affiliates

The various subsidiaries and affiliates of the new bank will be rationalized so that redundant companies are integrated, leaving in principle only one in any particular field. After April 2001, we will prioritize the integration of those companies that will play particularly important roles in major strategic areas and that will benefit the most from the synergy effect. In addition to the aforementioned credit card and wholesale securities companies, merger preparations are already underway to join Sakura Capital Co., Ltd., and SB Investment Co., Ltd., participants in the venture capital field, and Sakura Institute of Research Inc. and The JRI Business Consulting, Limited, both of which operate various membership and consulting businesses.

SMBC Financial Targets

Under the strategies outlined above, the new bank will reorganize its constituent parts and follow a restructuring plan, described below, to raise profitability. The target for net operating profit in fiscal 2004 is ¥950.0 billion, a ¥247.2 billion increase over fiscal 1999, and the goal for the consolidated return on equity (ROE) is 10% or higher.

(1) Gross Operating Profit

As a result of individually tailored strategies implemented by each banking unit (Consumer, Middle Market, Corporate and International), we anticipate a ¥337.0 billion increase in their earnings over the five-year period from fiscal 1999 to 2004. Over the same period, we expect earnings of the Treasury Unit to fall ¥102.0 billion as a result of changes in the interest rate regime. Consequently, we are targeting gross operating profit of ¥1,630.0 billion in fiscal 2004, a ¥199.6 billion increase over fiscal 1999.

(2) Expenses

By implementing the restructuring plan and achieving the merger synergies at the earliest possible moment, we expect to reduce expenses by ¥47.6 billion from fiscal 1999, to ¥680.0 billion by fiscal 2004. We are aiming for a ratio of expenses to gross profit in the order of 42%. We will target our IT spending strategically to improve competitiveness.

(3) Asset Quality

Both founding banks will make sufficient provisions for non-performing loans in fiscal 2000, in advance of the merger, to lower the projected annual credit costs for SMBC to within ¥200 billion from fiscal 2001 onward.

Restructuring Plan for SMBC

To reap merger synergies as early as possible, the new bank will implement a restructuring plan that supplements and goes beyond the separate plans submitted by the two founding banks in March 1999.

(1) Personnel

Under the original restructuring plans, the combined personnel cuts for the two banks were to be 6,300 positions over the five-year period to March 2003. The new restructuring plan, however, advances this schedule by one year and removes an additional 3,000 positions through the elimination of redundant administrative staff and branch rationalizations in Japan and abroad. As a result, the work force should number 23,200 by March 2004.

(2) Branch Network

Under the original restructuring plans, the two banks' combined domestic branch network was to be reduced to 584 branches by March 2003. The new restructuring plan advances this schedule two years to March 2001. SMBC will further reduce the domestic network to 470 branches by March 2004, a 265-branch reduction over March 1998 figures, by eliminating geographic duplication and increasing market penetration via the expansion and diversification of remote channels. We will also lose no time in eliminating duplication in the new bank's overseas branches.

Billions of Yen

	Fiscal 1999 (Actual, Both Banks)	Fiscal 2004 (Plan)
Gross Operating Profit/Gross Banking Profit	¥1,430.4	¥1,630.0
Consumer Banking	313.0	449.0
Middle Market Banking	560.0	717.0
Corporate Banking	142.0	167.0
International Banking	79.0	98.0
Treasury	302.0	200.0
Other	34.4	(1.0)
Expenses	727.6	680.0
Net Operating Profit/Core Banking Profit (excluding net additions to the General Reserve for Possible Loan Losses)	702.8	950.0
Credit Cost	1,130.6	150.0
Net Income	105.9	420.0
BIS Capital Adequacy Ratio	12.03%	11.33%
Tier I Capital Ratio	6.61%	8.38%

	March 31, 1998 (Actual, Both Banks)	March 31, 2000 (Actual, Both Banks)	March 31, 2004 (Plan)
Number of Employees	32,531	29,324	23,200
Domestic Branches	735	653	470
Overseas Branches	60	36	22

Topics

Fiscal 2000

April

- ❒ Formation of Sakura Friend Securities from merger of YAMATANE SECURITIES and Shinyei Ishino Securities.
- ❒ Agreement with Sumitomo Bank to advance our merger by one year, to April 2001.

May

- ❒ Completion of the merger contract with Sumitomo Bank (ratified by shareholders at the respective annual general meetings in June).

June

- ❒ Establishment of Sakura Loan Partner as a completely new consumer loan company (operations started in July).
- ❒ Launch of "Money park" as a financial portal site.

July

- ❒ Completion of acquisition of Minato Bank shares through an open-market takeover bid, and the new subsidiary counted in consolidated results.
- ❒ Launch of "E-net" convenience store ATM service.

August

- ❒ Establishment of Sakura Factors as a factoring-specialized subsidiary.

September

- ❒ Establishment of Japan Net Bank as Japan's first Internet-specialized bank (operations started in October).
- ❒ Establishment of Japan Pension Navigator as a joint venture in the defined-contribution pension plan market (operations started in October).

October

- ❒ Completion of separation into corporate and consumer banking operations.
- ❒ Agreement on strategic alliance with the two Mitsui Group financial institutions.
- ❒ Expansion of @BΛNK network to 1,000 locations.

November

- ❒ Determination of the new bank's visual identity (VI).

December

- ❒ Launch of banking service via BS digital broadcasting.
- ❒ Agreement on alliance with GE Capital Japan to offer loans to small and medium-sized companies via the Internet.
- ❒ First issue of securitized housing loan products.
- ❒ Agreement on promotion of electronic money "Edy".

Sakura Loan Partner Inaugurated

The Bank established The Sakura Loan Partner, Ltd. (SLP), as a joint venture with The Sumitomo Bank Limited, am/pm Japan Co., Ltd., Sanyo Shinpan Finance Co., Ltd., and Nippon Life Insurance Co. to create a completely new consumer loan service. In July 2000, SLP began operations and launched @Loan, the precedent-setting product of small-sum, unsecured loans for individuals. Deploying automatic consulting machines, branded @Loan BOX, in am/pm convenience stores—which provide synergy with @BΛNK, also found in am/pm convenience stores—SLP provides a high level of customer convenience with a low-cost structure. Loan applications can be submitted through @Loan BOX terminals, over the Internet, via telephone or by other means. Loan cards are issued by the @Loan BOX terminal, and withdrawals and payments are performed at @BΛNK ATMs. This IT-enhanced consulting and screening system allows SLP to operate efficiently 365 days a year in principle without manned branches. For withdrawals, the Sakura Bank ATM network is available, and the present Sumitomo Bank ATM network will also become available.

When SLP started, it installed @Loan BOX terminals in 30 am/pm locations in the Metropolitan Tokyo area. In December 2000, SLP completed installation of terminals in 300 stores. The company is now accelerating expansion of its client base and plans to increase the @Loan BOX network to 1,000 stores. SLP aims to maximize the synergies between group members, for example to guarantee loan products issued by Japan Net Bank (scheduled for January 2001).

Minato Bank Joins the Sakura Group

In July 2000, the Bank completed the acquisition of a 41.1% stake in The Minato Bank, Ltd., in an open market takeover bid, introducing it as a new consolidated subsidiary to the Sakura Group.

Minato Bank management agreed to join the Sakura Group with the successful acceptance of a share subscription for an upper limit of 142 million shares and a lower limit of 53 million shares between

June 13 and July 24, 2000. A total of 141,657 thousand shares were subscribed and purchased.

This acquisition strengthens the Bank's presence in the retail banking market in Hyogo Prefecture, allowing branch rationalization, customer service improvements and expanded growth potential for the Sakura Group as a whole. As a result of the transaction, 20 Sakura branches in the prefecture transferred to Minato Bank (10 in November 2000 and 10 in January 2001). The two banks will cooperate in a number of areas—including ATM network access for customers—and personnel will be exchanged on an ongoing basis.

Sakura Factors Inaugurated

Sakura Factors Co., Ltd., was established and opened its doors in August 2000 as the first Japanese company to apply credit risk quantification models to the factoring business. Factoring helps improve the safety and efficiency of our customers' business and is effective in sales promotion. The company's unique approach discards conventional risk assessment methods based on individual audits and uses statistical modeling to manage portfolios. This provides a fast means of determining appropriate pricing for a company's credit risk, making it possible to assess and manage a broader range of companies. Our factoring products have gained strong acceptance as a means of allowing companies to outsource their credit management. With a pioneering approach that is changing factoring, Sakura Factors has distinguished itself as the industry's trendsetter. The company will upgrade its products to support such sales tools as e-commerce.

Japan Net Bank Inaugurated

In September 2000, the Bank established The Japan Net Bank, Ltd. (JNB), as a joint venture with seven leading partners—Sumitomo Bank, Fujitsu Ltd., Nippon Life Insurance, The Tokyo Electric Power Company, Inc., Mitsui & Co., Ltd., NTT DoCoMo, Inc., and Nippon Telegraph and Telephone East Corp.

JNB commenced operations in October 2000 as the first Internet-specialized bank in Japan. As the worldwide IT revolution and the rapid development of the Internet continue to change business paradigms, we have positioned this joint venture as one of the strategic linchpins of our business model for the 21st century, alongside Sakura Loan Partner and the @BΛNK network. With a lean organization and independence from the parent bank, JNB is suitably endowed to (1) provide highly competitive interest-bearing instruments and fee-based services, owing to its low-cost structure, (2) tap and further develop new markets outside the parent bank's existing clientele, and (3) furnish a fast and innovative response to customer needs through the effective application of IT.

JNB is based on a relatively unique business model, even among European and North American banks, with respect to the alliance with various major companies and the cash access points provided by the Sakura Bank ATM network, including more than 1,000 @BΛNK convenience store ATMs. From April 2001, the present Sumitomo Bank ATM network will also be available. JNB has already been favorably received by its main target market, the expanding number of Internet users. Our current business targets for its startup stage are one million accounts with deposits amounting to approximately ¥1 trillion. With first-mover advantage, we aim to establish the de facto standard for Internet banks in Japan, responsive to the networked society of the new millennium.

URL: http://www.japannetbank.co.jp (Japanese only)

Japan Pension Navigator Formed

In September 2000, the Bank established Japan Pension Navigator Co., Ltd., as a joint venture with seven other financial institutions—The Sumitomo Marine & Fire Insurance Co., Ltd., Sumitomo Bank, The Sumitomo Trust & Banking Co., Ltd., Sumitomo Life Insurance Co., The Chuo Mitsui Trust & Banking Co., Ltd., Mitsui Marine & Fire Insurance Co., Ltd., and Mitsui Mutual Life Insurance Co. The company began operating in October 2000 to provide defined-contribution pension plans, which become legal in 2001 under the new pension regime. The eight principals will pool their considerable know-how and skills in the joint venture, which will serve corporate customers as a neutral provider of services aimed at upgrading pension and benefits plans. These services will range from consulting on defined-contribution pension plans to actuarial calculations for pension benefit obligations, pension plan management services and customer education.

Increase in Investment Trust Balances

At September 30, 2000, the balance of investment trusts under management amounted to ¥646.0 billion, due to sales of various products including stock investment trusts and foreign registered investment trusts, continuously placing us in the top ranks of Japanese banks. This is a gratifying result of the efforts we have made since we launched sales of investment trusts in December 1998.

We have built up our product development, sales organization and financial planning services to respond to increasingly diverse and sophisticated customer needs with attractive products. To ensure customers receive the products most appropriate to their needs, we offer the largest selection of funds among Japanese banks (35 funds provided by 24 asset management companies as of September 30, 2000). We ensure investors are fully informed about fund characteristics, explain that diversified investing and a long-term investing horizon are key to minimizing risk, and provide thorough follow-ups.

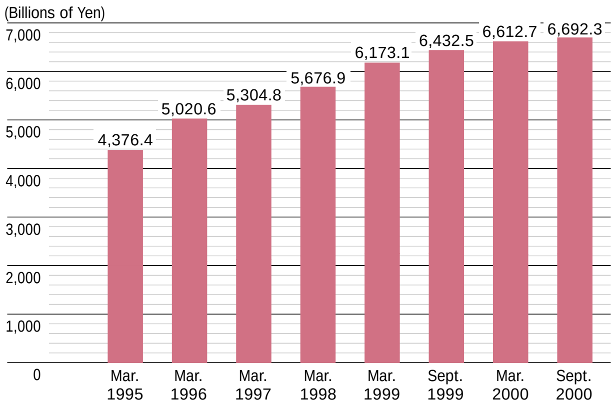
This approach has earned us customer appreciation and a first-class rating for our "investment corners" by an independent survey of banks.

Increase in Housing Loan Balances

As of September 30, 2000, Sakura Bank's housing loan balance was ¥6,692.3 billion, allowing the Bank to maintain its position ahead of other Japanese banks. Housing loans are one of our mainstays, and the strength of our housing loans is a sign that efforts to reinforce our sales structure succeeded. Specifically, we are making full use of diverse channels, such as housing loan centers that fortify our approach to real estate companies, Sakura L.A. (Loan Adviser) loan consultation desks that are open on evenings and weekends, and call centers for telephone sales. In November 2000, we added a new function to our homepage that enables customers to file provisional loan applications as well as receive consultation over the Internet.

Meanwhile, Sakura Bank began offering ¥30 billion in securitized housing loan products in December 2000 as part of its overall risk management activities. In developing the products, we established a comprehensive database of housing loans and an effective post-securitization management system, making it possible to offer securitized products on a continual basis even as market conditions change. We view these products as important means of enhancing our role in the debt capital market and making loans more attractive, as well as tools for managing risk. Our current plans call for a second flotation of securitized housing loan products in or around March 2001.

Housing Loan Balances



Strategic Alliance Formed with Two Financial Institutions in the Mitsui Group

In October 2000, we reached an agreement to form a strategic alliance with Mitsui Marine & Fire Insurance and Mitsui Mutual Life Insurance, two members of the Mitsui Group. The alliance is being pursued to cement the close existing relations between the respective members and make it possible to lead the industry in Japan in the 21st century by offering a comprehensive range of top-notch financial services.

The alliance will encompass (1) the joint development of employee benefit program services, (2) loans to consumers, (3) hybrid financial instrument/insurance products, and (4) cooperation in the IT field. The three companies will use the remainder of fiscal 2000 to identify and implement cooperation in these fields.

@BΛNK ATM Network Expanded

In October 2000, @BΛNK, Sakura's proprietary channel convenience store ATM network in the am/pm chain, reached the 1,000 location mark (approximately 900 stores in Metropolitan Tokyo and 100 in the Kansai region). We further expanded the network into Fukuoka and Gunma prefectures through tie-ups with regional banks.

@BΛNK has several merits. It forms a large, dense ATM network that offers full banking functions and around-the-clock operations (since April 2000) for customer convenience. It also lowers the cost of maintaining such a large ATM network. We have succeeded in branding the network as a proprietary channel for Sakura Bank, achieving a high and growing level of consumer awareness and usage through effective promotions. @BΛNK also provides a strategic infrastructure for other consumer banking services that will provide additional synergies and profit potential. It currently serves, for example, as a cash access point for the cyberspace customers of JNB as well as those of Sakura Loan Partner.

In July 2000, we also joined several other banks in launching the "E-net" service, which features a network of ATMs in several convenience store chains, such as FamilyMart. Placing @BΛNK as its proprietary network and E-net as its supplementary network, Sakura Bank has clearly surpassed the competition in its ATM coverage.

Broadcast Satellite Banking Service Launched

We started a TV banking service coinciding with the start of BS digital TV in December 2000. This new channel is a further extension of the Browser Banking service already offered via personal computers and i-mode mobile telephones. Sakura's Browser Banking service already enjoys a first-class rating among Japan's banks in terms of subscriber and usage statistics. As digitization of TV is expected to increase rapidly, bringing IT to the wider community, our use of this new banking channel will make banking even more convenient for our customers.

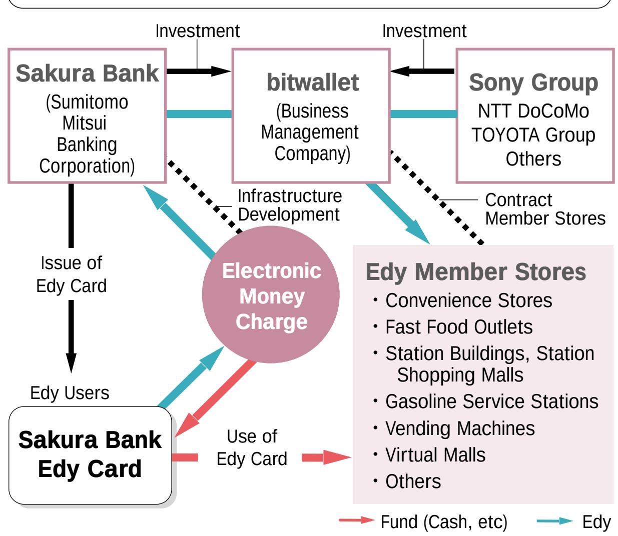
Agreement on Promotion of Electronic Money "Edy"

In December 2000, we reached an agreement with 10 companies, including Sony Group, NTT DoCoMo, TOYOTA Group and others, to promote "Edy," a prepaid electronic money service. The joint venture company bitwallet, Inc., was established in January 2001, and full-scale service is due to start in October 2001.

The Edy system uses an IC card/smart card, manufactured by Sony, that can process transactions without a card reader. The system's additional merits are that the cards can be used to purchase digital content at virtual malls over the Internet simply and securely, as well as at such brick-and-mortar establishments as convenience stores and fast food outlets. The Edy system is not limited to IC cards/smart cards. In the future it will also be used with other devices, such as mobile phones and watches, providing it with advantages over other forms of electronic money. Given the favorable results of a trial of this system in Gate City Osaki, we expect it to develop into a good business opportunity. We have placed the system as one of our new settlement services. As a core member of this joint venture, we plan to issue the electronic money Edy and aggressively expand this business.

We are also pursuing another B2C settlement system, the Sakura PAYWEB system, with Sumitomo Bank. This system has obtained a favorable response from a virtual enterprise over the Internet because of its receivables-handling system. The system is versatile, currently supporting transfers between accounts, payments through convenience stores and credit payments.

Electronic Money "Edy" and Sakura Bank's Business Model



Progress Report on Plan toward Soundness of Management

Under the Plan toward Soundness of Management submitted with our application for public funds in March 1999, we aim to strengthen profitability by increasing gross operating profit and decreasing expenses.

Measures to Bolster Gross Operating Profit

The main measures for strengthening gross operating profit are increases in loan spread and individual loans, and sales of new products including investment trusts and foreign currency denominated deposits. In this interim term, we had raised the average loan spread 5 bp over a year earlier, and, while this increase is slackening in pace, it remains on an uptrend. Among individual loans, the housing loan balance increased by ¥259.8 billion, while investment trusts under management grew by ¥423.8 billion, maintaining the top ranking among Japanese banks. These results contributed about ¥46 billion to growth in gross operating profit in total.

Progress in Restructuring

Expenses for this interim term decreased to ¥187.4 billion, reflecting favorable progress toward the ¥387.6 billion amount targeted in the plan for the 12-month period ending March 31, 2001.

At September 30, 2000, the Bank had 14,379 employees, representing achievement of the plan's target of 14,400 staff at the end of March 2001. This decrease was achieved by reforming service channels and implementing an early retirement system.

The rationalization of the domestic network proceeded ahead of schedule, with the number of branches falling to 388 at September 30, 2000, compared with the planned reduction to 389 branches by March 31, 2001.

Promotion of Lending to Small and Medium-Sized Companies

We identified increased lending to small and medium-sized companies as a major priority. To extend balance in this area with due consideration to asset quality, we took various measures, such as the promotion of specialized funds. At period-end, the outstanding balance of loans to these customers increased ¥5.9 billion over the March 31, 2000, figure. Although this is ¥94.1 billion lower than the amount targeted for fiscal 2000, we strengthened our marketing capabilities in October 2000 by setting up corporate business offices separate from consumer branches, and we will redouble efforts to achieve the final target.

Progress on Main Objectives in Increase of Gross Operating Profit

Billions of Yen

Six Months Ended September 30	1999 Result	2000 Result	2000 Difference	Contribution to Gross Operating Profit Growth
Spread Increase (Interest Rate) in Domestic Loans			+5 bp	+30.8
Increase in Individual Loans			+300.0	+9.0
Balance of Housing Loans	6,432.5	**6,692.3**	259.8	
Increase in New Product Sales				+6.0
Balance of Investment Trusts	222.2	**646.0**	423.8	+3.4
Balance of Foreign Currency Individual Deposits	68.1	**242.9**	174.8	+2.6

Restructuring

	Mar. 31, 2000 Result	Sept. 30, 2000 Result	Sept. 30, 2000 Six Months Change	Mar. 31, 2001 Plan
Number of Directors and Auditors	19	**21**	2	About 21
Number of Employees	14,930	**14,379**	(551)	14,400
Number of Domestic Offices	420	**388**	(32)	389
Number of Overseas Offices	26	**24**	(2)	19

Note: Employees, as used here, includes transfer to subsidiaries, affiliates and other institutions and excludes nonregular staff members, part-timers and temporary workers.

Balance of Loans to Small and Medium-Sized Companies

Billions of Yen

	Mar. 31, 2000 Result	Sept. 30, 2000 Result	Sept. 30, 2000 Change	Mar. 31, 2001 Plan
Balance	¥14,326.7	**¥14,332.6**	¥5.9	¥14,426.7

Note: Loans, as used here, refers to domestic, yen-denominated loans after deduction of special factors such as direct write-offs of problem loans. Euroyen and foreign currency-denominated loans are not included.

Financial Review

Non-Consolidated Business Performance

Six Months Ended September 30, 2000 and 1999, and Year Ended March 31, 2000	Sept. 30, 2000	Sept. 30, 1999	Change	Mar. 31, 2000
				Billions of Yen
Gross Operating Profit	**¥354.3**	¥362.8	¥ (8.5)	¥711.9
(Excluding Gains and Losses on Bond Transactions)	**355.7**	363.2	(7.5)	709.4
Domestic Gross Operating Profit	**346.8**	332.2	14.6	665.5
International Gross Operating Profit	**7.5**	30.6	(23.1)	46.3
Expenses (Excluding Other and Extraordinary Items)	**187.4**	203.7	(16.3)	397.7
Personnel	**77.0**	83.0	(6.0)	161.7
Non-Personnel	**101.3**	110.0	(8.7)	216.1
Tax	**8.9**	10.6	(1.7)	19.8
Net Operating Profit (before Net Addition to General Reserve for Possible Loan Losses)	**166.8**	159.0	7.8	313.4
Net Addition to General Reserve for Possible Loan Losses	**(16.7)**	(5.0)	(11.7)	(14.6)
Net Operating Profit	**183.6**	164.0	19.6	328.0
(Gains and Losses on Bond Transactions)	**(1.3)**	(0.3)	(1.0)	2.4
Core Net Operating Profit	**168.2**	159.4	8.8	310.9
Other Profit (Loss)	**(67.9)**	(106.6)	38.7	(168.1)
Gains and Losses on Stocks and Other Securities	**(16.5)**	1.8	(18.3)	341.7
Gains on Sales of Stocks and Other Securities	**22.8**	21.2	1.6	406.3
Losses on Sales of Stocks and Other Securities	**6.8**	4.2	2.6	29.9
Losses on Devaluation of Stocks and Other Securities	**32.5**	15.1	17.4	34.6
Loan Losses	**115.4**	77.2	38.2	464.5
Direct Write-Offs	**74.7**	50.7	24.0	113.3
Net Addition to Specific Reserves	**13.1**	12.2	0.9	194.7
Losses on Bulk Sales	**0.1**	3.1	(3.0)	14.1
Losses on Sales of Loans to Cooperative Credit Purchasing Company (CCPC)	**1.3**	4.0	(2.7)	37.1
Net Addition to Reserve for Possible Losses from Loans Sold to CCPC	**22.8**	8.5	14.3	55.4
Losses on Financial Assistance Provided to Affiliated Companies	**—**	—	—	35.2
Net Addition to Reserve for Loans to Restructuring Countries	**3.2**	(1.4)	4.6	(2.6)
Others	**—**	—	—	17.1
Income from Equity Related Derivative Financial Instruments	**73.2**	—	73.2	—
External-Standard Tax for Tokyo Metropolitan Government	**4.3**	—	4.3	—
Operating Profit	**115.6**	57.4	58.2	159.9
Extraordinary Loss, Net	**22.1**	3.1	19.0	5.8
Losses on Dispositions of Premises and Equipment, Net	**3.9**	3.2	0.7	6.1
Amortization of Transition Difference under New Accounting Standard for Retirement Benefit	**18.1**	—	18.1	—
Income before Income Taxes	**93.5**	54.2	39.3	154.0
Income Taxes (Current)	**2.1**	2.1	0.0	3.9
Income Taxes (Deferred)	**39.4**	19.0	20.4	92.9
Effect of Introduction of External-Standard Tax for Osaka Prefectural Government	**5.8**	—	5.8	—
Effect of Introduction of External-Standard Tax for Tokyo Metropolitan Government	**—**	—	—	35.7
Net Income	**¥ 51.9**	¥ 33.0	¥ 18.9	¥ 57.1

Notes: 1. Gross Operating Profit = (Net Interest Income + Corresponding Expenses for Money Held in Trust) + Fees and Commissions, Net + Trading Revenue, Net + Other Operating Income, Net
2. Net Operating Profit = Gross Operating Profit – Expenses (Excluding Other and Extraordinary Items) – Net Addition to General Reserve for Possible Loan Losses
3. Corresponding Expenses for Money Held in Trust is the cost of procuring funds related to money trusts, which is deducted from operating expenses because related gains and losses on money trusts are recorded under Other Profit (Loss)
4. Other Profit (Loss) is the amount of Other Income and Expenses recorded in the Statements of Income, less Net Addition to General Reserve for Possible Loan Losses, plus Corresponding Expenses for Money Held in Trust and retirement surcharges paid to directors and employees, which is recorded as an other loss item.
5. Gains and Losses on Bond Transactions = Gains on Sales of Bonds + Gains on Redemption of Bonds – Losses on Sales of Bonds – Losses on Redemption of Bonds – Losses on Devaluation of Bonds
6. Gains and Losses on Stocks and Other Securities = Gains on Sales of Stocks and Other Securities – Losses on Sales of Stocks and Other Securities – Losses on Devaluation of Stocks and Other Securities
7. Core Net Operating Profit is Net Operating Profit before Net Addition to General Reserve for Possible Loan Losses after the deduction of Gains and Losses on Bond Transactions.

Balance Sheet Data (Non-Consolidated)

			Billions of Yen	Millions of U.S. Dollars
	Sept. 30, 2000	Mar. 31, 2000	Sept. 30, 1999	**Sept. 30, 2000**
Total Assets	**¥46,877.8**	¥46,559.4	¥47,141.4	**$434,054**
Loans and Bills Discounted	**31,232.5**	31,939.9	32,143.3	**289,189**
Securities	**7,268.1**	6,911.6	6,576.8	**67,298**
Total Liabilities	**44,591.1**	44,307.1	44,897.4	**412,881**
Deposits	**33,330.1**	33,342.6	34,005.7	**308,612**
Total Stockholders' Equity	**2,286.7**	2,252.2	2,244.0	**21,173**

Overview of Non-Consolidated Results

In this interim term, ended September 30, 2000, the Bank's profitability was strengthened as a result of two major factors. We made steady progress in raising the profitability of core commercial banking operations, an outcome of strategies to strengthen gross operating profit with housing loans and sales of investment trusts, and so on. We also increased efficiency by restructuring and cost-cutting.

Due to the continuing decline of collateralized real estate values and the high number of bankruptcies among small and medium-sized companies and individuals under the sluggish economic circumstances, the Bank provided additional loan loss reserve on a prudent basis for the six-month period ended September 30, 2000. This is consistent with the mutual understanding that each merging bank is separately (i.e., non-jointly) responsible for their own problem loan issue.

Gross Operating Profit

Domestic gross operating profit increased ¥14.6 billion, to ¥346.8 billion, the best showing among Japanese banks. This result is clearly attributable to strategies to strengthen profitability, namely, successful marketing of housing loans and investment trusts, which enabled the Bank to maintain top ranking in these two categories, and successful efforts to improve average loan spread. Although the rate of change is slowing, loan spread continued to rise (please see pages 9 and 11).

International gross operating profit, however, dropped ¥23.1 billion, to ¥7.5 billion, primarily due to declines in overseas capital markets in the wake of sharp increases in U.S. dollar and euro interest rates.

Accordingly, total gross operating profit fell ¥8.5 billion, to ¥354.3 billion.

Expenses

As a result of restructuring plans over several years, including reductions in the work force and rationalization of the branch network, expenses (excluding other and extraordinary items) fell ¥16.3 billion, to ¥187.4 billion. The primary factors behind this were a year-on-year ¥6.0 billion decrease in personnel expenses due to the elimination of positions, and an ¥8.7 billion year-on-year decline in non-personnel expenses owing to a drastic reduction of purchasing expenses in addition to network rationalization (please see page 11).

As a result of these cost savings, the expense ratio has fallen substantially for the three consecutive six-month periods, decreasing to 52.9%.

Net Operating Profit

Reflecting these changes, net operating profit before net addition to general reserve for possible loan losses increased ¥7.8 billion over the previous corresponding period, to ¥166.8 billion. After the net addition to general reserve for possible loan losses, net operating profit for the six-month period climbed ¥19.6 billion, to ¥183.6 billion. This stands as a record high for the six-month period for the Bank and placed us in one of the top ranks of Japanese banks.

Other Profit (Loss)

Although net sales of stocks produced a positive result, gains and losses on stocks and other securities yielded a net loss of ¥16.5 billion, owing to losses on devaluation of stocks and other securities of ¥32.5 billion.

Loan losses amounted to ¥115.4 billion, or ¥98.6 billion if the net addition to general reserve for possible loan losses is factored in (please see page 16).

Total other loss amounted to ¥67.9 billion, reflecting income from equity related derivative financial instruments and external-standard tax for Tokyo Metropolitan Government.

Operating Profit, Interim Net Income

Operating profit rose ¥58.2 billion, to ¥115.6 billion.

Interim net income for the period grew ¥18.9 billion over the prior corresponding period, to ¥51.9 billion. This reflects, in addition to the above mentioned items, extraordinary loss of ¥22.1 billion, including ¥18.1 billion in amortization of transition difference under new accounting standard for retirement benefit, and income taxes of ¥41.6 billion, including a ¥5.8 billion effect of introduction of external-standard tax for Osaka Prefectural Government.

Selected Consolidated Financial Data

Six Months Ended September 30, 2000 and 1999, and Year Ended March 31, 2000

		Millions of Yen		Millions of U.S. Dollars
	Sept. 30, 2000	Sept. 30, 1999	Mar. 31, 2000	**Sept. 30, 2000**
Interest Income	**¥588,479**	¥730,672	¥1,398,941	**$5,448**
Interest Expenses	**279,092**	402,380	745,550	**2,584**
Net Interest Income	**309,387**	328,292	653,390	**2,864**
Provision for Possible Loan Losses	**40,971**	13,579	224,003	**379**
Net Interest Income after Provision for Possible Loan Losses	**268,416**	314,713	429,387	**2,485**
Fees and Commissions, Net	**73,039**	59,486	119,799	**676**
Trading Revenue, Net	**13,036**	8,603	16,490	**120**
Other Operating Income, Net	**24,593**	21,861	31,378	**227**
General and Administrative Expenses	**228,486**	259,051	487,472	**2,115**
Other Income	**128,336**	57,000	455,196	**1,188**
Other Expenses	**193,429**	126,038	438,643	**1,791**
Transfer (to) from Other Reserves, Net	**(4)**	(0)	3	**(0)**
Income before Income Taxes and Minority Interests	**85,500**	76,574	126,139	**791**
Income Taxes:				
Current	**5,528**	7,397	7,831	**51**
Deferred	**41,716**	18,615	74,247	**386**
Minority Interests in Net Income (Loss) of Consolidated Subsidiaries	**6,953**	9,758	(18,521)	**64**
Net Income	**¥ 31,302**	¥ 40,803	¥ 62,581	**$ 289**

Analysis of Interest-Earning Assets and Interest-Bearing Liabilities (Consolidated)

Millions of Yen

Six Months Ended September 30, 2000	Average Balance: Domestic	Average Balance: Overseas	Average Balance: Total	Interest: Domestic	Interest: Overseas	Interest: Total
Interest-Earning Assets	**¥38,050,874**	**¥5,816,526**	**¥40,418,720**	**¥490,444**	**¥147,552**	**¥588,479**
Interest-Bearing Liabilities	**36,392,913**	**5,103,659**	**39,367,718**	**199,436**	**128,446**	**278,966**
				291,008	**19,106**	**309,513**

Notes: 1. Domestic refers to the Bank (excluding its overseas branches) and its Japanese subsidiaries. Overseas refers to the Bank's overseas branches and its subsidiaries headquartered outside Japan.
2. Average Balance is calculated by daily balance in principle, but that of non-financial domestic/overseas subsidiaries is calculated by balance of every half year.
3. Average Balance of Interest-Earning Assets is shown after deduction of that for demand deposits with the Bank of Japan (Domestic ¥337,118 million; Overseas ¥8,173 million; Total ¥345,291 million). Average Balance of Interest-Bearing Liabilities is shown after deduction of corresponding average balance for money held in trust (Domestic ¥55,308 million; Overseas ¥121 million; Total ¥55,430 million). Interest of Interest-Bearing Liabilities is shown after deduction of corresponding expenses for money held in trust (Domestic ¥123 million; Overseas ¥3 million; Total ¥126 million).
4. Figures for interarea are included in those of Domestic/Overseas, and eliminated from those of the total.

Indicators of Income (Consolidated)

Millions of Yen

Six Months Ended September 30, 2000	Domestic	Overseas	Total
Fees and Commissions, Net			
Fees and Commissions (Income)	**¥97,299**	**¥5,165**	**¥102,464**
Fees and Commissions (Expenses)	**26,926**	**2,498**	**29,425**
	70,372	**2,666**	**73,039**
Trading Revenue, Net			
Trading Income	**11,300**	**1,735**	**13,036**
Trading Expenses	**—**	**—**	**—**
	11,300	**1,735**	**13,036**
Other Operating Income, Net			
Other Operating Income	**51,068**	**1,398**	**52,466**
Other Operating Expenses	**27,244**	**629**	**27,873**
	23,823	**769**	**24,593**

Notes: 1. Domestic refers to the Bank (excluding its overseas branches) and its Japanese subsidiaries. Overseas refers to the Bank's overseas branches and its subsidiaries headquartered outside Japan.
2. Figures for interarea are eliminated.

Balance Sheet Data (Consolidated)

		Billions of Yen		Millions of U.S. Dollars
	Sept. 30, 2000	Mar. 31, 2000	Sept. 30, 1999	**Sept. 30, 2000**
Total Assets	**¥50,713.0**	¥48,495.6	¥48,825.9	**$469,565**
Loans and Bills Discounted	**33,330.3**	32,333.2	32,592.3	**308,613**
Securities	**7,581.1**	6,928.7	6,612.6	**70,195**
Total Liabilities	**48,139.9**	45,967.8	46,315.1	**445,740**
Deposits	**35,859.3**	33,738.6	34,301.3	**332,031**
Total Stockholders' Equity	**2,183.7**	2,208.5	2,202.5	**20,219**

Capital Ratio (Consolidated)

	Sept. 30, 2000	Mar. 31, 2000	Sept. 30, 1999	Sept. 30, 2000
			Millions of Yen	Millions of U.S. Dollars
Tier I Capital				
Capital Stock	¥ 1,038,373	¥ 1,041,538	¥ 1,041,689	$ 9,614
Non-Cumulative, Perpetual Preferred Stock	402,646	402,772	410,887	3,728
Proceeds from Issuance of New Stock	—	—	—	—
Capital Surplus	899,521	899,521	899,521	8,328
Earned Surplus	191,655	180,308	176,175	1,774
Minority Interests in Consolidated Subsidiaries	389,368	319,237	308,190	3,605
Preferred Securities Issued by Overseas Special-Purpose Company	283,750	283,750	283,750	2,627
Unrealized Losses of “Other Securities”	—	—	—	—
Foreign Currency Translation Adjustments	(31,329)	—	—	(290)
Value of Goodwill	(262)	—	—	(2)
Consolidation Difference	(5,969)	—	—	(55)
Total	2,481,357	2,440,605	2,425,577	22,975
Preferred Securities with Step-Up Interest Clause	—			—
Tier II Capital				
Unrealized Gains on Securities, after 55% Discount	—	—	—	—
Balance Sheet Amount of “Other Securities,” Book Value Deducted, after 55% Discount	—	—	—	—
Reserve for Possible Loan Losses	201,818	227,338	242,312	1,868
Reserve for Unrealized Appreciation of Land, after 55% Discount	50,169	51,672	52,297	464
Subordinated Term Debt	1,394,676	1,382,246	1,390,935	12,913
Perpetual Subordinated Debt	651,202	646,333		6,029
Long-Term Subordinated Debt and Preferred Stock	743,474	735,912		6,884
Total	1,646,665	1,661,257	1,685,545	15,246
Tier II Capital Includable as Qualifying Capital	1,646,665	1,661,257	1,685,545	15,246
Short-Term Subordinated Debt	—	—	—	—
Tier II Capital Includable as Qualifying Capital	—	—	—	—
Cross-Holdings with Other Financial Institutions	(999)	(999)	(999)	(9)
Total Qualifying Capital	¥ 4,127,023	¥ 4,100,864	¥ 4,110,123	$ 38,213
Risk-Adjusted Assets				
On-Balance-Sheet Items	31,472,784	30,676,736	30,816,314	291,414
Off-Balance-Sheet Items	1,859,715	1,824,204	2,010,344	17,219
Adjusted Risk-Weighted Assets	33,332,499	32,500,941	32,826,659	308,634
Market Risk Equivalent Assets	210,952	220,657	222,869	1,953
Measure for Market Risk	16,876	17,652	17,829	156
Total	¥33,543,451	¥32,721,599	¥33,049,528	$310,587
Capital Ratio (%)	12.30%	12.53%	12.43%	12.30%

Capital Ratio (Non-Consolidated)

	Sept. 30, 2000	Mar. 31, 2000	Sept. 30, 1999	Sept. 30, 2000
			Millions of Yen	Millions of U.S. Dollars
Tier I Capital	¥ 2,507,165	¥ 2,470,975	¥ 2,464,120	$ 23,214
Tier II Capital	1,481,739	1,522,076	1,540,796	13,719
Unrealized Gains on Securities, after 55% Discount	—	—	—	—
Reserve for Possible Loan Losses	182,015	198,802	208,420	1,685
Reserve for Unrealized Appreciation of Land, after 55% Discount	34,947	36,450	36,879	323
Subordinated Term Debt	1,264,776	1,286,823	1,295,496	11,710
Cross-Holdings with Other Financial Institutions	(10,999)	(999)	(999)	(101)
Total Qualifying Capital	¥ 3,977,905	¥ 3,992,051	¥ 4,003,917	$ 36,832
Risk-Adjusted Assets	31,376,061	31,917,316	32,218,603	290,519
Capital Ratio (%)	12.67%	12.50%	12.42%	12.67%

Note: The above figures were calculated in accordance with guidelines established by the Ministry of Finance.

Loan Status

During this six-month period, ended September 30, 2000, the Bank continued accelerated disposition of problem loans to deal with not only actually recognized risk but latent risk as well. This prudent disposition policy is to meet the mutual understanding, prescribed in the integration agreement as a precondition, that each merging bank is separately (i.e., non-jointly) responsible for their own problem loan issue.

Loan Losses (Non-Consolidated)

Six Months Ended September 30, 2000 and 1999, and Year Ended March 31, 2000

Billions of Yen

		Sept. 30, 2000	Sept. 30, 1999	Change	Mar. 31, 2000
Loan Losses: Total of (1) to (8)		**¥115.4**	¥77.2	¥38.2	¥464.5
Direct Write-Offs	(1)	**74.7**	50.7	24.0	113.3
Net Addition to Specific Reserves	(2)	**13.1**	12.2	0.9	194.7
Net Addition to Reserve for Loans to Restructuring Countries	(3)	**3.2**	(1.4)	4.6	(2.6)
Losses on Financial Assistance Provided to Affiliated Companies	(4)	**—**	—	—	35.2
Losses on Bulk Sales	(5)	**0.1**	3.1	(3.0)	14.1
Net Addition to Reserve for Possible Losses from Loans Sold to CCPC	(6)	**22.8**	8.5	14.3	55.4
Losses on Sales of Loans to CCPC	(7)	**1.3**	4.0	(2.7)	37.1
Others	(8)	**—**	—	—	17.1
Net Addition to General Reserve for Possible Loan Losses	(9)	**(16.7)**	(5.0)	(11.7)	(14.6)
Total		**¥ 98.6**	¥72.2	¥26.4	¥449.9

During the six months ended September 30, 2000, total loan losses, including net addition to general reserve for possible loan losses, amounted to ¥98.6 billion. Based on our self-assessment, write-offs and provisions (items 1, 2, 3 and 9, above) were increased ¥17.8 billion over the prior corresponding six-month period, to ¥74.3 billion. The primary factor for this increase is the continuing decline of collateralized real estate values and the high number of bankruptcies among small and medium-sized businesses and individuals under the current sluggish economic circumstances. For this reason, the Bank provided additional loan loss reserves on a prudent basis.

Losses on the sale of assets (items 5, 6, 7 and 8, above) increased ¥8.6 billion, to ¥24.2 billion. The primary factor for this result was an increase in provisions for the risk of future decline in the value of collateral securing loans sold to the Cooperative Credit Purchasing Company (CCPC).

Disclosure Based on Financial Revitalization Law (Non-Consolidated)

Billions of Yen, %

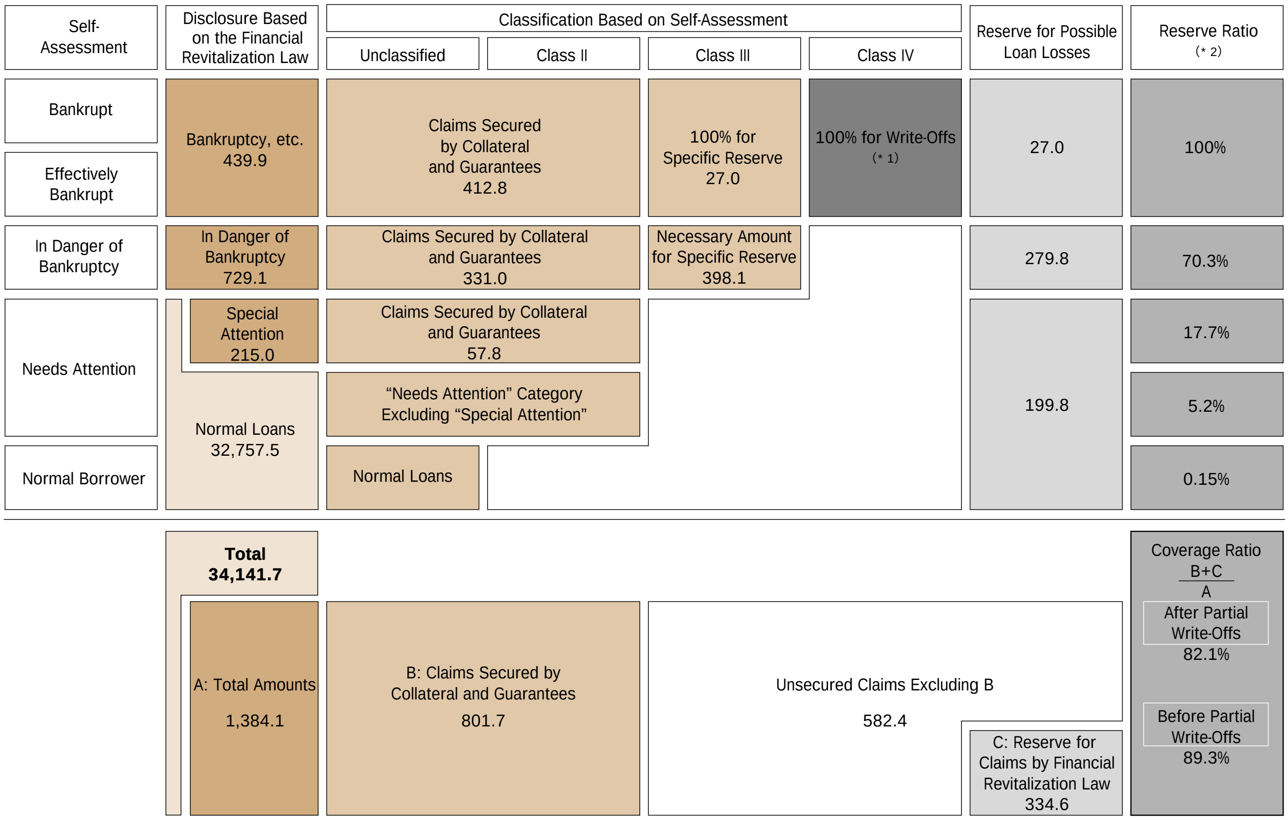
	Disclosure-Based Assets			Secured Amount			Coverage Ratio		
	Sept. 30, 2000	Mar. 31, 2000	Change	**Sept. 30, 2000**	Mar. 31, 2000	Change	**Sept. 30, 2000**	Mar. 31, 2000	Change (Percentage Points)
Bankruptcy, etc.	**¥ 439.9**	¥ 394.7	¥ 45.2	**¥ 439.9**	¥ 394.7	¥ 45.2	**100.0%**	100.0%	0.0
In Danger of Bankruptcy	**729.1**	880.8	(151.7)	**610.8**	720.5	(109.7)	**83.8**	81.8	2.0
Special Attention	**215.0**	448.0	(233.0)	**85.7**	178.5	(92.8)	**39.9**	39.9	0.0
[Excluding Non-Bank Affiliates]	**[215.0]**	[199.7]	[15.3]	**[85.7]**	[74.7]	[11.0]	**[39.9]**	[37.4]	[2.5]
Total	**1,384.1**	1,723.5	(339.4)	**1,136.4**	1,293.8	(157.4)	**82.1**	75.1	7.0
[Excluding Non-Bank Affiliates]	**[1,384.1]**	[1,475.2]	[(91.1)]	**[1,136.4]**	[1,190.0]	[(53.6)]	**[82.1]**	[80.7]	[1.4]

Disclosure Based on the Financial Revitalization Law

The Bank discloses the figures for problem loans in compliance with Article 3.2 of the Financial Revitalization Law. Under the disclosure standards specified therein, the total disclosure amount as of September 30, 2000 was ¥1,384.1 billion, a ¥339.4 billion decrease from March 31, 2000. Despite the reclassification of many borrowers into higher risk categories, this amount decreased because the Bank has completed the support for restructuring to non-bank affiliates, and because of the direct write-offs and sales of assets. The aggregate coverage ratio also rose 7.0 percentage points from March 31, 2000, to 82.1%.

Self-Assessment Standard and Policy for Write-Offs and Reserves (Non-Consolidated)

Billions of Yen



Notes: (*1) ¥932.0 billion for partial write-offs is included.
(*2) Reserve Ratio is calculated based on the reserve amount to the claims for "Normal Borrower" category and on the reserve amount to the claims excluding the amount secured by collateral, etc., for other categories.

Self-Assessment Procedures

The self-assessment of assets, that is to judge the soundness of assets by assessing the Bank's individual assets and classifying them according to the degree of risk of collectibility or value impairment, plays an important role in preparation of calculations of appropriate loan-loss write-offs and reserves and should be dealt with strictly. It is also utilized as an important measure to control and administer credit risks of the Bank's portfolio. To perform these assessments, the Bank makes use of the self-assessment procedure, which is linked to a credit rating system and credit risk quantification. The Bank's policy for the self-assessment of assets is based on the Credit Risk Management Manual released by the Financial Supervisory Agency (now the Financial Services Agency). The classification and categorization of borrowers is strictly and rigorously administered.

Definitions of Borrowers' Categories

Normal Borrower:	Borrower with good business performance and in sound financial condition.
Needs Attention:	Borrower which needs attention due to (1) restructured payment terms, such as interest reduced or interest deferred, (2) problems with repayment, such as virtual delinquency in repayment of principal or interest, and (3) sluggish or unstable business performance or poor financial conditions, etc.
In Danger of Bankruptcy:	Borrower with a high possibility of failure in the future, which is in difficulty but not in failure at present, and whose restructuring plans have been slow and unsatisfactory in progress.
Effectively Bankrupt:	Borrower virtually in the state of business failure with no legal or formal announcement of failure, but in serious financial difficulty without any prospect of recovery.
Bankrupt:	Borrower which is legally and formally bankrupt.

Definitions of Classifications

Class I (Unclassified):	Assets not classified into Class II, III or IV. These assets have no problem regarding their collectibility or are in no danger of value impairment.
Class II:	Assets whose collection is deemed to have greater-than-normal risk because their conditions for the securing of credits are inadequate, or they have weakness in their credits, etc.
Class III:	Assets with serious concern over ultimate collection or final value and thus are highly likely to incur losses, but difficulties exist with rational estimation of the final loss amount.
Class IV:	Assets judged to be uncollectible or valueless.

Write-Offs and Provisions

For write-offs and provisions, the credit rating system, which is consistent with categorizations of borrowers, has been established. Expected losses calculated from the migration matrix of the credit rating system, etc., are incorporated into the policy for write-offs and provisions.

The Bank's own credit rating system initially classifies customers into 10 ratings categories, then categorizes them, according to self-assessment procedures, into "Normal Borrower," "Needs Attention," "In Danger of Bankruptcy," "Effectively Bankrupt" and "Bankrupt" categories. The policy for write-offs or provisions is determined for each category.

Normal Borrower:	Amounts are recorded as general reserves in proportion to the expected losses over the next 12 months based on the actual default rate for the past five years for each ratings category.
Needs Attention:	These assets are divided into the "special attention" required and "other" subcategories. Provisions amounting to 15% of the unsecured portions of the "special attention" borrower are set aside. Others are further divided into two subcategories. Provisions corresponding to the expected losses are transferred to general reserve according to the risk of default correlated to the average length of time to maturity for the respective subcategories.
In Danger of Bankruptcy:	As a rule, amounts corresponding to 70% or more of the unsecured portions of individual assets are set aside as specific reserves.
Effectively Bankrupt/ Bankrupt:	As a rule, 100% of Class III and IV assets are written off or set aside as specific reserves.

Disclosure Based on Financial Revitalization Law by Industry (Non-Consolidated)

Billions of Yen, %

	Sept. 30, 2000			Mar. 31, 2000	Sept. 30, 1999
	Balance	Secured Amount	Coverage Ratio	Balance	Balance
Domestic Offices	**¥1,339.6**	**¥1,105.7**	**82.5%**	¥1,659.6	¥1,726.1
Manufacturing	**87.3**	**80.6**	**92.4**	88.0	84.2
Agriculture	**2.6**	**2.6**	**99.9**	3.0	4.1
Forestry	**0.8**	**0.7**	**82.9**	0.9	0.9
Fisheries	**0.1**	**0.1**	**91.9**	—	—
Mining	**2.3**	**2.2**	**96.1**	4.6	3.8
Construction	**143.4**	**97.5**	**68.0**	159.3	125.0
Public Enterprises	**0.0**	**0.0**	**84.7**	0.0	0.1
Transportation, Communications	**17.1**	**13.7**	**79.7**	13.7	15.3
Wholesaling and Retailing	**244.1**	**219.1**	**89.7**	271.3	236.6
Financing and Insurance	**28.8**	**26.5**	**92.0**	274.9	433.0
[Excluding Non-Bank Affiliates]	**[28.8]**	**[26.5]**	**[92.0]**	[26.6]	[51.2]
Real Estate	**363.6**	**312.1**	**85.8**	342.9	337.9
Services	**344.7**	**247.8**	**71.9**	401.9	373.0
Local Governments	**—**	**—**	**—**	—	—
Others	**104.1**	**102.3**	**98.3**	98.6	111.7

Note: The special account for international financial transactions is excluded.

Risk-Monitored Loans (Consolidated)

Billions of Yen

	Sept. 30, 2000	Mar. 31, 2000	Sept. 30, 1999
Loans to Borrowers in Legal Bankruptcy	**¥ 195.5**	¥ 176.3	¥ 199.6
Past Due Loans	**1,210.3**	1,274.6	1,189.0
Past Due Loans (3 Months or More)	**62.7**	39.7	71.6
Restructured Loans	**187.5**	170.7	278.7
Total	**¥1,656.0**	¥1,661.4	¥1,738.9
Ratio to Total Loans (%)	**5.0%**	5.1%	5.3%
Reserve for Possible Loan Losses	**¥ 608.0**	¥ 682.1	¥ 593.4
General Reserve	**201.8**	227.3	242.3
Specific Reserve	**394.5**	446.4	341.5
Reserve for Loans to Restructuring Countries	**11.6**	8.3	9.5
Reserve Ratio (%)			
Before Partial Write-Offs	**65.1%**	66.2%	67.3%
After Partial Write-Offs	**36.7**	41.1	34.1

Notes: 1. "Loans to borrowers in legal bankruptcy" is defined as loans outstanding to borrowers that have begun bankruptcy proceedings under one or more of the laws pertaining to bankruptcy, including the Corporate Reorganization Law, the Bankruptcy Law and the Civil Rehabilitation Law, in Japan, or have had their transactions with the promissory note clearinghouse suspended.

2. "Past due loans" are defined as loans for which interest is not accrued but exclude loans to borrowers in legal bankruptcy.

3. "Past due loans (3 months or more)" are defined as loans for which principal and/or interest is three months or more past due but exclude loans to borrowers in legal bankruptcy and past due loans.

4. "Restructured loans" are defined as loans in respect of which the Bank is relaxing lending conditions, such as reduction of the original interest rate forebearance of interest payments to support the borrowers' reorganization, but exclude loans to borrowers in bankruptcy, past due loans or past due loans (3 months or more).

Risk-Monitored Loans (Non-Consolidated)

Billions of Yen

	Sept. 30, 2000	Mar. 31, 2000	Sept. 30, 1999
Loans to Borrowers in Legal Bankruptcy	**¥ 165.6**	¥ 156.6	¥ 172.3
Past Due Loans	**965.8**	1,067.7	864.0
Past Due Loans (3 Months or More)	**53.5**	35.2	65.5
Restructured Loans	**161.5**	412.7	654.6
[Non-Bank Affiliates]	**[—]**	[248.3]	[381.8]
Total	**¥1,346.6**	¥1,672.3	¥1,756.6
Ratio to Total Loans (%)	**4.3%**	5.2%	5.5%
Reserve for Possible Loan Losses	**¥ 509.0**	¥ 660.4	¥ 659.2
General Reserve	**182.0**	198.8	208.4
Specific Reserve	**316.2**	454.0	442.0
Reserve for Loans to Restructuring Countries	**10.8**	7.6	8.8
Reserve Ratio (%)			
Before Partial Write-Offs	**63.5%**	59.4%	58.6%
After Partial Write-Offs	**37.8**	39.5	37.5

Loans and Bills Discounted by Industry (Consolidated)

Billions of Yen

	Sept. 30, 2000	Mar. 31, 2000	Sept. 30, 1999
Domestic	**¥30,765.2**	¥29,434.5	¥29,492.4
Manufacturing	**4,171.1**	4,003.6	4,007.3
Agriculture	**86.0**	93.2	108.9
Forestry	**11.5**	11.0	11.7
Fisheries	**7.1**	6.3	6.6
Mining	**43.2**	101.2	101.6
Construction	**1,804.1**	1,632.2	1,660.8
Public Enterprises	**560.7**	549.3	439.7
Transportation, Communications	**1,218.2**	1,111.3	1,070.0
Wholesaling and Retailing	**4,640.3**	4,457.0	4,568.9
Financing and Insurance	**2,006.0**	2,111.0	2,237.6
Real Estate	**4,847.0**	4,256.3	4,259.6
Services	**3,434.1**	3,214.6	3,338.1
Local Governments	**253.1**	332.4	229.6
Others	**7,682.3**	7,554.4	7,451.5
Overseas	**2,565.0**	2,898.6	3,099.8
Public Sector	**50.2**	51.4	68.2
Financial Institutions	**132.2**	144.1	279.5
Others	**2,382.4**	2,703.0	2,752.1
Total	**¥33,330.3**	¥32,333.2	¥32,592.3

Note: The special account for international financial transactions is included in figures for overseas.

Loans and Bills Discounted by Industry, and Risk-Monitored Loans by Industry (Non-Consolidated)

Billions of Yen

	Loans and Bills Discounted by Industry			Risk-Monitored Loans by Industry		
	Sept. 30, 2000	Mar. 31, 2000	Sept. 30, 1999	Sept. 30, 2000	Mar. 31, 2000	Sept. 30, 1999
Domestic Offices	**¥28,855.0**	¥29,244.6	¥29,170.7	**¥1,305.4**	¥1,614.4	¥1,679.9
Manufacturing	**3,905.4**	3,915.3	3,911.6	**86.5**	85.2	82.0
Agriculture	**80.3**	91.4	105.9	**2.6**	3.0	4.1
Forestry	**11.5**	11.0	11.7	**0.8**	0.9	0.9
Fisheries	**5.9**	6.2	6.6	**0.1**	—	—
Mining	**39.9**	99.9	100.3	**2.2**	2.4	3.0
Construction	**1,548.7**	1,554.5	1,572.1	**142.7**	157.9	124.2
Public Enterprises	**558.4**	547.6	437.8	**0.0**	0.0	0.1
Transportation, Communications	**1,150.7**	1,087.4	1,045.2	**17.1**	13.7	15.3
Wholesaling and Retailing	**4,227.9**	4,342.4	4,448.5	**239.0**	261.9	226.3
Financing and Insurance	**2,390.6**	2,533.8	2,639.0	**25.6**	270.6	427.0
Real Estate	**4,721.9**	4,397.1	4,376.6	**359.3**	338.2	331.2
Services	**3,031.5**	3,026.5	3,124.6	**342.8**	399.4	371.7
Local Governments	**227.9**	332.3	229.6	**—**	—	—
Others	**6,953.8**	7,298.4	7,160.8	**86.1**	80.6	93.6

Note: The special account for international financial transactions is excluded.

Disclosure Based on Financial Revitalization Law by Area (Non-Consolidated)

Billions of Yen, %

	Sept. 30, 2000			Mar. 31, 2000	Sept. 30, 1999
	Balance	**Secured Amount**	**Coverage Ratio**	Balance	Balance
Overseas	**¥44.5**	**¥30.6**	**68.8%**	¥63.9	¥83.1
Asia	**35.1**	**23.5**	**67.0**	49.8	71.6
Indonesia	**13.8**	**8.7**	**63.5**	20.8	28.2
Hong Kong	**6.2**	**5.1**	**82.2**	9.3	7.4
Thailand	**4.8**	**2.4**	**50.7**	5.2	13.0
India	**4.3**	**3.1**	**70.9**	5.4	4.8
China	**1.9**	**1.3**	**70.2**	5.2	12.9
Others	**3.9**	**2.7**	**69.6**	3.5	5.0
North America	**5.5**	**4.9**	**89.1**	8.1	8.6
West Europe	**2.6**	**1.2**	**48.3**	5.9	2.3
East Europe	**1.2**	**0.8**	**70.0**	0.1	0.5

Loans and Bills Discounted by Area, and Risk-Monitored Loans by Area (Non-Consolidated)

Billions of Yen

	Loans and Bills Discounted by Area			Risk-Monitored Loans by Area		
	Sept. 30, 2000	Mar. 31, 2000	Sept. 30, 1999	**Sept. 30, 2000**	Mar. 31, 2000	Sept. 30, 1999
Indonesia	**¥101.9**	¥118.3	¥129.9	**¥13.3**	¥18.5	¥25.8
Thailand	**110.6**	124.4	111.7	**4.7**	5.0	12.4
Korea	**42.0**	68.4	99.0	**0.6**	—	1.4
Hong Kong	**163.5**	161.9	165.3	**6.2**	9.3	7.3
China	**54.3**	55.9	68.0	**1.6**	5.0	12.5
Singapore	**57.6**	65.8	47.1	**0.2**	0.2	0.2
India	**25.7**	25.7	29.9	**2.5**	2.8	2.4
Malaysia	**30.6**	27.0	23.5	**2.2**	2.1	2.1
Pakistan	**1.6**	1.7	1.8	**0.5**	0.5	0.5
Others	**7.0**	3.5	5.4	**—**	—	—
Asia Total	**¥595.4**	¥653.2	¥682.0	**¥32.1**	¥43.8	¥65.1
Chile	**8.6**	9.3	10.1	**—**	—	—
Columbia	**7.5**	8.0	8.6	**—**	—	—
Mexico	**4.9**	5.1	5.2	**—**	—	—
Argentina	**0.0**	0.0	0.0	**—**	—	—
Brazil	**0.2**	0.2	0.2	**—**	—	—
Venezuela	**1.2**	1.3	1.4	**—**	—	—
Panama	**0.1**	—	—	**—**	—	—
Latin America Total	**¥ 22.8**	¥ 24.1	¥ 25.9	**¥ —**	¥ —	¥ —
Russia	**¥ 0.1**	¥ 0.1	¥ 0.1	**¥ 0.1**	¥ 0.1	¥ 0.1

Loans and Bills Discounted to Small and Medium-Sized Enterprises (Non-Consolidated)

Billions of Yen, %

	Sept. 30, 2000	Mar. 31, 2000	Sept. 30, 1999
Domestic Offices			
Loan Balance	**¥21,008.5**	¥21,260.0	¥ 20,332.9
Total Loans	**28,855.0**	29,244.6	29,170.7
Ratio to Total Loans	**72.8%**	72.6%	69.7%

Notes: 1. Small and medium-sized enterprises 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 with not more than 300 full-time employees (100 in wholesale, 50 in retail and 100 in services business categories) and individuals.
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 figures as of March 31 and September 30, 2000 are shown according to this definition. The effect of this change increased the figures of Loan Balance as of March 31, 2000 by ¥865.3 billion and September 30, 2000 by ¥1,041.1 billion.
2. The figures above are shown after deductions of loans at overseas branches and of the special account for international financial transactions.

Loans to Individuals (Non-Consolidated)

Billions of Yen

	Sept. 30, 2000	Mar. 31, 2000	Sept. 30, 1999
Total	**¥7,998.6**	¥7,974.6	¥7,846.7
Housing Loans	**6,692.3**	6,612.7	6,432.5
Other Loans	**1,306.3**	1,361.9	1,414.2

Financial Section

Consolidated Interim Balance Sheets

The Sakura Bank, Limited and Subsidiaries

September 30, 2000, March 31, 2000, and September 30, 1999	Millions of Yen			Millions of U.S. Dollars (Note 1)
	Sept. 30, 2000	Mar. 31, 2000	Sept. 30, 1999	**Sept. 30, 2000**
Assets				
Cash and Due from Banks	**¥ 2,657,191**	¥ 2,168,836	¥ 1,465,029	**$ 24,603**
Call Loans	**99,753**	182,712	51,025	**923**
Commercial Paper and Other Debt Purchased	**64,300**	42,256	18,868	**595**
Trading Assets	**1,520,146**	1,425,028	1,443,889	**14,075**
Money Held in Trust	**50,002**	72,581	107,843	**462**
Securities	**7,581,110**	6,928,746	6,612,666	**70,195**
Loans and Bills Discounted	**33,330,305**	32,333,211	32,592,302	**308,613**
Foreign Exchanges	**314,959**	316,395	292,519	**2,916**
Other Assets	**2,629,573**	2,747,979	3,123,043	**24,347**
Premises and Equipment	**879,669**	855,726	804,778	**8,145**
Deferred Income Taxes	**589,254**	611,694	670,232	**5,456**
Consolidation Difference	**5,969**	—	—	**55**
Customers' Liabilities for Acceptances and Guarantees	**1,598,853**	1,492,628	1,643,713	**14,804**
Reserve for Possible Loan Losses	**(608,011)**	(682,188)	—	**(5,629)**
Total Assets	**¥50,713,080**	¥48,495,608	¥48,825,915	**$469,565**
Liabilities, Minority Interests in Consolidated Subsidiaries and Stockholders' Equity				
Liabilities				
Deposits	**¥35,859,349**	¥33,738,616	¥34,301,313	**$332,031**
Call Money	**3,287,952**	2,579,499	2,403,540	**30,444**
Commercial Paper	**77,096**	467,268	69,000	**713**
Trading Liabilities	**658,006**	360,706	563,345	**6,092**
Borrowed Money	**1,380,304**	1,508,783	1,621,683	**12,780**
Foreign Exchanges	**34,805**	29,346	56,582	**322**
Bonds	**1,260,023**	1,053,354	844,654	**11,666**
Convertible Bonds	**95**	95	2,208	**0**
Other Liabilities	**3,804,063**	4,553,878	4,017,537	**35,222**
Reserve for Possible Loan Losses	**—**	—	593,486	**—**
Reserve for Retirement Allowances	**—**	41,366	39,602	**—**
Reserve for Retirement Benefit	**61,964**	—	—	**573**
Reserve for Possible Losses from Loans Sold to CCPC	**72,781**	95,992	109,096	**673**
Other Reserves	**645**	513	12	**5**
Deferred Income Tax Liabilities	**312**	271	527	**2**
Deferred Income Tax Liabilities for Land Revaluation	**43,703**	45,494	48,869	**404**
Acceptances and Guarantees	**1,598,853**	1,492,628	1,643,713	**14,804**
Total Liabilities	**48,139,958**	45,967,816	46,315,174	**445,740**
Minority Interests in Consolidated Subsidiaries	**389,368**	319,237	308,190	**3,605**
Stockholders' Equity				
Capital Stock	**1,042,706**	1,042,706	1,042,706	**9,654**
Capital Surplus	**899,521**	899,521	899,521	**8,328**
Land Revaluation Excess	**67,785**	69,333	67,347	**627**
Earned Surplus	**209,401**	198,161	193,991	**1,938**
Foreign Currency Translation Adjustments	**(31,329)**	—	—	**(290)**
Total	**2,188,084**	2,209,721	2,203,567	**20,260**
Treasury Stock	**(4,332)**	(1,167)	(1,015)	**(39)**
Total Stockholders' Equity	**2,183,752**	2,208,554	2,202,550	**20,219**
Total Liabilities, Minority Interests in Consolidated Subsidiaries and Stockholders' Equity	**¥50,713,080**	¥48,495,608	¥48,825,915	**$469,565**

See accompanying notes to consolidated interim financial statements.

Consolidated Interim Statements of Income

The Sakura Bank, Limited and Subsidiaries

Six Months Ended September 30, 2000 and 1999, and Year Ended March 31, 2000	Sept. 30, 2000	Sept. 30, 1999	Mar. 31, 2000	Sept. 30, 2000
			Millions of Yen	Millions of U.S. Dollars (Note 1)
Income				
Interest Income:	**¥588,479**	¥730,672	¥1,398,941	**$5,448**
Interest on Loans and Discounts	**377,012**	384,595	767,063	**3,490**
Interest and Dividends on Securities	**58,644**	61,013	117,759	**543**
Other Interest Income	**152,822**	285,063	514,118	**1,415**
Fees and Commissions	**102,464**	85,163	186,213	**948**
Trading Revenue	**13,036**	9,587	17,484	**120**
Other Operating Income	**52,466**	35,729	99,261	**485**
Other Income	**128,336**	57,000	455,196	**1,188**
Transfer from Other Reserves	**—**	—	3	**—**
Total Income	**884,783**	918,153	2,157,102	**8,192**
Expenses				
Interest Expenses:	**279,092**	402,380	745,550	**2,584**
Interest on Deposits	**103,591**	83,595	170,171	**959**
Interest on Borrowings, Bonds and Rediscounts	**45,752**	41,528	84,923	**423**
Other Interest Expenses	**129,748**	277,256	490,455	**1,201**
Fees and Commissions	**29,425**	25,676	66,414	**272**
Trading Expenses	**—**	983	994	**—**
Other Operating Expenses	**27,873**	13,867	67,883	**258**
General and Administrative Expenses	**228,486**	259,051	487,472	**2,115**
Provision for Possible Loan Losses	**40,971**	13,579	224,003	**379**
Other Expenses	**193,429**	126,038	438,643	**1,791**
Transfer to Other Reserves	**4**	0	0	**0**
Total Expenses	**799,283**	841,578	2,030,963	**7,400**
Income before Income Taxes and Minority Interests	**85,500**	76,574	126,139	**791**
Income Taxes:				
Current	**5,528**	7,397	7,831	**51**
Deferred	**41,716**	18,615	74,247	**386**
Minority Interests in Net Income (Loss) of Consolidated Subsidiaries	**6,953**	9,758	(18,521)	**64**
Net Income	**¥ 31,302**	¥ 40,803	¥ 62,581	**$ 289**

See accompanying notes to consolidated interim financial statements.

Consolidated Interim Statements of Earned Surplus

The Sakura Bank, Limited and Subsidiaries

Six Months Ended September 30, 2000 and 1999, and Year Ended March 31, 2000	Sept. 30, 2000	Sept. 30, 1999	Mar. 31, 2000	Sept. 30, 2000
			Millions of Yen	Millions of U.S. Dollars (Note 1)
Balance at Beginning of the Term	**¥198,161**	¥164,329	¥164,329	**$1,834**
Increase:	**2,968**	1,225	2,115	**27**
Transfer from Land Revaluation Excess	**2,030**	1,225	2,115	**18**
Adjustment of Earned Surplus Due to Exclusion of Companies Accounted for Using the Equity Method	**938**	—	—	**8**
Decrease:	**23,030**	12,366	30,864	**213**
Dividends Paid	**17,852**	12,366	30,182	**165**
Decrease of Earned Surplus Due to the Merger of Consolidated Subsidiaries	**5,177**	—	—	**47**
Decrease of Earned Surplus Due to Consolidation of Additional Subsidiaries	**—**	—	682	**—**
Net Income	**31,302**	40,803	62,581	**289**
Balance at End of the Term	**¥209,401**	¥193,991	¥198,161	**$1,938**

See accompanying notes to consolidated interim financial statements.

Consolidated Interim Statements of Cash Flows

The Sakura Bank, Limited and Subsidiaries

Six Months Ended September 30, 2000 and 1999, and Year Ended March 31, 2000	Millions of Yen			Millions of U.S. Dollars (Note 1)
	Sept. 30, 2000	Sept. 30, 1999	Mar. 31, 2000	**Sept. 30, 2000**
Cash Flows from Operating Activities				
Income before Income Taxes and Minority Interests	**¥ 85,500**	¥ 76,574	¥ 126,139	**$ 791**
Depreciation	**15,719**	17,334	35,029	**145**
Amortization of Consolidation Difference	**—**	577	5,330	**—**
Equity in (Gains) Losses of Affiliates	**(7,443)**	(347)	1,487	**(68)**
Net Change in Reserve for Possible Loan Losses	**(124,238)**	13,579	11,419	**(1,150)**
Net Change in Reserve for Possible Losses from Loans Sold to CCPC	**(24,851)**	(6,435)	(19,539)	**(230)**
Net Change in Reserve for Retirement Allowances	**(41,367)**	(2,310)	(3,614)	**(383)**
Net Change in Reserve for Retirement Benefit	**56,319**	—	—	**521**
Interest Income	**(588,479)**	(730,672)	(1,398,941)	**(5,448)**
Interest Expenses	**279,092**	402,380	745,550	**2,584**
Net (Gains) Losses on Sales, Redemption, and Devaluation of Securities	**9,650**	(3,259)	(346,591)	**89**
Net (Gains) Losses on Money Held in Trust	**164**	311	625	**1**
Net Exchange (Gains) Losses	**(9,648)**	58,604	145,561	**(89)**
Net (Gains) Losses on Dispositions of Premises and Equipment	**2,498**	(1,530)	12,209	**23**
Net Change in Trading Assets	**(94,227)**	(25,021)	(542)	**(872)**
Net Change in Trading Liabilities	**294,181**	201,308	(194)	**2,723**
Net Change in Trading Account Payable	**(265,226)**	—	408,834	**(2,455)**
Net Change in Loans and Bills Discounted	**710,521**	180,238	503,351	**6,578**
Net Change in Deposits	**17,808**	966,502	415,842	**164**
Net Change in Borrowed Money (Except Subordinated Debt)	**(136,240)**	—	(214,107)	**(1,261)**
Net Change in Due from Banks (Except for Demand Deposits with the Bank of Japan)	**(800,494)**	27,111	(247,833)	**(7,411)**
Net Change in Call Loans, Commercial Paper and Other Debt Purchased	**70,808**	661	(162,311)	**655**
Net Change in Collateral under Securities Borrowing Transactions	**247,971**	(135,513)	(335,705)	**2,296**
Net Change in Call Money	**708,130**	(455,870)	253,678	**6,556**
Net Change in Commercial Paper	**(388,593)**	—	(99,731)	**(3,598)**
Net Change in Collateral under Securities Lending Transactions	**(325,514)**	(550,235)	(34,993)	**(3,014)**
Net Change in Foreign Exchanges (Assets)	**7,386**	16,849	(7,101)	**68**
Net Change in Foreign Exchanges (Liabilities)	**5,432**	34,229	6,994	**50**
Net Change in Straight Bonds by Issuance/Redemption (Except for Subordinated Bonds)	**192,363**	—	155,486	**1,781**
Interest Received	**544,252**	622,365	1,625,911	**5,039**
Interest Paid	**(286,787)**	(461,783)	(1,005,204)	**(2,655)**
Others, Net	**(38,118)**	209,221	325,421	**(352)**
Subtotal	**116,568**	454,869	902,462	**1,079**
Income Taxes Paid	**(4,780)**	(10,417)	(13,719)	**(44)**
Net Cash Provided by Operating Activities	**111,788**	444,452	888,743	**1,035**
Cash Flows from Investing Activities				
Purchase of Securities	**(5,393,097)**	(2,044,075)	(7,671,286)	**(49,936)**
Proceeds from Sales of Securities	**2,989,169**	1,412,599	5,672,199	**27,677**
Proceeds from Redemption of Securities	**2,102,554**	188,220	1,535,603	**19,468**
Investment of Money Held in Trust	**—**	(19,120)	(31,319)	**—**
Proceeds from Money Held in Trust	**22,339**	66,363	113,981	**206**
Purchase of Premises and Equipment	**(40,288)**	(8,261)	(54,707)	**(373)**
Proceeds from Sales of Premises and Equipment	**24,468**	24,867	67,918	**226**
Purchase of Additional Stock Resulting in New Consolidated Subsidiaries	**(20,024)**	—	—	**(185)**
Net Cash Used in Investing Activities	**(314,879)**	(379,406)	(367,609)	**(2,915)**
Cash Flows from Financing Activities				
Proceeds from Borrowing of Subordinated Debt	**44,363**	—	—	**410**
Repayments for Subordinated Debt	**(136,500)**	—	(15,000)	**(1,263)**
Proceeds from Issuance of Subordinated Bonds	**149,200**	50,000	136,088	**1,381**
Payments for Redemption of Subordinated Bonds and Convertible Bonds	**(143,785)**	—	(103,257)	**(1,331)**
Dividends Paid	**(17,852)**	(12,366)	(30,182)	**(165)**
Dividends Paid to the Minority Shareholders	**(5,967)**	(6,415)	(9,767)	**(55)**
Purchase of Treasury Stocks	**(343)**	—	(25)	**(3)**
Proceeds from Sales of Treasury Stocks	**338**	—	18	**3**
Net Cash Provided by (Used in) Financing Activities	**(110,547)**	31,217	(22,124)	**(1,023)**
Effects of Exchange Rate Changes on Cash and Cash Equivalents	**(142)**	2,236	3,614	**(1)**
Net Change in Cash and Cash Equivalents	**(313,781)**	98,501	502,623	**(2,905)**
Cash and Cash Equivalents at Beginning of the Term	**1,408,146**	905,496	905,496	**13,038**
Net Increase in Cash and Cash Equivalents Due to the Inclusion of Subsidiaries in Consolidation	**90**	—	83	**0**
Net Decrease in Cash and Cash Equivalents Due to the Exclusion of Subsidiaries from Consolidation	**—**	—	(57)	**—**
Cash and Cash Equivalents at End of the Term	**¥ 1,094,455**	¥ 1,003,997	¥1,408,146	**$ 10,133**

See accompanying notes to consolidated interim financial statements.

1. Basis of Consolidated Interim Financial Statements and Summary of Significant Accounting Policies

The accompanying unaudited consolidated interim financial statements have been prepared on the basis of accounting principles and practices generally accepted in Japan and in conformity with the "Interim Consolidated Financial Statements Regulation" which may differ to some degree from accounting principles and practices generally accepted in countries and jurisdictions other than Japan and are compiled from the consolidated interim financial statements as required by the Securities and Exchange Law of Japan.

Certain reclassifications and rearrangements have been made to present the accompanying consolidated interim financial statements in a form which is familiar to readers outside Japan. In addition, the accompanying notes include information which is not required under accounting principles and practices generally accepted in Japan.

As permitted by the Securities and Exchange Law of Japan, amounts less than one million yen have been truncated. As a result, the totals do not necessarily agree with the sum of the individual amounts.

The U.S. dollar amounts shown in the accompanying consolidated interim financial statements and notes thereto represent the arithmetical results of translating original Japanese yen amounts of respective account balances to U.S. dollars on a basis of ¥108.00 to US$1, the exchange rate effective at the latest balance sheet date of September 30, 2000. The inclusion of such dollar amounts is solely for convenience and is not intended to imply that yen amounts have been or could have been converted, realized or settled in dollars at that or at any other rate.

2. Principles of Consolidation

The consolidated interim financial statements of The Sakura Bank, Limited (the "Bank") include accounts of the Bank and its significant subsidiaries. Major consolidated subsidiaries for the interim period ended September 30, 2000, are listed below:

Name	Location	Percentage Ownership
Sakura Securities Co., Ltd.	Tokyo	100%
Manufacturers Bank	Los Angeles	100%
Sakura Finance International Limited	London	100%
Sakura Finance Australia Limited	Sydney	100%

Under the control and influence concept, those companies in which the Bank, directly or indirectly, is able to exercise control over operations are to be fully consolidated and those companies in which the Bank, directly or indirectly, is able to exercise significant influence over operations are to be accounted for using the equity method.

The number of consolidated subsidiaries, and subsidiaries and affiliates accounted for using the equity method, as of September 30, 2000, was as follows:

	2000
Consolidated subsidiaries	63
Subsidiaries and affiliates accounted for using the equity method	33

All significant intercompany transactions, account balances and unrealized profits and losses have been eliminated in consolidation.

The interim financial statements of consolidated subsidiaries, whose interim period for the fiscal year are principally June 30, are included in the consolidated interim financial statements on the basis of their respective interim period for the fiscal year after making appropriate adjustments for significant transactions during the period from their respective interim period for the fiscal year to the date of the consolidated interim financial statements.

The differences between cost and underlying interest (consolidation difference) are amortized principally over a period of 20 years by the straight-line method. If these differences have no material impact on the consolidated financial statements, they are charged to income in the year of acquisition.

3. Summary of Significant Accounting Policies

(a) Translation of Foreign Currency Accounts

(i) The financial statements of foreign consolidated subsidiaries and affiliates are translated into Japanese yen at exchange rates as of the balance sheet date, except for stockholders' equity, which is translated at the historical exchange rate. Differences arising from such translation were shown as "Other Assets" at September 30, 1999, and March 31, 2000. As a result of revision of Accounting Standard for Foreign Currency Translation, the differences are shown as "Foreign Currency Translation Adjustments" as a separate component of Stockholders' Equity at September 30, 2000.

(ii) (a) Foreign currency denominated assets and liabilities and the accounts of overseas branches are translated into yen at the exchange rates prevailing at the balance sheet date, except that certain assets and liabilities are translated at the relevant historical exchange rates.

(b) Foreign currency accounts held by consolidated foreign subsidiaries are translated into the currency of the subsidiary at the respective interim period-end exchange rates.

(b) Valuation of Trading Assets and Trading Liabilities

Trading account positions representing earnings or losses derived from trades made for the purpose of seeking to capture gains arising from short-term changes in interest rates, currency exchange rates, or market prices of securities and other market related indices or from gaps among markets are included in trading assets and trading liabilities on a trade date basis. Trading securities and monetary claims purchased for trading purposes recorded in these accounts are stated at market value and financial derivatives related to trading transactions are at the amounts that would be settled if they were terminated at the balance sheet date.

Trading revenue and trading expenses include interest received and paid, the amount of increases/decreases in valuation gains/losses on the balance sheet date for securities and monetary claims, and amounts of increases/decreases of valuation gains/losses incurred from the estimated settlement price assuming settlement in cash on the balance sheet date for derivatives, compared with that at the end of the previous term.

(c) Valuation of Securities

For the interim period ended September 30, 2000, “Securities Classified as Held to Maturity” are carried at amortized cost determined by the moving average method. “Other Securities” (i.e. Securities Available-for-sale) are carried at cost or amortized cost determined by the moving average method. Valuation of securities held in individually managed money trusts for asset management purposes are determined by the same method.

(d) Valuation of Derivatives for Non-Trading Purposes

Derivative financial instruments other than those held for trading purposes are accounted by the market value method.

(e) Hedge Accounting

Beginning on April 1, 2000, the Bank adopted “macro hedge” accounting, which is the method to manage aggregate interest rate risks arising from numerous financial assets and liabilities such as loans and deposits by using derivatives. The hedge accounting method is a type of the deferral hedge accounting method and based on the risk management strategy called the risk-adjusted approach defined in the “Temporary Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry” published by JICPA.

We evaluate effectiveness of hedges by examining whether risk exposures of derivatives, serving as the means to adjust risks, are within risk limits determined in the risk-management policy and also whether hedged interest rate risk exposure is reduced.

For certain assets and liabilities, the ordinary deferral hedge accounting method or the exceptional hedge accounting method of interest rate swaps is applied.

The subsidiaries adopt the ordinary deferral hedge accounting method or the special hedge accounting method for interest rate swaps under which qualified hedging swaps are not marked to market.

(f) Depreciation Method

Premises and equipment are stated at cost less accumulated depreciation. Depreciation of equipment owned by the Bank is computed by the declining balance method over the estimated useful lives of the relevant assets. Depreciation computed by the declining balance method is recognized by properly allocated amounts over a six-month period, based on the estimated amounts to be provided for the annual financial period and on the assets that existed the end of the interim period. Depreciation of buildings is computed by the straight-line method. Before this interim period, depreciation of buildings acquired on or before March 31, 1998 and related assets was computed by the declining balance method. However, we reviewed the actual condition of buildings and related assets and observed that they had been consistently used for branch offices and other purposes over a long period of time. As a result, we found that the straight-line method, which calculates level depreciation charges over their useful lives, is a more reasonable method to reflect profit and loss for each accounting term more properly. Accordingly, we have changed the depreciation method to the straight-line method from this interim term.

Depreciation of premises and equipment owned by consolidated subsidiaries is principally computed by the straight-line method over the estimated useful lives of the relevant assets.

Capitalized software for internal use is depreciated by the straight-line method based on its useful lives estimated by the Bank and subsidiaries (mainly five years).

(g) Accounting for Leases

All leases by the Bank and consolidated domestic subsidiaries have been accounted for as operating leases. Under Japanese accounting standards for leases, finance leases where the ownership of the property is deemed to transfer to the lessee are capitalized, while other finance leases can be accounted for as operating leases if necessary information is disclosed in the notes to the lessee’s financial statements.

(h) Reserve for Possible Loan Losses

The reserve for possible loan losses of the Bank has been established based on the Bank's internal rules for establishing a reserve for possible loan losses.

Customers are initially classified into ten categories, in accordance with the Bank's own credit rating system. All claims that the Bank extended to its customers are classified into five categories for self-assessment purposes such as "normal borrower," "needs attention," "in danger of bankruptcy," "effectively bankrupt" and "bankrupt," as defined by the report of the Japanese Institute of Certified Public Accountants.

The reserve for possible loan losses was calculated based on the specific actual past loss ratio for normal borrower and needs attention categories as a general reserve, and the fair value of the collateral for collateral-dependent loans and other factors of solvency for other self-assessment categories for a specific reserve.

For collateral or guaranteed claims of "effectively bankrupt" and "bankrupt," the amount exceeding the estimated value of collateral or guarantees was deducted, as deemed uncollectible, directly from those claims.

For foreign claims, there is a reserve for loans to restructuring countries which has been established based on losses estimated by considering political and economic situations in those countries.

All claims are being assessed by the branches and credit supervision divisions based on the Bank's internal rules for the self-assessment of asset quality. The Assets Review and Inspection Division, which is independent from branches and credit supervision divisions, conducts audits of these assessments.

The consolidated subsidiaries provide reserves for possible loan losses at the amounts considered reasonable in accordance with local accounting standards and also based on prior experience with loan losses.

(i) Reserve for Retirement Benefit

Prior to April 1, 2000, the accrued provision for retirement allowances of the Bank was calculated to state the estimated liability at the amount which would be required to be paid if all employees eligible for the retirement allowances plan were to terminate their employment voluntarily at the balance sheet date. Effective April 1, 2000, in accordance with new accounting standard, reserve for retirement benefit is provided for employees' retirements and the related provision is calculated at the amount to be accrued for this interim term based on the actuarially determined liability for retirement benefit and pension plan assets at the end of this fiscal year.

The transition difference under new accounting standard for retirement benefit is amortized over mainly five years and the half of the annual amortization is charged to expenses for this interim term.

(j) Reserve for Possible Losses from Loans Sold to CCPC

The reserve for possible losses from loans sold to CCPC (Cooperative Credit Purchasing Company, Limited) is made to provisions in amounts which it views to be necessary based on estimates of possible losses it may sustain in the future on loans sold to the CCPC, taking account of the value of real estate collateral securing these loans.

(k) Land Revaluation Excess

Under the "Law of Land Revaluation," effective on March 31, 1998, the Bank elected the one-time revaluation for its own-use land to current value based on real estate appraisal information as of March 31, 1998. Continuous readjustment is not permitted unless the value of the land subsequently declines significantly such that the amount of the decline in value should be deducted from the land revaluation excess account and deferred income tax liabilities. The amount equivalent to the tax on the revaluation is provided as deferred income tax liabilities for land revaluation, and the remaining amount after the deferred income tax liabilities is included in stockholders' equity as land revaluation excess.

The details of the one-time revaluation were as follows:

The date of land revaluation: March 31, 1998

The revaluation of land used for banking business was rationally made, reflecting appropriate adjustments for land shape, timing of appraisal, etc., based on the appraisal reports for real estate issued by real estate appraisers under Law of Land Revaluation.

(l) Income Taxes

Deferred income taxes relating to temporary differences between financial and tax reporting have been recognized.

(m) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and demand deposits with the Bank of Japan.

(n) Differences between the Accounting Principles and Practices Adopted in the Accompanying Consolidated Interim Financial Statements and International Accounting Standards

The accompanying consolidated interim financial statements conform with accounting principles and practices generally accepted in Japan. Such principles and practices differ from International Accounting Standards in several respects, such as methods for valuation of securities, hedge accounting and accounting for leases, among others.

4. Segment Information

(a) Business Segment Information

Some of the consolidated subsidiaries are engaged in securities, trust, leasing and other businesses in addition to the commercial banking business. As those activities are not deemed material, business segment information has not been disclosed.

(b) Geographic Segment Information

Millions of Yen

Six Months Ended September 30, 2000	Japan	Americas	Europe	Asia and Oceania	Interarea Elimination	Subtotal	Reclassification	Consolidated Total
Ordinary Income/ Total Income								
Customers	**¥738,501**	**¥66,303**	**¥21,812**	**¥54,560**	**¥ —**	**¥881,178**	**¥ 3,605**	**¥884,783**
Intersegment	**54,852**	**18,113**	**8,679**	**16,885**	**(98,532)**	**—**	**—**	**—**
Total	**793,354**	**84,417**	**30,492**	**71,446**	**(98,532)**	**881,178**	**3,605**	**884,783**
Ordinary Expenses/ Total Expenses	**694,175**	**77,957**	**37,322**	**63,993**	**(98,270)**	**775,178**	**24,104**	**799,283**
Ordinary Profit (Loss)/ Income (Loss) before Income Taxes	**¥ 99,178**	**¥ 6,459**	**¥ (6,830)**	**¥ 7,452**	**¥ (261)**	**¥105,999**	**¥(20,499)**	**¥ 85,500**

Millions of Yen

Six Months Ended September 30, 1999	Japan	Americas	Europe	Asia and Oceania	Interarea Elimination	Subtotal	Reclassification	Consolidated Total
Ordinary Income/ Total Income								
Customers	¥740,266	¥ 66,772	¥42,762	¥62,029	¥ —	¥911,831	¥6,322	¥918,153
Intersegment	101,418	45,663	11,784	5,812	(164,678)	—	—	—
Total	841,684	112,436	54,546	67,842	(164,678)	911,831	6,322	918,153
Ordinary Expenses/ Total Expenses	788,988	104,293	50,584	58,234	(164,344)	837,756	3,822	841,578
Ordinary Profit (Loss)/ Income (Loss) before Income Taxes	¥ 52,696	¥ 8,143	¥ 3,961	¥ 9,607	¥ (334)	¥ 74,075	¥2,499	¥ 76,574

Millions of Yen

Year Ended March 31, 2000	Japan	Americas	Europe	Asia and Oceania	Interarea Elimination	Subtotal	Reclassification	Consolidated Total
Ordinary Income/ Total Income								
Customers	¥1,808,407	¥129,272	¥ 90,029	¥119,786	¥ —	¥2,147,495	¥ 9,606	¥2,157,102
Intersegment	77,421	23,014	21,863	15,752	(138,052)	—	—	—
Total	1,885,829	152,286	111,893	135,539	(138,052)	2,147,495	9,606	2,157,102
Ordinary Expenses/ Total Expenses	1,772,018	143,625	109,852	122,775	(137,274)	2,010,998	19,964	2,030,963
Ordinary Profit (Loss)/ Income (Loss) before Income Taxes	¥ 113,810	¥ 8,661	¥ 2,040	¥ 12,764	¥ (778)	¥ 136,497	¥(10,357)	¥ 126,139

Notes: Ordinary income or ordinary expenses represent total income or total expenses excluding Gains or Losses on Dispositions of Premises and Equipment, Recoveries of Write-off Claims, Transfer to (from) Other Reserves (Reserve for Contingent Liabilities from Brokering of Securities Transactions) and Amortization of Transition Difference under New Accounting Standard for Retirement Benefit.

The Bank reported ordinary income and ordinary profit (loss) which correspond to sales and operating profit for other types of enterprises for its head office, branches and consolidated subsidiaries according to the classification domestic and country or region, in view of the geographical proximity, similarities in economic activities, and interrelationships among these activities.

Countries or economies in the regions shown include, but are not limited to, the following—Americas: the United States and Canada; Europe: the United Kingdom and Germany; and Asia and Oceania: Singapore, Hong Kong and Australia.

(c) Foreign Ordinary Income

Millions of Yen

Six Months Ended September 30, 2000 and 1999, and Year Ended March 31, 2000	**Sept. 30, 2000**	Sept. 30, 1999	Mar. 31, 2000
Foreign Ordinary Income (A)	**¥142,676**	¥171,564	¥ 339,087
Consolidated Ordinary Income (B)	**881,178**	911,831	2,147,495
(A)/(B)	**16.1%**	18.8%	15.7%

Notes: 1. The above table shows the Foreign Ordinary Income corresponding to the foreign sales of non-financial companies.

2. Foreign Ordinary Income includes that related to transactions of the Bank's overseas branches and foreign subsidiaries (except for internal operating income between consolidated companies). Segment information by countries and regions has not been disclosed here as the counter parties of the transactions have not been separated by such manner.

Market Value of Securities (Consolidated)

Millions of Yen

	Sept. 30, 2000				Mar. 31, 2000		
	Unrealized Gain (Loss) (a)	(a) – (b)	Unrealized Gain	Unrealized Loss	Unrealized Gain (Loss) (b)	Unrealized Gain	Unrealized Loss
Securities Classified as Held to Maturity	**¥ —**		**¥ —**	**¥ —**			
Other Securities	**54,951**		**555,434**	**500,483**			
Stocks	**110,238**		**544,261**	**434,022**			
Bonds	**(28,464)**		**7,620**	**36,085**			
Others	**(26,822)**		**3,552**	**30,375**			
Total	**¥ 54,951**	**¥(599,812)**	**¥555,434**	**¥500,483**	¥654,763	¥1,109,456	¥454,692
Stocks	**110,238**	**(570,263)**	**544,261**	**434,022**	680,501	1,083,336	402,835
Bonds	**(28,464)**	**(1,770)**	**7,620**	**36,085**	(26,694)	8,821	35,516
Others	**(26,822)**	**(27,778)**	**3,552**	**30,375**	956	17,297	16,341

Notes: 1. For the Bank's stocks (September 30, 2000), market value is based on the average market prices of September 2000, and for the others the market prices at the balance sheet date.
2. Unrealized gain of "Other Securities," net of related deferred income taxes and minority interests, as of September 30, 2000 is ¥39,763 million (including those of "Other Money Held in Trust").

Market Value of Money Held in Trust (Consolidated)

Millions of Yen

September 30, 2000	Book Value	Market Value	Unrealized Gain (Loss)	Unrealized Gain	Unrealized Loss
Other Money Held in Trust	**¥50,002**	**¥50,663**	**¥661**	**¥840**	**¥179**

Note: Market value is based on the market prices as of September 30, 2000.

Millions of Yen

	Sept. 30, 1999					Mar. 31, 2000				
	Book Value	Market Value	Unrealized Gain (Loss)	Unrealized Gain	Unrealized Loss	Book Value	Market Value	Unrealized Gain (Loss)	Unrealized Gain	Unrealized Loss
Money Held in Trust	¥107,843	¥107,725	¥(118)	¥118	¥236	¥72,581	¥72,887	¥305	¥542	¥237

Notes: The market value represents the prices that the fiduciaries of money held in trust calculated in accordance with the following methods:
1. The fair market value is calculated using the closing prices on the Tokyo Stock Exchange at the balance sheet date or the prices calculated under the yield published on the Japan Securities Dealers Association's Indication Chart in most cases.
2. Values of non-listed stocks are calculated using the Japan Securities Dealers Association's figures for securities traded over the counter.

Balance of the Retirement Benefit Obligation (Consolidated)

September 30, 2000 Millions of Yen

Balance of the Retirement Benefit Obligation (Beginning of the Term)	(A)	**¥627,306**
Market Value of Plan Assets (Beginning of the Term)	(B)	**387,323**
Reserve for Retirement Benefit (Beginning of the Term)	(C)	**46,185**
Transition Difference under New Accounting Standard for Retirement Benefit	(A – B – C)	**193,797**
Reduction by Contribution to Trust Account	(D)	**—**
Transition Difference for Amortization (Beginning of the Term)	(A – B – C – D)	**193,797**
Amortization in this Interim Term	(E)	**18,645**
Unamortized Amount of Transition Difference (End of the Term)	(A – B – C – D – E)	**¥175,152**

Expenses for Retirement Benefit (Consolidated)

Six Months Ended September 30, 2000 Millions of Yen

Expenses for Retirement Benefit	**¥29,243**

Derivatives and Foreign Exchange Contracts (Consolidated)

Billions of Yen

	Contract Value or Nominal Principal Amount			Credit Risk Equivalent Amount		
	Sept. 30, 2000	Mar. 31, 2000	Sept. 30, 1999	**Sept. 30, 2000**	Mar. 31, 2000	Sept. 30, 1999
Financial Futures Contracts	**¥ 22,412.8**	¥ 37,903.3	¥ 48,493.1	**¥ —**	¥ —	¥ —
Interest Rate Swaps	**64,200.2**	76,193.3	80,086.4	**916.2**	1,047.0	1,151.7
Currency Swaps	**3,411.3**	3,641.9	3,765.7	**363.6**	434.9	454.6
Forward Foreign Exchange Contracts	**10,371.9**	7,301.5	6,271.5	**210.1**	133.0	236.7
Interest Rate Options (Buy)	**4,299.1**	14,114.7	25,536.6	**42.5**	45.8	49.9
Currency Options (Buy)	**420.9**	334.8	270.9	**14.2**	8.6	8.2
Other Derivative Financial Instruments	**9,638.9**	31,041.9	33,817.8	**10.7**	60.5	68.3
Effect of Master Netting Agreements	**—**	—	—	**(532.1)**	(574.4)	(726.8)
Total	**¥114,755.1**	¥170,531.8	¥198,242.3	**¥1,025.3**	¥1,155.7	¥1,242.9

Note: Figures given above were computed in accordance with capital adequacy guidelines set by the BIS. The following information was also included:
—Listed transactions
—Options (sell)
—Transactions for which the original contract has a duration of 14 days or less

Non-Consolidated Interim Balance Sheets

The Sakura Bank, Limited

September 30, 2000, March 31, 2000, and September 30, 1999	Sept. 30, 2000	Mar. 31, 2000	Millions of Yen Sept. 30, 1999	Millions of U.S. Dollars Sept. 30, 2000
Assets				
Cash and Due from Banks	**¥ 2,532,993**	¥ 2,095,204	¥ 1,444,931	**$ 23,453**
Call Loans	**102,205**	197,492	140,842	**946**
Commercial Paper and Other Debt Purchased	**3,482**	640	948	**32**
Trading Assets	**1,026,511**	1,104,111	1,033,071	**9,504**
Money Held in Trust	**50,002**	72,381	107,843	**462**
Securities	**7,268,199**	6,911,602	6,576,841	**67,298**
Loans and Bills Discounted	**31,232,502**	31,939,952	32,143,364	**289,189**
Foreign Exchanges	**307,194**	316,149	291,485	**2,844**
Other Assets	**1,524,208**	1,156,771	1,756,230	**14,113**
Premises and Equipment	**304,809**	317,774	334,875	**2,822**
Deferred Income Taxes	**542,825**	583,559	657,761	**5,026**
Customers' Liabilities for Acceptances and Guarantees	**2,492,034**	2,524,300	2,653,283	**23,074**
Reserve for Possible Loan Losses	**(509,096)**	(660,454)	—	**(4,713)**
Total Assets	**¥46,877,873**	¥46,559,485	¥47,141,479	**$434,054**
Liabilities and Stockholders' Equity				
Liabilities				
Deposits	**¥33,330,148**	¥33,342,655	¥34,005,767	**$308,612**
Call Money	**3,243,403**	2,558,919	2,377,686	**30,031**
Commercial Paper	**68,000**	451,000	69,000	**629**
Trading Liabilities	**304,662**	161,238	241,321	**2,820**
Borrowed Money	**1,829,470**	1,953,529	1,997,413	**16,939**
Foreign Exchanges	**36,279**	30,218	57,107	**335**
Bonds	**470,000**	270,000	100,000	**4,351**
Convertible Bonds	**95**	95	2,208	**0**
Other Liabilities	**2,669,808**	2,856,182	2,557,728	**24,720**
Reserve for Possible Loan Losses	**—**	—	659,259	**—**
Reserve for Retirement Allowances	**—**	32,099	33,811	**—**
Reserve for Retirement Benefit	**46,573**	—	—	**431**
Reserve for Possible Losses from Loans Sold to CCPC	**70,227**	94,853	108,403	**650**
Other Reserves	**9**	9	9	**0**
Deferred Income Tax Liabilities for Land Revaluation	**30,443**	32,092	34,462	**281**
Acceptances and Guarantees	**2,492,034**	2,524,300	2,653,283	**23,074**
Total Liabilities	**¥44,591,156**	¥44,307,196	¥44,897,463	**$412,881**
Stockholders' Equity				
Capital Stock:				
Common Stock	**640,060**	639,934	631,819	**5,926**
Preferred Stock	**402,646**	402,772	410,887	**3,728**
Capital Surplus	**899,521**	899,521	899,521	**8,328**
Legal Reserve	**127,691**	124,120	120,557	**1,182**
Land Revaluation Excess	**47,218**	48,908	47,492	**437**
Earned Surplus	**169,580**	137,032	133,738	**1,570**
Total Stockholders' Equity	**2,286,716**	2,252,289	2,244,015	**21,173**
Total Liabilities and Stockholders' Equity	**¥46,877,873**	¥46,559,485	¥47,141,479	**$434,054**

Non-Consolidated Interim Statements of Income

The Sakura Bank, Limited

Six Months Ended September 30, 2000 and 1999, and Year Ended March 31, 2000		Millions of Yen		Millions of U.S. Dollars
	Sept. 30, 2000	Sept. 30, 1999	Mar. 31, 2000	**Sept. 30, 2000**
Income				
Interest Income:	**¥554,917**	¥696,568	¥1,338,818	**$5,138**
Interest on Loans and Discounts	**358,298**	365,428	729,354	**3,317**
Interest and Dividends on Securities	**55,403**	57,733	111,654	**512**
Other Interest Income	**141,215**	273,406	497,809	**1,307**
Fees and Commissions	**56,865**	52,883	102,556	**526**
Trading Revenue	**9,187**	3,985	8,498	**85**
Other Operating Income	**28,284**	34,175	57,954	**261**
Other Income	**99,961**	29,412	423,100	**925**
Total Income	**749,216**	817,025	1,930,928	**6,937**
Expenses				
Interest Expenses:	**270,502**	391,978	731,140	**2,504**
Interest on Deposits	**101,463**	80,669	166,591	**939**
Interest on Borrowings, Bonds and Rediscounts	**43,769**	39,436	81,685	**405**
Other Interest Expenses	**125,269**	271,871	482,863	**1,159**
Fees and Commissions	**20,559**	21,394	42,441	**190**
Trading Expenses	**—**	466	412	**—**
Other Operating Expenses	**4,009**	12,134	24,231	**37**
General and Administrative Expenses	**190,891**	223,335	430,417	**1,767**
Provision for Possible Loan Losses	**(2)**	9,033	155,208	**(0)**
Other Expenses	**169,698**	104,390	393,004	**1,571**
Transfer to Other Reserves	**0**	0	0	**0**
Total Expenses	**655,658**	762,733	1,776,858	**6,070**
Income before Income Taxes	**93,558**	54,291	154,069	**866**
Income Taxes:				
Current	**2,193**	2,130	3,986	**20**
Deferred	**39,424**	19,090	92,965	**365**
Net Income	**¥ 51,939**	¥ 33,070	¥ 57,117	**$ 480**

Analysis of Interest-Earning Assets and Interest-Bearing Liabilities (Non-Consolidated)

Millions of Yen

Six Months Ended September 30, 2000	Average Balance: Domestic Operations	Average Balance: International Operations	Average Balance: Total	Interest: Domestic Operations	Interest: International Operations	Interest: Total
		¥[391,226]			¥[381]	
Interest-Earning Assets	¥34,636,955	5,745,824	¥39,991,552	¥371,331	183,967	¥554,917
	[391,226]			[381]		
Interest-Bearing Liabilities	33,669,793	5,312,802	38,591,368	74,147	196,610	270,376

Notes: 1. Domestic Operations refers to transactions of the Bank's domestic branches denominated in yen. International Operations refers to transactions of the Bank's domestic branches denominated in foreign currencies and of the Bank's foreign branches. International Operations also includes transactions with nonresidents and the special account for international financial transactions.
2. Average Balance of Interest-Earning Assets is shown after deduction of that for demand deposits with the Bank of Japan (Domestic Operations ¥332,082 million; International Operations ¥13,208 million; Total ¥345,291 million). Average Balance of Interest-Bearing Liabilities is shown after deduction of corresponding average balance for money held in trust (Domestic Operations ¥55,308 million; International Operations ¥121 million; Total ¥55,430 million). Interest of Interest-Bearing Liabilities is shown after deduction of corresponding expenses for money held in trust (Domestic Operations ¥121 million; International Operations ¥4 million; Total ¥126 million).
3. The figures indicated in [ ] are Average Balance or Interest incurred in connection with lending or borrowing between Domestic and International Operations. They are eliminated from the figures of the total.

Indicators of Income (Non-Consolidated)

Millions of Yen

Six Months Ended September 30, 2000	Domestic Operations	International Operations	Total
Fees and Commissions, Net			
Fees and Commissions (Income)	¥48,956	¥7,908	¥56,865
Fees and Commissions (Expenses)	17,788	2,770	20,559
Trading Revenue, Net			
Trading Revenue	826	8,361	9,187
Trading Expenses	—	—	—
Other Operating Income, Net			
Other Operating Income	20,679	7,604	28,284
Other Operating Expenses	3,056	952	4,009

Note: Domestic Operations refers to transactions of the Bank's domestic branches denominated in yen. International Operations refers to transactions of the Bank's domestic branches denominated in foreign currencies and of the Bank's foreign branches. International Operations also includes transactions with nonresidents and the special account for international financial transactions.

Market Value of Securities (Non-Consolidated)

Millions of Yen

	Sept. 30, 2000: Unrealized Gain (Loss) (a)	Sept. 30, 2000: (a) – (b)	Sept. 30, 2000: Unrealized Gain	Sept. 30, 2000: Unrealized Loss	Mar. 31, 2000: Unrealized Gain (Loss) (b)	Mar. 31, 2000: Unrealized Gain	Mar. 31, 2000: Unrealized Loss
Securities Classified as Held to Maturity	¥ —		¥ —	¥ —			
Stocks of Subsidiaries and Affiliates	5,691		6,119	428			
Other Securities	68,754		541,864	473,110			
Stocks	119,208		532,543	413,334			
Bonds	(27,123)		5,812	32,935			
Others	(23,330)		3,508	26,839			
Total	¥ 74,446	¥(588,353)	¥547,984	¥473,538	¥662,799	¥1,103,897	¥441,097
Stocks	124,900	(558,012)	538,663	413,762	682,912	1,075,602	392,690
Bonds	(27,123)	732	5,812	32,935	(27,855)	7,264	35,120
Others	(23,330)	(31,072)	3,508	26,839	7,742	21,029	13,287

Notes: 1. For the stocks (September 30, 2000, excluding Stocks of Subsidiaries and Affiliates), market value is based on the average market prices of September 2000, and for the others the market prices at the balance sheet date.
2. Unrealized gain of "Other Securities," net of related deferred income taxes, as of September 30, 2000 is ¥42,204 million (including those of "Other Money Held in Trust").

Balance of the Retirement Benefit Obligation (Non-Consolidated)

September 30, 2000 — Millions of Yen

Balance of the Retirement Benefit Obligation (Beginning of the Term)	(A)	¥566,094
Market Value of Plan Assets (Beginning of the Term)	(B)	352,187
Reserve for Retirement Benefit (Beginning of the Term)	(C)	32,099
Transition Difference under New Accounting Standard for Retirement Benefit	(A – B – C)	181,806
Reduction by Contribution to Trust Account	(D)	—
Transition Difference for Amortization (Beginning of the Term)	(A – B – C – D)	181,806
Amortization in this Interim Term	(E)	18,180
Unamortized Amount of Transition Difference (End of the Term)	(A – B – C – D – E)	¥163,626

Expenses for Retirement Benefit (Non-Consolidated)

Six Months Ended September 30, 2000 — Millions of Yen

Expenses for Retirement Benefit		¥28,060
Service Cost		7,212
Interest Cost		9,906
Expected Return on Plan Assets		(9,861)
Amortization of Transition Difference under New Accounting Standard for Retirement Benefit	(D + E)	18,180
Others		2,621

Overseas Offices

(As of December 31, 2000)

International Banking

Senior Managing Director:
Hideharu Kadowaki

Senior Executive Officer:
Takashi Fujishima

Asia and Oceania

Branches and Representative Offices

Shanghai Branch
Tianjin Branch
General Representative Office in China
Hong Kong Branch
Mumbai Branch
New Delhi Branch
Labuan Branch
Kuala Lumpur Marketing Office
Singapore Branch
Bangkok Branch
Ayudhya Branch
Chonburi Branch
Manila Representative Office

Subsidiaries

Sakura Finance Australia Limited
Sakura Finance Asia Limited
Sakura Capital India Limited
P.T. Bank Sakura Swadharma
Sakura Merchant Bank (Singapore) Limited

Affiliates and Associates

China United International Leasing Co., Ltd.
Hua Tong International Leasing Co., Ltd.
P.T. Perjahl Leasing Indonesia
RHB Capital Berhad
RHB Bank Berhad (Subsidiary of RHB Capital Berhad)
RHB Sakura Merchant Bankers Berhad (Subsidiary of RHB Capital Berhad)
Bank of the Philippine Islands
Bangkok Sakura Leasing Co., Limited
Bangkok Sakura Software Service Co., Limited
SBCS Co., Limited
Sakura Management Services Co., Ltd.
SMSB Co., Ltd.
Thai Sakura Finance Co., Limited

The Americas

Branches, Agencies and Representative Offices

New York Branch
Chicago Branch
Los Angeles Agency
Cayman Branch
São Paulo Representative Office

Subsidiaries

Manufacturers Bank
Corporate Headquarters
Headquarters Office
Beverly Hills Office
City of Industry Office
Encino Office
Little Tokyo Office
Newport Beach Office
Ninth and Los Angeles Office
San Diego Office
San Francisco Office
San Jose Office
Warner Center Office
Sakura Business Finance, Inc.
Sakura Global Capital, Inc.
Sakura Bank (Canada)
Sakura Capital Funding (Cayman) Limited
Sakura Finance (Cayman) Limited
Sakura Preferred Capital (Cayman) Limited

Affiliates and Associates

CB Bancshares, Inc. (City Bank)
Banco Bozano, Simonsen S.A.
CIA Bozano, Simonsen

Europe and Middle East

Branches and Representative Offices

London Branch
Brussels Branch
Düsseldorf Branch
Representative Office for the Middle East, Bahrain
Tashkent Representative Office

Subsidiaries

Sakura Finance International Limited
Sakura Trust International Limited
Sakura Finanz (Deutschland) GmbH

Directors, Executive Officers and Auditors

(As of December 31, 2000)

Chairman
Masahiro Takasaki

President
Akishige Okada

Chairman
Masahiro Takasaki*

President
Akishige Okada*

Deputy President
Hirokazu Ishikawa*

Senior Managing Directors
Tsutomu Sakuma*
Hidemitsu Nakao*
Hidenori Hiramatsu*
Hideharu Kadowaki*

Managing Directors
Keizo Ogawa*
Takemasa Tsukamoto*
Masahiro Oba*
Teisuke Kitayama*
Toichiro Mizushima*
Shigetada Takahashi*

Directors
Shoichiro Toyoda**
Naohiko Kumagai**

Standing Auditors
Taro Sumitani
Toyokazu Sato
Hiroshi Kii
Tomoyuki Watanabe

Auditors
Gaishi Hiraiwa
Yasutaka Okamura

Senior Executive Officers
Nobuhiro Yabumoto
Kakuei Miyagi
Toshikatsu Sano
Takashi Fujishima
Taisuke Ota
Ryoji Miura
Kouichi Yanagimura
Akira Sato
Morio Kusunoki

Executive Officers
Jumpei Ishii
Takao Umino
Masayuki Yamazaki
Mitsuaki Yahagi
Hitoshi Yoshimatsu
Hideaki Shigi
Hideo Kamiyama
Shinji Miyagi
Sumio Saito
Kuniaki Tsuyada
Shigeru Nishiyama
Shuji Yoshikawa
Jun Suzuki
Sadao Kobayashi
Hitoshi Inuga
Osamu Endo
Yusaku Omori

Directors marked with * are also executive officers.

Directors marked with ** are appointed from outside the Bank.

Information for Investors

(As of September 30, 2000)

Paid-In Capital	¥1,042,706 million
Number of Shares Authorized	11,027,646 thousand
Common	10,000,000 thousand
Preferred (Type-1)	27,646 thousand
Preferred (Type-2)	1,000,000 thousand
Number of Shares Issued	4,920,447 thousand
Common	4,117,801 thousand
Preferred Series II	2,646 thousand
Preferred Series III (Type-2)	800,000 thousand
Number of Stockholders	
Common	106,619
Preferred Series II	1
Preferred Series III (Type-2)	1

Stock Exchange Listings

Common	Tokyo, Osaka, Kyoto, Sapporo, Frankfurt, Paris, Zürich, London
Preferred Series II	—
Preferred Series III (Type-2)	—

Taking into account the forthcoming merger with Sumitomo Bank, we decided to delist our common stock from Frankfurt, Paris and Zürich. The merged bank will continue to list its common stock on the London Stock Exchange.

Transfer Agent and Registar (As of December 31, 2000)
The Sumitomo Trust and Banking Company, Limited

Common Stockholders' Meeting
The Ordinary General Meeting of Stockholders is held in Tokyo in June.

Independent Certified Public Accountants
Century Ota Showa & Co.
Tohmatsu & Co.

Major Stockholders

(As of September 30, 2000)	Number of Shares (Thousands)	Percentage (%)
Common		
Nippon Life Insurance Company	147,752	3.58
Mitsui Mutual Life Insurance Company	147,752	3.58
The Taiyo Mutual Life Insurance Company	147,752	3.58
State Street Bank and Trust Company	133,054	3.23
The Chuo Mitsui Trust and Banking Co., Ltd.	124,678	3.02
The Chase Manhattan Bank, N.A. London	123,776	3.00
Toyota Motor Corporation	89,588	2.17
The Sakura Trust & Banking Co., Ltd.	87,178	2.11
The Toyo Trust and Banking Co., Ltd.	71,579	1.73
The Dai-ichi Mutual Life Insurance Company	65,855	1.59
Preferred Series II		
Sakura Finance (Bermuda) Trust	2,646	100.00
Preferred Series III (Type-2)		
Resolution and Collection Corporation	800,000	100.00

SAKURA BANK

Printed in Japan