Progress Report on Strengthening the Financial Base of the Bank

(Digest version of the original Japanese Report)

July 2002

Sumitomo Mitsui Banking Corporation

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1. Overview of FY2001 financial results

Financial results for FY2001 are shown on table (1-1) “Trend and Plan of Income”.

[Gross Banking Profit]

Gross banking profit increased by 350.3 billion yen to 1,853.5 billion yen. Excluding gains on bonds, gross banking profit increased by 292.4 billion yen to 1,786.9 billion yen.
This was primarily because of a 235.8 billion yen increase in net interest income, due to the good performance in foreign currency ALM operations as a result of a decline in U.S. dollar based interest rates, and dividends from overseas subsidiaries, etc.

[Expenses]

Expenses fell year-over-year by 30.0 billion yen to 670.1 billion yen, despite the rise in systems integration expenses due to the merger. In more detail, personnel expenses decreased by 22.2 billion yen, largely due to a reduction in headcount. Integration of branches both within Japan and overseas and a revision in procurement practices enabled a 4.0 billion yen decrease in non-personnel expenses.

[Banking Profit]

As a result of the two factors above, banking profit (excluding transfer to general reserve for possible loan losses) was 1,183.4 billion yen, a significant year-over-year rise of 380.3 billion yen.

[Non-Recurring Gains and Losses]

Total credit cost was 1,543.1 billion yen, year-over-year rise of 724.0 billion yen. Total credit cost consisted of 1,038.6 billion yen in credit cost (excluding transfer to general reserve for possible loan losses) and 504.5 billion yen transfer to general reserve for possible loan losses.
Regarding gains and losses on stocks, there were net losses of 130.7 billion yen. This reflected gains on sale of stocks of 54.2 billion yen, losses on sale of stocks of 54.3 billion yen, making a net loss of 0.1 billion yen, and 130.6 billion yen in losses on devaluation of stocks which were based on the impairment rule.
Additionally, the enterprise taxes by local governments (Tokyo and Osaka) were 30.0 billion yen.

[Operating Profit]

All of the above items added up to an operating loss of 522.1 billion yen, a profit decrease of 881.2 billion yen from last fiscal year.

[Extraordinary Gains and Losses]

A net loss of 14.2 billion yen was reported for gains and losses on disposition of premises and equipment. This was due to the restructuring measures and advanced action to realize merger benefits, such as, the closure of branches and abolishment of corporate housing for employees. Related costs of losses on sales, losses related to their restoration or disposition amounted to 14.2 billion yen.

In addition, a 20.2 billion yen loss was reported for the amortization of net transition obligation from the initial application of the new accounting standard for employee retirement benefits.

[Net Income]

Looking at the bottom line, net loss was 322.8 billion yen, which fell short of the original target in the Plan (210.0 billion yen). Banking profit (excluding transfer to general reserve for possible loan losses) exceeded the Plan by 483.4 billion yen due to the large increase in gross banking profit and reduction in expenses, and pushed the ROE (banking profit / stockholders' equity) up to 33.95%. This is a large increase compared to the original target in the Plan (15.60%). However on the other hand, total credit cost largely increased due to the aggressive measures to resolve the asset quality problem.

Going forward, the Bank will increase retained earnings by expense reduction through additional restructuring and restriction of payouts, etc.

[Consolidated Financial Results]

The Bank determines the scope of consolidation based on the level of effective control and material influence on a company. The Bank had 144 consolidated subsidiaries and 38 affiliated companies accounted for by the equity method in FY2001.

Consolidated operating profit decreased by 1,075.2 billion yen from the previous year to a loss of 580.6 billion yen, and consolidated net income also decreased by 596.3 billion yen to a loss of 463.9 billion yen.

[Capital Ratio]

The consolidated capital ratio as of March 31, 2002 was 10.45% (table 2).

2. Overview of the Progress of Strengthening the Financial Base of the Bank

(1) Strategy Development in Each Business Segment

(i) Consumer Banking

Topics:

[Asset Building Customers]

- Number of branches with "Money Consulting Desk (MC Desk)" as of March-end, 2002: 240 (increase of 101 branches from September-end, 2001)
- Establishment of "MC Direct", in which the Bank offers consulting services via the internet and telephone, in order to serve customers who cannot easily visit our branches.

[High Net Worth and Investing Customers]

- Current number of "Asset Management Plaza" outlets: 64 (as of March-end, 2002: 21)
- Line-up of investment trusts as of March-end, 2002: 54
- Sales of investment trusts to consumer clients grew steadily. Outstanding balance as of March-end, 2002: 1,485.3 billion yen

[Mass Retail Customers]

- Number of customers signed up to remote channel services as of March-end, 2002: 4,650 thousand
- Number of monthly transactions through remote channels in March-2002: 2,430 thousand
- Number of @BANK ATMs in the convenience store "am/pm" as of March-end, 2002: 1,136

[Over-the-counter sales of Insurance Products]

- The Bank started selling long-term fire insurance and overseas travelers' personal accident insurance, as a result of the partial lifting of the ban on the sale of insurance products by banks in April 2001.
- In preparing for the enlargement of the sales of life insurance products by banks scheduled in October 2002, the Bank entered an alliance with Sumitomo Life Insurance Company and Mitsui Mutual Life Insurance Company in July 2001, and with Nippon Life Insurance Company on December 2001, regarding policyholders' loan services on Life Insurance Cards.

(ii) Middle Market Banking

Topics:

- The Business Reengineering Dept. was established under the Business Promotion Dept. to better respond to customers' growing potential needs for business reengineering by providing various financial solutions.

- Responding to the expansion of B2B/B2C e-commerce, Financial Link Company, Limited was established in May 2002 as a strategic subsidiary that will offer one-stop comprehensive financial services for the SMBC group, such as, outsourcing of settlement processing and fund administration for corporate customers.

(iii) International Banking

Topics:

- In May 2002, in order to efficiently exploit the money flow within Asia, the Bank established the Taipei Branch in Taiwan, where the bank formerly had no operation.
- The Bank is filing an application for the establishment of the Beijing Branch to Chinese authorities, which is currently under their review.

(iv) Investment Banking

Topics:

[Debt Capital Markets]

- In FY2001, syndicated loans arranged by the Bank increased by 180% (based on number of deals) and 140% (based on amount of arrangements)

[Wholesale Securities Business]

- Daiwa Securities SMBC was ranked No. 1 in the domestic Straight Bond league table.
- Non-consolidated ordinary income of Daiwa Securities SMBC in FY2001 was 13.2 billion yen, mainly due to the sluggish stock market.
- Responding to the customers' increasing needs to sell various assets concurrent with corporate reorganization and balance sheet restructuring, Daiwa Securities SMBC established "Daiwa Securities SMBC Principal Investments" in September 2001, in order to expand the capital for investment and scope of investment assets.

(v) Asset Management Business

- Based on the basic agreement to enter a comprehensive alliance between Mitsui Mutual Life Insurance Company, Sumitomo Life Insurance Company, Mitsui Sumitomo Insurance Co., Ltd. and the Bank, the asset management subsidiary of each company, namely MITSUI LIFE GLOBAL ASSET MANAGEMENT CO., LTD, Sumitomo Life Investment Co., Ltd., Sumisei Global Investment Trust Management Co., Ltd., MITSUI SUMITOMO INSURANCE ASSET MANAGEMENT CO., LTD, and SAKURA INVESTMENT MANAGEMENT CO., LTD. respectively, are planning to merge in December 2002 to form Sumitomo Mitsui Asset Management Company, Limited.

(vi) Subsidiaries and Affiliates

The following are major subsidiaries and affiliates integrated in FY2001:

[March 2001] - Sakura Capital and SB Investment merged to form SMBC Capital.

- Sakura Institute of Research and JRI Business Consulting merged to form SMBC Consulting. At the same time, Sakura Institute of Research transferred its research division to Japan Research Institute.
- Sakura Securities transferred its business to Daiwa Securities SB Capital Markets (Daiwa SBCM), and Daiwa SBCM changed its corporate name to Daiwa Securities SMBC.

[May 2001] - Sakura Leasing became a subsidiary of SB Leasing (changed its corporate name to SMBC Leasing in September) to unify the leasing business.

[July 2001] - Sumitomo Credit Service changed its corporate name to Sumitomo Mitsui Card (in April), and integrated the Sakura Card's UC Card business.

[Sep. 2001] - Sumigin General Finance and Sakura Factors integrated their factoring business and changed their respective corporate name to SMBC Finance and SMBC Factors.

[Oct. 2001] - SMBC Consulting separated its consulting business and integrated it with Japan Research Institute.

[March 2002] - The Bank absorbed SMBC Property Management Service.

(2) Progress of Restructuring Plan

[Expenses]

Expenses in fiscal year 2001 fell year-over-year by 30.0 billion yen to 670.1 billion yen, 57.9 billion yen lower than the target of 728.0 billion yen. The Bank achieved this reduction in expenses by various measures including a reduction in headcount, the integration of both domestic and overseas branches, and a reduction of operating expenses by the revision of procurement practices through merger. Personnel expenses decreased by 22.2 billion yen to 271.8 billion yen owing to freezing the basic wage over six consecutive years, a reduction in employees by curbing new recruitment, and a 10% reduction in the bonus fund for the 2nd half of fiscal year 2001. In addition, the Bank further reduced the remuneration for directors in January 2002. Despite the rise of 16.6 billion yen in IT systems integration-related expenses accompanying the merger, non-personnel expenses decreased by 4.0 billion yen to 366.6 billion yen owing to the integration of overlapping branches both within Japan and overseas, and a revision in procurement practices.

[The Number of Directors and Employees]

The number of directors as of March 31, 2002 stood at 33, a decrease by 5 compared to last fiscal year end, below the target of 38. In addition, the Bank reduced 12 directors and abolished the advisor system in June 2002.

The number of employees stood at 25,027, well below the target of 26,200 by 1,173 due to the control of new recruitment and the introduction of an early retirement incentive plan.

[The Number of Branches]

The number of domestic branches as of March 31, 2002 was reduced by 14 during the fiscal year to 564, exceeding the target of 573 by 9 branches. To accelerate the rationalization of the domestic branch network, certain branches serving overlapping areas were integrated in one location, which resulted in a further net reduction of 20 branches. Including these consolidations, the domestic branch network was reduced by a total of 34 branches during the fiscal year. Overseas, the integration of 12 overlapping branches was completed, thereby reducing the overseas branch network to 21 branches, exceeding the target of 23.

(3) Progress of disposal of problem assets

Total credit cost for fiscal year 2001 was 1,543.1 billion yen including transfer to general reserve for possible loan losses, and increased significantly compared to the projection in the Plan (200.0 billion yen).

Major factors for this increase are as follows:

- the credit cost for the deterioration in the borrowers' financial condition and a decline in collateral value, etc., under the current deflationary economy
- the credit cost for the acceleration of workouts
- the credit cost to cope with the potential risk on claims to Borrowers Requiring Caution by reexamining obligor's grading considering the more recent deterioration of assets under the current economic conditions, and increase of general reserve ratio reflecting the recent default ratio for Borrowers Requiring Caution

Meanwhile, the Bank forgave 24.7 billion yen of loans to 4 companies in consideration of economic rationality, clarification of responsibility of borrowers' senior management, and social impact.

As for the results of the progress of off-balancing in FY2001, the total amount off-balanced was approximately 1,280 billion yen by write-offs of loans and loan sales to the secondary market, etc.

(4) Progress of domestic lending

[Results in FY2001]

Balance of domestic loans (excluding impact loans) at March 31, 2002, increased 6.3 billion yen, compared to March 31, 2001. As for the breakdown of corporate scale, loans to large- and medium-sized corporations grew by 795.9 billion yen mainly due to the increase of loans to governmental organizations, while loans to individuals and small companies declined by 28.1 billion yen, and 761.5 billion yen, respectively.

The outstanding balance of loans to small- and medium-sized companies at March 31, 2002 grew by 827.5 billion yen from September 30, 2001 due to the implementation of a wide range of actions; however, the Bank fell short of the target for the annual increase projection (50 billion yen increase). This was primarily because of weak demand for loans amid a continued sluggish macro economy, a tendency toward a reduction of debts through restructuring efforts by large corporations and its subsidiaries to shore up the financial condition, collection of problem assets for early disposition as one of the Bank's important management strategies, and consolidation of the Bank's affiliates and subsidiaries. Of these factors, approximately 450.0 billion yen was due to the reduction of debts through restructuring efforts by large corporations and subsidiaries to shore up the financial condition, as shifting of subsidiaries' debts to parent companies and repayment of debts by financing from group finance companies are seen.

[Measures taken in the Second Half of FY2001 to increase loans to small- and medium-sized companies]

(i) Middle Market

<Promotion>

The Bank has 272 Corporate Business Offices, which mainly serve small- and medium-sized companies. The mission of Corporate Business Offices is to deepen the relationships with our current customers and to develop new ones. Especially, to strengthen the ability to develop new customers, the Bank appointed 295 specialized officers. Also, the Bank established two strategic Corporate Business Offices (with 24 officers) in Tokyo and Osaka Headquarters that are specialized in developing new customers.

<Actual measures taken in Second Half of FY2001 to accomplish the lending target>

a. Lending to new customers

The Bank listed up 9,600 small- and medium-sized blue-chip companies that currently have no relationship with the Bank, and made an effort to make new loans to them. As a result, the Bank made new loans by approximately 100.0 billion yen.

b. New loans to high growth enterprises

The Bank seeks to deepen the relationship with companies that belong to business areas with high growth potential by utilizing the resources of New Business Promotion Department. The Bank emphasizes business with “Selected Growth Enterprises (SGE)” and designated increased efforts to some of the growth companies. As a result, the Bank made approximately 20.0 billion yen of loans to such SGEs.

c. Establishment of “Special Fund”

The Bank established the “Special Fund” in the second half of FY2001, which aimed to flexibly respond to the loan demand from small- and medium-sized companies by setting the interest rates flexibly. The Bank made approximately 230.0 billion yen of loans by drawing on the fund.

d. Promoting small-lot unsecured loans

The Bank expanded the scope of “Small-lot unsecured loan fund” to new customers, and newly started it as “Loans for superior small- and medium-sized companies.” The Loan together with the former “Small-lot unsecured loan fund” amounted to approximately 35.0 billion yen.

(ii) Small Market

<Promotion>

The Bank established the “Business Support Office” in 105 locations to specialize in serving small-sized corporate customers. There, the Bank offers loans guaranteed by Credit Guarantee Association and Small-lot unsecured loans. Also, the Bank established the Business Owner Banking Department in Tokyo and Osaka to support the promotion of small business transactions and to develop new products for them. The department is also focusing on business with franchise chains (such as convenience stores) to which the Bank could offer tailor-made “Franchise tie-up loan”.

<Actual measures taken in Second Half of FY2001 to accomplish the lending target>

a. Expansion of the channel network

By utilizing “Value Door,” an Internet-based delivery channel for corporate customers, the Bank efficiently offers various financial solutions to the small corporate market. The Bank acquired approximately 10 thousand contracts of “Value Door” in the second half of FY2001.

b. Improvement of small-lot standardized loan product

The Bank improved the characteristic of “Business Select Loan” in late January 2002, and re-launched it as “New Business Select Loan.” In detail, the maximum amount of loan was raised from 30 million to 50 million, and the maximum term of loan was extended from 2 years to 5 years. In addition, the Bank actively advertised this product through TV and newspapers. As a result, the Bank made loans to approximately 1,000 customers within 2 months, from January-end to March.

c. Promotion of “Franchise tie-up loan”

By making alliances with leading franchise chains, the Bank makes tie-up loans to franchisees and distributing agents to respond to their funding needs. In the second half of FY2001, the Bank made such loans to approximately 140 customers, partly supported by the improved internal credit authorization process.

(iii) Others

Regarding the 3rd CLO by the Tokyo Metropolitan Government, the Bank acted as an arranger and made approximately 50.0 billion yen of arrangement.

(5) Factors making the bottom line of FY2001 30% or more below the Plan and the action plan for FY2002 and beyond

[Factors making the bottom line of FY2001 below the Plan]

The bottom line of FY2001 was a net loss of 322.8 billion yen which was 30% or more below the Plan (projection in the Plan: net income of 210.0 billion yen), despite the banking profit (excluding transfer to general reserve for possible loan losses) having significantly increased by 483.4 billion yen from the Plan to 1,183.4 billion yen caused by the increase in the gross banking profit and the steady cost reduction. The major factor for the net loss was the credit cost (including transfer to general reserve for possible loan losses) of 1,543.1 billion yen, 1,343.1 billion yen larger than the projection in the Plan. There were two reasons for the increase in the credit cost: (1) the unexpected deterioration of economic conditions, as seen in the deterioration of borrowers’ financial condition and the decline in real estate collateral value under the ongoing deflation, (2) the Bank’s proactive approach to further accelerate the workout of problem assets according to the government’s initiative for the acceleration of the resolution of problem assets along with the Emergency Economic Package and the “Front Loaded Reform Program.”

(i) The credit cost to cope with the potential risk on claims to Borrowers Requiring Caution: approximately 900 billion yen

In order to cope with the potential risk on claims to borrowers requiring caution, the Bank reexamined the category of borrowers reflecting current economic conditions and the deterioration of assets, and raised the reserve ratio reflecting the recent credit loss experience and corporate bankruptcies etc.

Regarding the reexamination of the category of borrowers, the Bank reviewed borrowers experiencing significant deterioration of their market reputation by analyzing the borrowers' recent business and financial condition in detail and the signals from the market. After the reexamination, the Bank recognized sufficient write-offs and reserves required for the future workout of those borrowers.

The Bank has emphasized actions promoting the borrowers' revitalization and reorganization in FY2001. More precisely, for borrowers categorized as potentially bankrupt borrowers, the Bank asked them to submit a drastic restructuring plan compliant to the market principles such as "The Guideline for multi-creditor out-of-court workouts" and recognized the potential credit cost in FY2001 such as the cost of corporate reorganization (including the costs associated with workout). On the other hand, borrowers requiring caution whose financial condition is not bad enough to be categorized as potentially bankrupt but have financial difficulties and meet certain conditions, the Bank categorized them as "substandard" and set aside sufficient reserves. As a result of the aforementioned actions, the Bank recognized approximately 550 billion yen of credit cost by completing sufficient write-offs and setting aside sufficient reserves for the borrowers from whom the Bank could incur some credit losses.

As for general reserves, the Bank raised the reserve ratio by reflecting the recent credit loss experience and bankruptcies, and recognized approximately 350 billion yen of credit cost for FY2001.

(ii) The credit cost for the acceleration of workout and other credit costs: approximately 650 billion yen

The Bank recognized a total of approximately 650 billion yen in credit cost consisting of two factors: (1) the credit cost for the deterioration of borrowers' financial condition and the decline of collateral value caused by a downturn in the economic environment (" other credit costs"), (2) the credit cost associated with the acceleration of workouts. Of that amount, approximately 250 billion yen was related to the cost associated with the actions dealing with borrowers categorized as potentially bankrupt or below.

<Breakdown of the credit costs for FY2001>

(Billions of yen)

Acceleration of workouts and others		650
	Actions dealing with borrowers categorized as potentially bankrupt or below, etc.	250
Actions for the potential risk on claims to borrowers requiring caution		900
	Reexamination of the category of borrowers	550
	Raising reserve ratio	350
Total		1,550

[ROE (Banking Profit / Stockholders' Equity)]

Gross banking profit in FY2001 was 1,853.5 billion yen, exceeding the original target in the Plan by 425.5 billion yen. This was primarily because of an increase in net interest income, due to the good performance in foreign currency ALM operations as a result of a decline in U.S. dollar based interest rates, and dividends from overseas subsidiaries, etc. Expenses were 670.1 billion yen, 57.9 billion yen smaller than the original target in the Plan. In detail, personnel expenses decreased due to an accelerated reduction in headcount and bonus cut. Non-personnel expenses decreased due to the integration of branches and a revision in procurement practices. As a result, banking profit (excluding transfer to general reserve for possible loan losses) was 1,183.4 billion yen, which exceeded the original target in the Plan by 483.4 billion yen. ROE (banking profit / stockholders' equity) was 33.95%, well above the original target of 15.60% in the Plan.

[Initiatives to Strengthen the Bank's Earning Base]

As mentioned above, the Bank's net income in FY2001 was 30% or more below the target because of the acceleration in the workout of the problem assets. Responding to this result, the Bank intends to implement the following measures, so as to restore its retained earnings and maintain its resources for the repayment of public funds (preferred stock).

(i) Further Cost Reduction through Additional Restructuring Initiatives

a. Additional streamlining of workforce

By March 31, 2005, the Bank plans to reduce the headcount to 20,600, a reduction of 2,600 more than the target of 23,200 by streamlining administrative sections and reducing additional domestic branches.

b. Further integration of domestic branches

The Bank plans to reduce the number of domestic branches to 401, a reduction of 69 more branches than the target, by upgrading and expanding remote-channels like convenience store ATMs or Internet banking, to preserve and enhance customer convenience.

The Bank had originally planned to integrate overlapping branches from fiscal year 2002 to 2003 after the completion of systems integration in July 2002. But, to realize merger benefits earlier, the Bank now plans to complete the integration of 143 branches in this fiscal year by bringing together certain branches serving overlapping areas into one location.

The number of domestic branches reduced in this fiscal year is expected to be 163 including 20 branches consolidated into another branch in FY2001.

c. Efficient use of facilities

The Bank plans to manage more efficiently office space, by terminating the lease or selling of properties that are released as surplus through the streamlining of the workforce. The Bank terminated the lease of the Kudan head office, the former head office of the Sakura Bank, in FY2001.

d. Other actions

The Bank has already cut a large number of ordinary expenses by a broad-based revision in procurement practices aimed at realizing merger benefits, and plans to keep reviewing cost-cutting measures to achieve optimal operational efficiency.

Due to these additional restructuring initiatives, total annual expenses in coming years are expected to be 650.0 billion yen in FY2002 (a reduction of 65.0 billion yen more than the target), 625.0 billion yen in FY2003 (a reduction of 65.0 billion yen more than the target), and 600.0 billion yen in FY2004 (a reduction of 80.0 billion yen more than the target). The Bank plans to achieve a 267.9 billion yen reduction in a total of 4 years compared with the target (annual expenses in FY2001 were 670.1 billion yen, a reduction of 57.9 billion yen more than the target).

<Effect of additional restructuring initiatives>

(Billions of yen)

Item	Action	Cumulative effect for 4 years
(a) Streamlining of workforce	To reduce an additional 2,600 in the headcount by March 31, 2005.	(97.1)
(b) Further integration of domestic branches	To reduce an additional 69 domestic branches. To complete the integration of 163 domestic branches in FY2002.	(15.1)
(c) Efficient use of facilities	To terminate the lease or to sell office space/ properties released as surplus from other streamlining measures.	(11.0)
(d) Other actions	To reduce procurement expense to improve operational efficiency.	(144.7)
Total		(267.9)

(ii) Strengthening asset quality by acceleration of workout

Under the current economic condition of ongoing deflation, the Bank assumes that the recognition of further credit cost derived from a decline of collateral value and a deterioration of the borrowers' financial condition is inevitable.

Based on this evaluation for the business environment and the fact that FY2002 and FY2003 are regarded as "an intensive period set aside for the resolution of the asset quality problem", the Bank plans to spend two years for the resolution of the asset quality problem through some actions, including the acceleration of workouts for borrowers categorized as Potentially Bankrupt or below, and plans to contain the credit cost (including transfer to general reserve for possible loan losses) to within so-called "normal" levels in FY2004.

Based on the aforementioned policy, the Bank projects the credit costs from FY2002 to FY2004 will be as follows: FY2002 to be 500 billion yen (projection in the Plan: 200 billion yen), FY2003 to be 370 billion yen (projection in the Plan: 150 billion yen) and FY2004 to be 230 billion yen (projection in the Plan: 150 billion yen) about half that of FY2002.

(iii) Accumulation of Retained Earnings through reduction of payouts

Following our policy on dividend payments described in the Plan for Strengthening the

Financial Base of the Bank, we determine the amount of dividend based on a payout ratio in the case that we are assured after-tax profit is maintained at about 200 billion yen, which we deem appropriate.
As the bottom line for FY2001 decreased significantly, in view of reduced payouts, we have determined the amount of dividend payment at 4 yen per common stock, a 2 yen decrease from the previous year (original plan: 6 yen per common stock).
We plan to maintain our dividend payment per common stock at 4 yen for the current fiscal year, which will be a 3 yen decrease from the original plan, considering that it is essential for us to accumulate retained earnings to secure a stable financial condition under the recent severe business environment, such as, the ongoing deflation.

(iv) Financial forecast of FY2002

The Bank projects a banking profit (excluding transfer to general reserves for possible loans losses) of 850.0 billion yen, which will exceed the initial Plan for Strengthening the Financial Base of the Bank, by 80.0 billion yen. The projection of ROE in banking profit (excluding transfer to general reserve) is 26.24%, exceeding the initial projection of 16.29%.
However, assuming continued deflation and an intensive period for the resolution of the asset quality problem, the Bank plans to continue proactive measures for the workout of problem assets. Then, the Bank expects the total credit cost for FY2002 will be 500.0 billion yen, exceeding the initial projection by 300.0 billion yen.
Accordingly, on 24 May, the Bank announced net income of 80.0 billion yen, a 175.0 billion yen decrease from the initial projection.
In addition to these factors mentioned above, the following are the factors for the revised projection in FY 2002, compared to the initial projection in the Plan for Strengthening the Financial Base of the Bank.

a. Increase in gross banking profit (15.0 billion yen increase from the initial projection)
The bank projects a 15.0 billion increase, mainly due to the steady performance of ALM operation in Treasury unit, capitalizing on the recent favorable interest rate conditions in the U.S. The Bank also reviewed the projection, taking current macroeconomic conditions and interest rates into consideration.

b. Deterioration of gains (losses) on stocks (70.0 billion yen decline from the initial projection)
At the timing of compiling the Plan, the Bank projected zero gains (losses) on stocks on a net basis, based on the assumption of the stock prices (Nikkei average 15,747 yen) and level of unrealized gains (losses) on stocks at that time. As of March 31, 2002, net unrealized losses

on stocks were around 500 billion yen due to the decline of stock prices (closing price of Nikkei average 11,024 yen as of March 31, 2002). Accordingly, the Bank projects a 70.0 billion yen in net losses on stocks for FY2002, considering the upcoming new regulation limiting bank stockholdings, the current level of stock prices, and unrealized gains (losses) on stocks.

[Outlook for the amount of Retained Earnings and redemption of preferred stock held by the government]

The figures in the Plan for Strengthening the Financial Base of the Bank (for FY2002 - FY2004), which we announced in December 2000, have been revised as shown as below after incorporating the aforementioned initiatives to strengthen the Bank's earning base. The balance of revaluation excess of "other securities" and stockholders' equity is revised based upon the results in FY2001.

Trend and Plan of Income

(Plans only reflect effects from initiatives to strengthen the Bank’s earning base described earlier)

	FY2002 Plan	FY2003 Plan	FY2004 Plan
(Income)			(billions of yen)
Banking Profit *1	850.0	935.0	1,030.0
Gross Banking Profit	1,500.0	1,560.0	1,630.0
Expenses	650.0	625.0	600.0
Personnel	258.5	254.3	239.3
Non-personnel	357.7	336.9	326.9
Total Credit Cost	500.0	370.0	230.0
Gains and Losses on Stocks	(70.0)	-	-
Operating Profit	230.0	535.0	770.0
Net Income	80.0	252.0	420.0
(Stockholders' Equity)			(billions of yen)
Total Stockholders' Equity	3,281.1	3,465.7	3,825.5
Retained Earnings (Including Capital Surplus)	787.9	986.7	1,348.8
Evaluation Excess of "Other Securities"	(256.0)	(256.0)	(256.0)
(Dividend)			(billions of yen)
Dividend (Including Interim Dividends)	37.3	60.1	60.1
Dividend per Share (Common Stock, yen)	4.0	8.0	8.0
Payout ratio	34.81%	19.2%	11.25%
(Financial Indicator)			(%)
Total Cost of Funding	2.21	2.32	2.45
Expense Ratio	0.98	0.94	0.90
Personnel	0.39	0.38	0.36
Non-personnel	0.54	0.51	0.49
Overall Interest Spread	0.53	0.61	0.68
Interest Spread	0.77	0.86	0.99
ROE(Banking Profit * / Stockholders' Equity<average balance>)	26.24	27.72	28.25
ROA(Banking Profit * / Total Assets<average balance>)	0.89	0.99	1.10
Capital Ratio (Consolidated)	10.50	10.76	11.32

*1 Excluding Transfer to General Reserve for Possible Loan Losses.

*2 Do not include effects on redemption of preferred stock held by the government.

*3 Dividend per common stock from FY03 is 8 yen following the Plan for Strengthening the Financial Base of the Bank.

Restructuring Plan

	Mar 31, 03 Plan	Mar 31, 04 Plan	Mar 31, 05 Plan
Employees *1	23,500	22,100	20,600
Domestic Branches *2	401	401	401

*1 Registered base. Excluding contract employees and temporary recruits.

*2 Excluding sub-branches, agencies and virtual branches.

(millions of yen)

	Mar 31, 03 Plan	Mar 31, 04 Plan	Mar 31, 05 Plan
Personnel Expenses	258,500	254,300	239,300
Salary and Remuneration	209,700	206,000	193,000
Non-personnel Expenses	357,700	336,900	326,900
System related cost *	94,800	90,200	87,900
Excluding System related cost	262,900	246,700	239,000

* Including leasing expenses and other related costs.

The basic policy on our capital management is to set the first and foremost objective in improving Tier 1 capital in terms of both size and quality through the accumulation of retained earnings with a view of redeeming the preferred stock held by the government as soon as possible.

In the Plan for Strengthening the Financial Base of the Bank, we plan to redeem ¥550 billion of preferred stock in FY2002 - FY2004. However, as we are making haste to decrease our problem assets as one of our priorities and Tier 1 capital may be unstable as it is affected by the trends in the economy and stock market, the Bank, for the time being, prioritize the accumulation of retained earnings based upon our basic policy. Therefore, the redemption of the preferred stock held by the government is not assumed in the figures in following table.

The forecast for the amount of retained earnings, which is a fund for the redemption of preferred stock held by the government amounting 1,301 billion, is as follows. The Bank believes that it is possible to fully redeem the preferred stock held by the government according to the plan, as it can maintain more than ¥700 billion in retained earnings after redeeming the whole preferred stock held by the government in FY2006. The Bank will examine an early redemption of the preferred stock held by the government considering periodically the economic environment.

<Accumulation of Retained Earnings> *

(billions of yen)

	FY02 Projection	FY03 Plan	FY04 Plan	FY05 Plan	FY06 Plan
Retained Earnings	787.9	986.7	1,348.8	1,708.7	2,068.6
Capital Surplus	357.6	357.6	357.6	357.6	357.6

* Does not include an effect of redemption of preferred stock held by the government. Figures of FY05 and FY06 are calculated based on the assumption that figures of net income are equal to those in FY04.

Retained Earnings in FY06 amounts to 1,469.6 billion yen even after a deduction of 599.0 billion yen, the amount transferred to retained earnings from legal reserves in March 2002. We project that it is possible to fully redeem preferred stock held by the government.

(Table 1-1)Trend and Plan of Income

	FY99 Actual	FY00 Actual	FY01 Plan	FY01 Actual	
(Scale)<Average balance for Assets and Liabilities, term-end balance for Stockholders' Equity>				(billions of yen)	
Total Assets	97,774.7	102,783.1	96,200.0	105,465.0	
Loans and Bill Discounted	65,283.1	62,824.0	62,800.0	60,635.6	
Securities	15,105.4	19,635.2	16,100.0	23,426.3	#1
Trading assets	2,254.8	2,060.1	2,250.0	1,257.0	
Deferred Income Taxes <term-end balance>	1,208.1	1,074.6	890.0	1,741.1	#2
Total Liabilities	93,952.3	98,854.9	92,200.0	101,512.1	
Deposits, NCD	68,110.1	68,038.9	65,800.0	67,897.2	
Bonds	---	---	---	---	
Trading Liabilities	411.1	362.0	400.0	224.4	
Deferred Tax Liabilities	---	---	---	---	
Deferred Tax Liabilities for Land Revaluation <term-end balance>	142.8	130.0	132.0	63.1	#3
Total Stockholders' Equity	4,132.8	4,199.9	4,698.4	3,196.5	
Capital Stock	1,795.5	1,795.5	1,326.6	1,326.7	
Capital Surplus	1,542.6	1,542.6	2,111.5	1,326.8	#4
Other capital surplus			---	357.6	#5
Earned Surplus Reserve	227.4	239.1	246.1	---	#5
Retained Earnings			653.3	383.3	#6
Land Revaluation Excess	216.3	209.5	210.9	100.4	#3
Net Unrealized Losses on Securities	---	---	150.0	(298.0)	#7
Treasury Stock	351.0	413.0	---	(0.3)	
(Income)					
Gross Banking Profit	1,433.7	1,503.2	1,428.0	1,853.5	#8
Interest Income	2,755.4	2,275.6	2,187.0	2,193.0	
Interest Expenses	1,541.4	1,034.9	1,017.0	716.5	
Net Fees and Commissions	129.4	150.7	157.0	165.3	
Net Trading Income	41.2	95.4	53.0	121.3	
Net Other Operating Income	49.0	16.4	48.0	90.4	
Gains (Losses) on Bonds	(1.6)	8.7	---	66.6	
Banking Profit before (a)	702.8	803.1	700.0	1,183.4	#10
Banking Profit	678.6	991.7	700.0	678.9	
Transfer to General Reserve for Possible Loan Losses ... (a)	24.2	(188.6)	---	504.5	#11
Expenses	727.5	700.1	728.0	670.1	#9
Personnel	303.7	294.1	294.0	271.8	
Non-personnel	386.3	370.6	399.0	366.6	
Total Credit Cost	1,106.4	1,007.7	200.0	1,038.6	#11
Gains (Losses) on Stocks	828.4	311.4	---	(130.7)	#12
Losses on Devaluation of Stocks	64.0	118.1	---	130.6	
Operating Profit	336.4	359.1	445.0	(522.1)	#13
Extraordinary Profit	2.9	3.0	---	26.8	
Extraordinary Loss	36.8	89.1	71.0	41.3	
Income Taxes (Current)	10.5	9.4	164.0	32.7	
Income Taxes (Deferred)	*1 186.0	*2 125.7		(246.5)	
Net Income	105.9	137.9	210.0	(322.8)	#13
(Dividend)				(billions of yen, yen, %)	
Distributable Profit	Sakura 114.1 Sumitomo 178.3	Sakura 165.0 Sumitomo 206.7	544.5	442.6	
Dividend (including interim dividend)	Sakura 35.6 Sumitomo 18.8	Sakura 35.7 Sumitomo 18.8	48.6	37.3	
Dividend per Share (Common Stock) (yen)	Sakura 6.0 Sumitomo 6.0	Sakura 6.0 Sumitomo 6.0	6.0	4.0	
Dividend Rate (Preferred Stock <Public funds>)	Sakura 1.37 Sumitomo 0.70	Sakura 1.37 Sumitomo 0.70	---	1.11	
Dividend Rate (Preferred Stock <Others>)	Sakura 0.75 Sumitomo ---	Sakura 0.75 Sumitomo ---	---	---	
Payout Ratio	Sakura 53.42 Sumitomo 41.63	Sakura 34.72 Sumitomo 36.15	17.4	---	
(Financial Indicator)				(%)	
Yield on interest earning assets (A)	Sakura 3.34 Sumitomo 3.21	Sakura 2.50 Sumitomo 2.57	2.59	2.39	
Interest Earned on Loans (B)	Sakura 2.25 Sumitomo 2.30	Sakura 2.35 Sumitomo 2.43	2.50	2.07	
Interest Earned on Securities	Sakura 1.65 Sumitomo 1.70	Sakura 1.74 Sumitomo 1.79	1.64	2.15	
Total Cost of Funding (including Expenses) (C)	Sakura 2.92 Sumitomo 2.77	Sakura 2.00 Sumitomo 2.06	2.17	1.59	
Interest paid on Deposits (Including NCD) (D)	Sakura 0.49 Sumitomo 0.82	Sakura 0.72 Sumitomo 1.13	0.85	0.49	
Expense Ratio (E)	Sakura 1.16 Sumitomo 0.95	Sakura 1.12 Sumitomo 0.92	1.09	0.98	
Personnel	Sakura 0.47 Sumitomo 0.41	Sakura 0.46 Sumitomo 0.39	0.44	0.39	
Non-personnel	Sakura 0.63 Sumitomo 0.49	Sakura 0.60 Sumitomo 0.48	0.60	0.53	
Overall Interest Spread (A) - (C)	Sakura 0.42 Sumitomo 0.44	Sakura 0.50 Sumitomo 0.51	0.42	0.80	
Interest Spread (B) - (D) - (E)	Sakura 0.60 Sumitomo 0.52	Sakura 0.50 Sumitomo 0.38	0.56	0.59	
Non-interest Income Ratio	Sakura 14.33 Sumitomo 9.59	Sakura 18.03 Sumitomo 10.53	10.99	8.91	
ROE (Banking Profit before (a) / Stockholders' Equity <average balance>)	Sakura 14.00 Sumitomo 20.89	Sakura 15.67 Sumitomo 23.56	15.60	33.95	#14
ROA (Banking Profit before (a) / Total Assets <average balance>)	Sakura 0.67 Sumitomo 0.76	Sakura 0.75 Sumitomo 0.80	0.72	1.12	

(Note) Basically, the numbers of FY99 and FY00 are the sum of those of former Sakura Bank and Sumitomo Bank.

*1 Effect of introduction of enterprise taxes to banking industry by Tokyo Metropolitan Government: 70.1 billion yen

*2 Effect of introduction of enterprise taxes to banking industry by Osaka Prefectural Government: 32.0 billion yen

(Table 1-2)Trend of Income (Consolidated)

	FY99 Actual	FY00 Actual	FY01 Plan	FY01 Actual		FY02 Plan
(Scale)<term-end balance>						(Billions of yen)
Total Assets	102,263.1	119,242.7		108,005.0		
Loans and Bill Discounted	65,274.1	65,537.1		63,645.6		
Securities	15,897.6	27,312.5		20,694.6		
Trading Assets	3,170.4	2,491.0		3,278.1		
Deferred Income Taxes	1,316.5	1,156.5		1,882.5		
Minority Interests	898.5	990.6		983.8		
Total Liabilities	97,351.6	114,239.1		104,108.5		
Deposits, NCD	68,969.9	74,696.0		71,648.1		
Bonds	---	---		---		
Trading Liabilities	1,313.3	1,270.0		2,331.5		
Deferred Tax Liabilities	3.8	24.7		39.2		
Deferred Tax Liabilities for Land Revaluation	157.1	144.1		64.0		
Total Stockholders' Equity	4,012.9	4,013.0		2,912.6		
Capital Stock	1,795.5	1,795.5		1,326.7		
Capital Surplus*1	1,542.6	1,542.6		1,684.4		
Earned Surplus Reserve*2	451.7	516.0		117.7		
Land Revaluation Excess	237.4	230.7		121.2		
Evaluation Excess of "Other Securities"	---	---		(304.8)		
Foreign Currency Translation Adjustments	---	(53.0)		(15.2)		
Treasury Stock *3	(14.4)	(18.7)		(17.5)		

(Income)	FY99 Actual	FY00 Actual	FY01 Plan	FY01 Actual		FY02 Plan
						(Billions of yen)
Operating Income	5,150.3	4,449.2		3,779.7		
Interest Income	2,926.9	2,435.9		2,176.7		
Fees and Commissions	368.8	412.1		387.3		
Trading Income	87.2	111.2		129.5		
Other Operating Income	688.8	649.7		845.6		
Other Income	1,078.4	840.4		240.7		
Operating Expenses	4,776.5	3,954.6		4,360.3		
Interest Expenses	1,619.8	1,112.3		726.9		
Fees and Commissions	103.2	95.8		67.7		
Trading Losses	23.8	2.1		0.0		
Other Operating Expenses	578.2	560.7		666.7		
General and Administrative Expenses	953.5	940.9		935.6		
Other Expenses	1,497.7	1,242.7		1,963.5		
Write-off of Loans	585.4	814.5		391.9		
Transfer to Reserve for Possible Loan Losses	469.2	49.0		1,204.3		
Transfer to General Reserve for Possible Loan Losses	17.6	(209.5)		527.4		
Transfer to Specific Reserve	457.5	258.5		681.5		
Operating Profit	373.7	494.6	(70.0)	(580.6)	#1	320.0
Extraordinary Profit	20.3	52.0		29.4		
Extraordinary Loss	51.4	141.2		53.1		
Income before Income Taxes	342.6	405.5		(604.3)		
Income Taxes (Current)	58.6	65.5		101.9		
Income Taxes (Deferred)	170.6	198.2		(289.3)		
Minority Interests in Net Income	(11.1)	9.3		47.0		
Net Income	124.4	132.4	(150.0)	(463.9)	#1	100.0

*1 The numbers of FY99 and FY00 are those of Capital Surplus. The number of FY01 is the sum of that of Capital Surplus and Capital reserve reduction.

*2 The numbers of FY99 and FY00 are those of Retained Earnings. The number of FY01 is that of Retained Earnings excluding Capital reserve reduction.

*3 Includes parent bank stock held by subsidiaries.

*4 Basically, the numbers of FY99 and FY00 are the sum of those of former Sakura Bank and Sumitomo Bank.

(Table 2) Capital Ratio (BIS Guidelines)

<Non-consolidated> (billions of yen)

	Mar 31, 00 Actual		Mar 31, 01 Actual		Mar 31, 02	Mar 31, 02	
	Sakura	Sumitomo	Sakura	Sumitomo	Plan	Actual	
Capital Stock	1,042.6	752.8	1,042.6	752.8	1,326.6	1,326.5	
Common Stock *2	639.9	502.3	640.0	502.3	676.1	676.0	
Preferred Stock (Non-accumulative)	402.7	250.5	402.6	250.5	650.5	650.5	
Preferred Securities	283.7	531.1	283.7	563.0	823.5	863.6	
Capital Surplus	899.5	643.1	899.5	643.1	2,111.5	1,326.8	#1
Earned Surplus Reserve *3	127.6	105.6	131.2	110.2	251.1	---	#2
Evaluation Losses on "Other Securities"	---	---	---	---	---	(298.0)	#3
Voluntary reserves *3	56.0	165.5	56.0	165.5	221.6	221.5	
Profit brought forward to next year	59.5	33.0	109.0	67.3	400.6	123.0	#2
Others *4	1.7	---	1.8	4.0	---	363.8	#1
Total Tier I	2,470.9	2,231.1	2,524.0	2,306.0	5,134.9	3,927.2	
<Tax Effect>	<583.5>	<624.5>	<524.1>	<550.4>	<890.0>	<1,741.1>	
Preferred Stock (Accumulative)	---	---	---	---	---	---	
Preferred Securities	---	---	---	---	---	---	
Perpetual Subordinated Bonds	526.3	501.5	402.4	441.3	753.5	566.9	
Perpetual Subordinated Loans	120.0	85.0	135.0	70.0		230.0	
Unrealized Gains on Securities	---	---	---	---	112.5	---	#3
Unrealized Appreciation of Land	36.4	125.2	31.5	121.2	153.0	73.6	#4
Reserve for Possible Loan Losses	198.8	357.6	142.8	225.0	396.4	791.2	#5
Others	---	---	---	---	---	---	
Total Upper Tier II	881.5	1,069.2	711.8	857.5	1,415.4	1,661.7	
Subordinated Bonds Subordinated Loans	640.4	1,064.7	573.5	1,140.5	1,663.0	1,747.5	
Others	---	---	---	---	---	---	
Total Lower Tier II	640.4	1,064.7	573.5	1,140.5	1,663.0	1,747.5	
Total Tier II	1,522.0	2,133.9	1,285.4	1,998.0	3,078.4	3,409.2	
Tier III	---	---	---	---	---	---	
Subtraction Item	0.9	53.8	16.9	58.8	66.8	55.3	
Total Capital	3,992.0	4,311.3	3,792.5	4,245.2	8,146.5	7,281.0	

(billions of yen)

Risk-Adjusted Assets	31,917.3	34,579.9	31,840.6	35,946.2	65,800.0	63,296.6	
On-Balance-Sheet Items	29,627.5	31,682.5	29,547.5	32,166.3	60,600.0	57,965.0	
Off-Balance-Sheet Items	2,151.8	2,787.0	2,157.6	3,654.5	4,950.0	5,192.3	
Others *5	137.9	110.4	135.4	125.4	250.0	139.3	

(%)

Capital Ratio	12.50	12.46	11.91	11.80	12.38	11.50	
Tier I Ratio	7.74	6.45	7.92	6.41	7.80	6.20	

*1 Assumptions on yen/dollar exchange rate:
Mar. 31, 02: $1=110.00yen

*2 After deduction of treasury stocks.

*3 Excluding profit to be appropriated.

*4 Amount of Minority Interests in Consolidated Subsidiaries (minus Preferred Securities), Foreign Currency Translation Adjustments and Capital reserve reduction.

*5 Market Risk Equivalent Assets divided by 8%.

(Table 2) Capital Ratio (BIS Guidelines)

<Consolidated> (billions of yen)

	Mar 31, 00 Actual		Mar 31, 01 Actual		Mar 31, 02	Mar 31, 02	
	Sakura	Sumitomo	Sakura	Sumitomo	Plan	Actual	
Capital Stock	1,041.5	739.6	1,038.1	738.7	1,312.2	1,309.3	
Common Stock *2	638.7	489.1	635.5	488.2	661.7	658.8	
Preferred Stock (Non-accumulative)	402.7	250.5	402.6	250.5	650.5	650.5	
Preferred Securities	283.7	531.1	283.7	563.0	821.7	863.6	
Capital Surplus	899.5	643.1	899.5	643.1	2,111.5	1,326.8	#1
Evaluation Losses on "Other Securities"	---	---	---	---	---	(304.8)	#2
Foreign Currency Translation Adjustments	---	---	(20.9)	(32.2)	(92.0)	(15.2)	
Retained Earnings *3	180.3	242.4	196.0	308.7	773.5	438.0	#3
Others *4	35.4	47.7	99.9	36.9	146.3	101.7	
Total Tier I	2,440.6	2,203.9	2,496.4	2,258.3	5,073.2	3,719.4	
<Tax Effect>	<611.6>	<701.3>	<558.2>	<574.0>	<970.0>	<1,843.3>	
Preferred Stock (Accumulative)	---	---	---	---	---	---	
Preferred Securities	---	---	---	---	---	---	
Perpetual Subordinated Bonds	526.3	501.5	402.4	441.3	753.5	566.9	
Perpetual Subordinated Loans	120.0	85.0	135.0	70.0		230.0	
Unrealized Gains on Securities	---	---	---	---	189.0	---	#2
Unrealized Appreciation of Land	51.6	126.1	46.6	122.2	169.2	82.9	#4
Reserve for Possible Loan Losses	227.3	365.4	163.1	232.7	420.6	844.4	#5
Others	---	---	---	---	---	---	
Total Upper Tier II	925.3	1,078.0	747.2	866.2	1,532.3	1,724.2	
Subordinated Bonds Subordinated Loans	735.9	1,066.4	604.3	1,129.1	1,723.6	1,780.6	
Others	---	---	---	---	---	---	
Total Lower Tier II	735.9	1,066.4	604.3	1,129.1	1,723.6	1,780.6	
Total Tier II	1,661.2	2,144.4	1,351.6	1,995.4	3,255.9	3,504.8	
Tier III	---	---	---	---	---	---	
Subtraction Item	0.9	---	13.7	103.6	181.1	163.3	
Total Capital	4,100.8	4,348.3	3,834.3	4,150.0	8,148.0	7,060.8	

(billions of yen)

Risk-Adjusted Assets	32,721.5	37,476.7	33,891.4	37,925.2	71,000.0	67,548.0	
On-Balance-Sheet Items	30,676.7	34,744.7	31,812.5	34,609.0	66,200.0	62,532.2	
Off-Balance-Sheet Items	1,824.2	2,510.9	1,924.7	3,096.3	4,350.0	4,803.2	
Others *5	220.6	221.1	154.0	219.9	450.0	212.7	

(%)

Capital Ratio	12.53	11.60	11.31	10.94	11.47	10.45	
Tier I Ratio	7.45	5.88	7.36	5.95	7.14	5.50	

*1 Assumptions on yen/dollar exchange rate:
Mar. 31, 02: $1=110.00yen

*2 After deduction of treasury stock and parent bank stock held by subsidiaries.

*3 Consolidated Earned Reserve Surplus minus Expected Outflows.

*4 Minority Interests in Consolidated Subsidiaries (minus Preferred Securities), Goodwill and Consolidated Adjustment Account.

*5 Market Risk Equivalent Assets divided by 8%.

(Table 5) Earnings by Unit

(Billion Yen)

	FY00 Actual	FY01 Plan	FY01 Actual		FY02 Plan
Net Interest Income	293.0	276.0	277.8		287.0
Fees and Commissions + Foreign Exchange	34.9	38.0	37.7		36.0
Consumer Banking Unit	327.9	314.0	315.5		323.0
Net Interest Income	453.4	435.0	425.4		439.0
Fees and Commissions + Foreign Exchange	122.0	135.0	158.4		162.0
Middle Market Banking Unit	575.4	570.0	583.8		601.0
Net Interest Income	109.5	114.0	115.5		124.0
Fees and Commissions + Foreign Exchange	45.3	47.0	50.8		59.0
Corporate Banking Unit	154.8	161.0	166.3		183.0
Marketing	84.3	84.0	88.4		88.0
Treasury	3.6	1.0	1.5		2.0
International Banking Unit	86.0	82.0	78.4		87.0
Banking	228.2	399.0	456.6		270.0
Trading	47.7	47.0	54.3		55.0
Treasury Unit	268.0	441.0	507.7		320.0
Headquarters	91.1	169.0	201.8		(14.0)
Gross Banking Profit	1,503.2	1,737.0	1,853.5		1,500.0
Expenses	(700.1)	(687.0)	(670.1)		(650.0)
Banking Profit (excluding transfer to general reserve)	803.1	1,050.0	1,183.4		850.0

(Table 6) Restructuring Plan

	Mar 31,00 Actual	Mar 31,01 Actual	Mar 31,02 Plan	Mar 31,02 Actual	
(Number of Employees and Directors)					
Directors	42	38	38	33	
Board of Directors *2	31(3)	29(5)	29(4)	26(2)	
Auditors *2	11(4)	9(4)	9(4)	7(4)	
Employees *1	29,298	27,142	26,200	25,027	

*1 Registered base. Excluding executive officers, contract employees and temporary recruited.

*2 Number in the brackets are the number of those who are not full-time attendants.

(Number of Offices)	Mar 31,00 Actual	Mar 31,01 Actual	Mar 31,02 Plan	Mar 31,02 Actual	
Domestic Branches *1	653	578	573	564	
Overseas Branches *2	36	33	23	21	
(Ref.) Overseas Subsidiaries *3	42	34	30	25	

*1 Domestic Branches = Excluding sub-branches, agencies, virtual branches and International Business Operations Department

*2 Overseas Branches = Excluding sub-branches and representative offices

*3 Overseas Subsidiaries = Excluding those with ownership of less than 50%

	Mar 31,00 Actual	Mar 31,01 Actual	Mar 31,02 Plan	Mar 31,02 Actual	
(Personnel Expenses)				(millions of yen)	
Personnel Expenses	303,697	294,004	294,000	271,788	
Salary and Remuneration	253,178	242,004	244,000	221,889	
Average Salary (thousands of yen)	498	510	502	496	

*1 Average age of the employee is 38.3 years old (as of Mar. 31, 2002)

(Remuneration and Bonus of Directors) (millions of yen)	Mar 31,00 Actual	Mar 31,01 Actual	Mar 31,02 Plan	Mar 31,02 Actual	
Remuneration and Bonus of Directors *1	1,252	1,033	920	830	
Remuneration	1,241	1,033	920	830	
Bonus	11	0	0	0	
Average Remuneration and Bonus of Directors	26	28	31	28	
Average Retirement Allowances of Directors	38	112	87	81	†1

*1 Sum of those included in personnel expenses and appropriated profit.
Bonus of directors are not paid from appropriated profit.

†1 SMBC requested the senior management who received retirement allowances after June 1999 to pay back part of their allowances, considering that they had engaged in the decision to issue preferred stock in exchange for public funds in March 1999.
The amount returned is included in this period's calculation.

(Non-personnel Expenses) (millions of yen)	Mar 31,00 Actual	Mar 31,01 Actual	Mar 31,02 Plan	Mar 31,02 Actual	
Non-personnel Expenses	386,312	370,589	399,000	366,637	
System related cost *1	88,170	86,426	104,500	96,324	
Excluding System related cost	298,142	284,163	294,500	270,313	

*1 Including leasing expenses and other related costs.

(Table7) Domestic Subsidiaries and Affiliates *1

(billions of yen)

Company Name	Main Business	Latest Fiscal Term	Total Asset	Total Borrowing	*2 SMBC's portion	Stockholder's Equity	SMBC's portion	Operating Profit	Net Income	Consolidated / Equity Method
THE MINATO BANK, LTD.	Commercial Banking business	Mar. 02	2,897.1	87.8	30.3	75.9	45.4	2.9	(7.3)	Consolidated
The Bank of Kansai, Ltd.	Commercial Banking business	Mar. 02	1,226.2	23.0	23.0	40.9	37.2	3.4	1.5	Consolidated
The Kangin Lease Company, Limited	Leasing business	Mar. 02	31.7	30.0	15.3	0	-	0.8	(0.9)	Consolidated
Tha Kansai Credit Service Co., Limited	Credit card business	Mar. 02	26.8	11.3	0.2	0.8	-	(1.1)	0.0	Consolidated
The Kangin Service Company, Limited	Management of real estate for branches	Mar. 02	18.0	7.9	7.4	6.7	-	0.3	0.3	Consolidated
THE WAKASHIO BANK, LTD.	Commercial Banking business	Mar. 02	498.2	-	-	20.1	20.8	0.5	0	Consolidated
The Japan Net Bank, Limited	Commercial Banking business via Internet	Mar. 02	113.1	21.0	-	10.8	11.4	(5.4)	(5.4)	Consolidated
SMBC Guarantee Co., Ltd.	Credit guarantee business	Mar. 02	6,658.5	-	-	102.4	-	(51.9)	(52.1)	Consolidated
SUMIGIN GUARANTEE COMPANY, LIMITED	Credit guarantee business	Mar. 02	4,599.3	-	0.6	49.2	-	(48.3)	(48.3)	Consolidated
SMBC Leasing Company, Limited	Leasing business	Mar. 02	1,669.5	1,016.3	101.0	86.6	30.2	3.8	2.1	Consolidated
SAKURA LEASING CO., LTD.	Leasing business	Mar. 02	145.6	127.0	117.3	2.0	-	1.9	1.1	Consolidated
SB Auto Leasing Company	Leasing business	Mar. 02	65.7	51.1	8.9	0.9	-	0.9	0.5	Consolidated
Space Service LLC.	Leasing business	Mar. 02	6.3	4.9	2.8	0	-	(0)	(0)	Consolidated
SBL Partners LLC.	Factoring business	Mar. 02	11.8	11.8	11.8	0	-	0	0	Consolidated
Sumitomo Mitsui Card Company, Limited	Credit card business	Mar. 02	904.6	328.8	31.9	160.1	188.2	9.6	4.5	Consolidated
The SC Card Business Company, Limited	Service for credit card members	Mar. 02	6.2	4.0	4.0	0.8	-	0.1	0.1	Consolidated
SAKURA CARD CO., Ltd.	Credit card business	Mar. 02	266.2	44.5	16.4	13.5	10.7	2.3	1.7	Consolidated
At-Loan Co., Ltd.	Loan business	Mar. 02	24.0	11.0	11.0	10.7	13.0	(9.9)	(10.0)	Consolidated
SMBC Capital Co., Ltd.	Venture capital business	Mar. 02	13.6	10.0	10.0	3.1	1.7	(0.1)	0	Consolidated
SMBC Consulting Co., Ltd.	Management Consulting business	Mar. 02	3.9	-	-	2.7	1.8	0.4	0.1	Consolidated
SMBC Factors Co., Ltd.	Factoring business	Mar. 02	60.3	3.0	3.0	2.6	3.0	(0.3)	(0.2)	Consolidated
SMBC Finance Co. Ltd.	Factoring and loan business	Mar. 02	594.5	419.4	352.8	72.8	110.0	0.5	0.3	Consolidated
Mitsui Finance Service Co., Ltd.	Collecting agent and factoring business	Mar. 02	129.7	36.4	32.5	2.7	0.1	0.8	0.8	Consolidated
SMBC Mortgage Co., Ltd.	Mortgage Securities business	Mar. 02	403.8	379.3	390.9	8.6	33.8	11.2	10.4	Consolidated
SMBC Business Servicing Co., Ltd.	Servicer	Mar. 02	2.5	1.2	1.2	0.8	0.5	0.3	0.1	Consolidated
Sakura Friend Securities Co., Ltd.	Securities business	Mar. 02	82.7	17.9	-	44.9	21.2	0.4	0.7	Consolidated
SAKURA INVESTMENT MANAGEMENT CO., LTD.	Investment Trust Management	Mar. 02	2.1	-	0	1.3	2.0	(0.6)	(0.6)	Consolidated
The Japan Research Institute, Limited	Economic research, system engineering and management consulting business	Mar. 02	91.7	22.5	21.4	34.0	0.2	9.7	13.0	Consolidated
Sakura KCS Corporation	System engineering and data processing business	Mar. 02	19.5	1.8	1.2	12.0	0.2	0.8	0.5	Consolidated
Sakura Information Systems Co., Ltd.	System engineering and data processing business	Mar. 02	20.0	7.3	4.9	7.8	0	1.0	0.5	Consolidated
Global Factoring Co., Ltd.	Factoring business	Mar. 02	203.6	155.3	155.3	0	-	(0)	(0)	Consolidated
Daiwa Securities SMBC Co. Ltd.	Securities business and derivatives business	Mar. 02	4,344.1	2,084.6	208.5	347.6	163.2	13.2	5.4	Equity Method
Meiko National Securities Co., Ltd.	Securities business	Mar. 02	98.9	1.2	0.3	56.9	8.5	1.2	1.0	Equity Method
DLJdirect SFG Securities Co. Ltd.	On-line discount brokerage service	Mar. 02	93.3	8.5	1.0	3.3	1.3	0.1	0	Equity Method
Daiwa SB Investments Ltd.	Investment advisory and investment trust business	Mar. 02	12.6	-	-	8.7	5.6	0.7	0.2	Equity Method
Japan Pension Navigator Co., Ltd.	Defined contribution pension plans	Mar. 02	1.9	-	-	1.4	0.8	(0.7)	(0.7)	Equity Method
QUOQ Inc.	Purchase of monetary assets and credit guarantee business	Mar. 02	1,183.7	682.4	145.0	31.3	0.1	8.0	2.9	Equity Method

(Table7) Overseas Subsidiaries and Affiliates *1

(millions of local currency)

Company Name	Main Business	Currency	Latest Fiscal Term	Total Asset	Total Borrowing	*2 SMBC's portion	Stockholder's Equity	SMBC's portion	Operating Profit	Net Income	Consolidated / Equity Method
Manufacturers Bank	Commercial Banking business	US$	Dec. 01	1,154	43	17	172	283	17	11	Consolidated
Sumitomo Mitsui Banking Corporation of Canada	Commercial Banking business	CAN$	Jan. 02	1,439	64	82	145	122	6	4	Consolidated
Banco Sumitomo Mitsui Brasileiro S.A.	Commercial Banking business	R$	Dec. 01	1,276	878	621	245	193	71	50	Consolidated
PT Bank Sumitomo Mitsui Indonesia	Commercial Banking business	RPIAH	Dec. 01	7,169	1,006	2,438	1,103	960	312	211	Consolidated
SMBC Leasing and Finance, Inc.	Leasing business	US$	Dec. 01	1,210	302	226	754	690	41	23	Consolidated
SMBC Leasing (Singapore) Pte Ltd.	Leasing business	S$	Dec. 01	209	166	115	11	-	(6)	(6)	Consolidated
SMBC Leasing (Hong Kong) Limited	Leasing business	HK$	Dec. 01	1,281	1,233	986	38	-	7	7	Consolidated
SMBC Leasing (Thailand) Co., Ltd.	Leasing business	TBAH	Dec. 01	1,310	1,113	937	148	-	31	31	Consolidated
SB Leasing (Guangzhou) Co., Ltd.	Leasing business	RMB	Dec. 01	132	50	47	77	-	5	5	Consolidated
SMBC Leasing (Malaysia) Sdn. Bhd.	Leasing business	RM	Dec. 01	101	84	57	6	-	1	1	Consolidated
SMBC Leasing (UK) Limited	Leasing business	STG	Dec. 01	25	20	14	4	-	0	0	Consolidated
SMBC Capital Markets, Inc.	Investment and derivative business	US$	Dec. 01	6,237	390	3,004	1,533	609	464	298	Consolidated
SMBC Capital Markets Limited	Investment and derivative business	US$	Dec. 01	1,543	295	-	374	300	17	11	Consolidated
Sumitomo Mitsui Finance Australia Limited	Finance business	A$	Dec. 01	2,615	2,197	1,844	94	65	13	10	Consolidated
Sakura Finance Australia Limited	Finance business	A$	Dec. 01	86	11	8	63	54	7	4	Consolidated
SMBC Securities, Inc.	Securities business	US$	Dec. 01	3,242	3,077	1,011	45	40	3	2	Consolidated
SFVI Limited	Investment business	US$	Dec. 01	916	406	-	510	500	51	51	Consolidated
Sumitomo Finance (Asia) Limited	Investment business	US$	Dec. 01	35	2	2	25	38	(4)	(4)	Consolidated
Sakura Capital Funding (Cayman) Limited	Finance business	US$	Dec. 01	2,325	2,301	1,232	0	0	0	0	Consolidated
Sakura Finance (Cayman) Limited	Finance business	US$	Dec. 01	2,048	2,038	2,012	0	0	(0)	(0)	Consolidated
Sumitomo Finance International plc	Investment business	STG	Dec. 01	520	304	147	113	200	10	10	Consolidated
SMBC International Finance N.V.	Finance business	US$	Dec. 01	5,783	5,726	5,410	1	0	(0)	(0)	Consolidated
China United International Leasing Co., Ltd.	Leasing business	US$	Dec. 01	20	19	5	1	0	(8)	(8)	Equity Method
BSL Leasing Co., Ltd.	Leasing business	TBAH	Dec. 01	1,271	905	174	114	6	51	37	Equity Method
SBCS Co., Ltd.	Consulting business	TBAH	Dec. 01	465	230	230	233	14	37	37	Equity Method
P.T. EXIM SB Leasing	Leasing business	RPIAH	Dec. 01	291	279	213	(95)	-	(59)	(53)	Equity Method
Daiwa Securities SMBC Europe Limited	Securities business	STG	Mar. 02	3,549	169	53	153	-	16	20	Equity Method

*1 Financial data of foreign subsidiaries and affiliates are denoted by local currency (in millions, except Indonesia (in billions)).

*2 Total borrowing includes bonds and commercial papers. SMBC's portion of the total borrowing includes guarantee.

*3 Projection of income and position in SMBC's group strategy of companies who have Operating Losses, Net Losses or Retained Losses are described in the next page.

*4 72 companies were consolidated through the merger with The Sakura Bank, Limited. 4 companies were consolidated through acquisitions. 17 companies were unconsolidated as they were liquidated.

*5 5 companies became subsidiaries accounted for by the equity method through the merger with The Sakura Bank, Limited. 7 companies became affiliated companies accounted for by the equity method through the acquisition and the merger with The Sakura Bank, Limited. 3 affiliated companies accounted for by the equity method were liquidated.

Details of *3

	Projection of income	Position in SMBC's group strategy
THE MINATO BANK, LTD.	Moves into the black in FY02	Commercial banking business subsidiary of SMBC
The Kangin Lease Company, Limited	Moves into the black in FY02	Leasing business subsidiary of The Bank of Kansai, Ltd.
The Kansai Credit Service Co., Limited	Moves into the black in FY02	Credit card business subsidiary of The Bank of Kansai, Ltd.
The Kangin Service Company, Limited	Maintains the black in FY02	Owns and manages real estate for the branches of The Bank of Kansai, Ltd.
The Japan Net Bank, Limited	Making all kinds of efforts to move into the black in FY02.	Internet Bank
SMBC Guarantee Co., Ltd.	SUMIGIN GUARANTEE COMPANY, LIMITED became 100% subsidiary of SMBC Guarantee Co., Ltd. In Mar. 02. Both companies may move into the black in consolidated basis through business integration and reducion of executions of guarantees in FY02.	Credit Guarantee business subsidiary of SMBC
SUMIGIN GUARANTEE COMPANY, LIMITED		Credit Guarantee business subsidiary of SMBC (Has stopped to give new guarantees from Apr. 02)
Space Service LLC.	The balance is at around a breakeven point. (FY02 1st half projections Net Loss 3 million yen)	SPC of SMBC Leasing Company, Limited
SAKURA CARD CO., Ltd.	Maintained the black in FY01. Projected that its carried losses may disappear in FY 03 with stable profits.	Credit card company. Has integrated its "UC" card business to Sumitomo Mitsui Card Company, Limited in July 01, and operates "JCB" card business thereafter.
At-Loan Co., Ltd.	Aiming at moving into the black through expansion of customer bases and increasing the amount of loans.	The only consumer finance specialized company among SMBC group.
SMBC Capital Co., Ltd.	Moves into the black in FY02 though the increase of management fee of funds.	Private equity firm investing to high-growth companies.
SMBC Factors Co., Ltd.	Moves into the black through increasing a balance of factoring.	A company promotes factoring business, whose market demand is growing.
SMBC Mortgage Co., Ltd.	Maintains the black in FY02	Mortgage securities business subsidiary of SMBC
SAKURA INVESTMENT MANAGEMENT CO., LTD.	Planning to merge with asset management subsidiaries of Mitsui Mutual Life Insurance Company, Sumitomo Life Insurance Company, Mitsui Sumitomo Insurance Co., Ltd in Dec. 02.	Asset management business subsidiary of SMBC
Global Factoring Co., Ltd.	Moves into the black in FY02	SPC of SMBC for factoring business.
DLJdirect SFG Securities Co. Ltd.	Maintains the black in FY02 as well as in FY01.	Retail securities company following SMBC's Internet business strategy.
Japan Pension Navigator Co., Ltd.	May continuously result in net loss owing to depreciations of initial system related cost.	Core company promoting defined contribution pension plan business in SMBC group.
SMBC Leasing (Singapore) Pte Ltd.	Moves into the black in FY02	Overseas subsidiary of SMBC Leasing Company, Limited.
SMBC Leasing (Hong Kong) Limited	Maintains the black in FY02	Overseas subsidiary of SMBC Leasing Company, Limited.
Sumitomo Finance (Asia) Limited	Maintains the black in FY02 as well as in FY01.	Investment company
Sakura Finance (Cayman) Limited	The balance is at around a breakeven point.	SMBC's SPC issuing guaranteed subordinated notes in purpose of SMBC's capital funding
Sumitomo Finance International plc	Maintains the black in FY02 as well as in FY01.	Investment company
SMBC International Finance N.V.	The balance is at around a breakeven point.	Investment company
China United International Leasing Co., Ltd.	Stopped new leasing, and focusing on servicing. Projects US$0.5 million Operating Loss in FY02	Planned to be sold
P.T. EXIM SB Leasing	Trying to handle good leasing projects aiming at turning to the black	Overseas subsidiary of SMBC Leasing Company, Limited.

(Table 10) Loans and Bills Discounted

(Balance) (billions of yen)

		Mar 31,01 actual (A)	Mar 31,02 plan (B)	Mar 31,02 actual (C)		Mar 31,03 plan (D)
Domestic	including Impact Loans	56,847.9	56,397.9	55,302.2		53,942.2
	excluding Impact Loans	54,803.4	54,503.4	53,879.6		52,519.6
Small and Medium-sized enterprises *1	including Impact Loans	28,164.8	27,654.8	26,412.3		25,982.3
	excluding Impact Loans	27,555.2	27,145.2	25,970.1		25,540.1
Loans with guarantee of Credit Guarantee Corporation		2,793.9	2,743.9	2,435.5		2,135.5
Individuals (excluding business loans)		12,535.0	12,835.0	12,493.0		13,143.0
Housing Loan		10,647.2	10,947.2	10,810.8		11,460.8
Others		16,148.1	15,908.1	16,396.9		14,816.9
Overseas *3		4,900.0	4,500.0	4,626.2		4,126.2
Total		61,747.9	60,897.9	59,928.4		58,068.4

(Adjusted basis <excluded factors shown below>) (billions of yen)

		Mar 31,02 plan (B)-(A)+(a)	Mar 31,02 actual (C)-(A)+(b)		Mar 31,03 plan (D)-(C)+(c)
Domestic	including Impact Loans	100.0	(615.6)		(480.0)
	excluding Impact Loans	250.0	6.3		(480.0)
Small and Medium-sized enterprises *1	including Impact Loans	(50.0)	(928.9)		70.0
	excluding Impact Loans	50.0	(761.5)	#1	70.0

*1 Small and Medium-sized enterprises = Loans to following enterprises.
-Wholesaling enterprise whose capital is Y100 mil. or less or number of employees is 100 or less
-Services enterprise whose capital is Y50 mil. or less or number of employees is 100 or less
-Retailing enterprise whose capital is Y 50mil. or less or number of employees is 50 or less
-Other enterprise whose capital is Y300 mil. or less or number of employees is 300 or less
-Unincorporated enterprise

(Factors for reduction in loans) (billions of yen)

	FY01 Plan (a)		FY01 Actual (b)			FY02 Plan (c)	
		Small and Medium-sized enterprises		Small and Medium-sized enterprises			Small and Medium-sized enterprises
Direct Write-offs *1			+ 127.3	+ 110.5			
Secondary losses on loans sold to CCPC *2			+ 112.3	+ 112.3			
Sales and securitization of loans *3	+ 550.0	+ 460.0	+ 13.0	+ 61.0		+ 880.0	+ 500.0
Direct reduction *4			+ 359.9	+ 351.9			
Sales of loans to RCC *5			+ 6.2	+ 6.2			
Bulk-sales and others *6			+ 112.6	+ 92.5			
Others *7			+ 198.8	+ 89.2			
Total	+ 550.0	+ 460.0	+ 930.1	+ 823.6		+ 880.0	+ 500.0

*1 Direct write-offs which are allowed to be tax deductible.
*2 Losses due to the disposition of collaterals of loans sold to CCPC, etc.
*3 Mainly sales and securitization of normal loans. Figures are net of actual sales and securitization (increase), and cash inflows due to redemption (decrease).
*4 Of those reduced in this fiscal year.
*5 Losses due to the sales of loans to the specific bank defined in Article 53 of Financial Reconstruction Law.
*6 Losses due to bulk-sales of problem assets and other credit costs.
*7 Amount of credit given that are virtually equivalent to that of loan, such as private placement etc.

(Table 13) The Results of Asset Audits in compliance with Article 3.2 of the Financial Revitalization Law

(billions of yen)

	Mar. 31, 01 Non-consolidated	Mar. 31, 01 Consolidated	Mar. 31, 02 Non-consolidated	Mar. 31, 02 Consolidated
Bankrupt and Quasi-Bankrupt Assets	589.9	777.4	493.5	638.2
Doubtful Assets	1,943.1	2,166.4	2,970.2	3,263.4
Substandard Loans	289.4	411.3	2,436.3	2,666.1
Normal Assets	66,157.8	68,290.5	60,558.9	61,896.4

*The numbers of Mar. 31, 01 are the sum of those of former Sakura Bank and Sumitomo Bank.

Reserve for Possible Loan Losses (billions of yen)

	Mar. 31, 01 Non-consolidated	Mar. 31, 01 Consolidated	Mar. 31, 02 Non-consolidated	Mar. 31, 02 Consolidated
General Reserve	367.8	395.9	872.3	929.5
Specific Reserve	708.0	852.9	1,084.1	1,214.7
Loan Loss Reserve for Specific Overseas Countries	20.0	20.0	15.4	15.4
Sub-total	1,095.8	1,268.8	1,971.8	2,159.6
Reserve for Possible Losses on Loans Sold to CCPC	138.0	145.3	80.6	86.4
Total	1,233.8	1,414.1	2,052.4	2,246.0

*The numbers of Mar. 31, 01 are the sum of those of former Sakura Bank and Sumitomo Bank.

(Table 14) Risk-Monitored Loans *1

(billions of yen)

	Mar. 31, 01 Non-consolidated	Mar. 31, 01 Consolidated	Mar. 31, 02 Non-consolidated	Mar. 31, 02 Consolidated
Bankrupt Loans (A)	235.6	273.1	195.7	227.5
Direct Reduction	565.5	673.8	577.6	685.0
Non-Accrual Loans (B)	2,207.5	2,577.6	3,184.5	3,599.8
Direct Reduction	974.8	1,262.8	796.1	1,083.8
Past Due Loans (3 Months or more) (C)	103.3	125.7	92.3	102.8
Restructured Loans (D)	186.2	280.0	2,344.0	2,554.3
(1)Reduction of the original interest rate	93.5	120.8	506.0	510.6
(2)Forbearance of interest payments	0.0	0.5	3.5	33.5
(3)Loans to supported companies	5.8	5.8	16.2	16.2
(4)Forbearance of principal repayments	72.9	133.9	1,809.5	1,977.7
(5)Others	14.0	19.0	8.8	16.3
Total (E)=(A)+(B)+(C)+(D)	2,732.6	3,256.4	5,816.5	6,484.4
Ratio (E)/ Total Loans	4.4%	5.0%	9.7%	10.2%

*1 Based on the definition of Japanese Bankers Association. Restructured loan which is applied more than two categories is included in the category which is most appropriate.

*2 The numbers of Mar. 31, 01 are the sum of those of former Sakura Bank and Sumitomo Bank.

(Table 15) Disposition of Problem Loans

<Non-consolidated> (billions of yen)

	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Projection
Total Credit Cost (A)	1,106.4	1,007.7	1,038.6	
Transfer to Specific Reserve	447.7	156.5	663.2	
Write-off of loans and other related losses (C)	591.6	798.2	342.9	
Write-off of loans	439.2	367.7	271.9	
Losses on Sales of Loans to CCPC	44.8	31.8	8.4	
Losses on Sales of Loans to RCC *1	1.0	0.3	2.7	
Losses on Bulk Sales	32.7	24.7	47.9	
Losses on Debt Forgiveness	73.9	373.7	12.0	
Transfer to Reserve for Possible Losses from Loans Sold to CCPC	72.8	53.0	37.0	
Transfer to Reserve for Supporting Specific Borrowers	---	---	---	
Transfer to Loan Loss Reserve for Specific Overseas Countries	(5.7)	0.0	(4.5)	
Transfer to General Reserve for Possible Loan Losses (B)	24.2	(188.6)	504.5	
Total (A)+(B)	1,130.6	819.1	1,543.1	500.0
<Reference>				
Direct Write-off of loans already reserved (D)	768.3	575.5	573.7	---
Gross Direct Write-offs (C) + (D)	1,359.9	1,373.7	916.6	---

*1 Losses due to the sales of loans to the specific bank defined in Article 53 of Financial Reconstruction Law.

*2 The numbers of FY99 and FY00 are the sum of those of former Sakura Bank and Sumitomo Bank.

<Consolidated> (billions of yen)

	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Projection
Total Credit Cost (A)	1,242.6	1,202.4	1,176.0	
Transfer to Specific Reserve	475.8	258.5	681.5	
Write-off of loans and other related losses (C)	698.3	889.5	460.4	
Write-off of loans	539.8	433.9	380.0	
Losses on Sales of Loans to CCPC	44.8	31.9	9.8	
Losses on Sales of Loans to RCC *1	1.3	0.6	3.0	
Losses on Bulk Sales	73.7	42.7	55.6	
Losses on Debt Forgiveness	38.7	380.4	12.0	
Transfer to Reserve for Possible Losses from Loans Sold to CCPC	74.3	54.4	38.7	
Transfer to Reserve for Supporting Specific Borrowers	---	---	---	
Transfer to Loan Loss Reserve for Specific Overseas Countries	(5.8)	0.0	(4.6)	
Transfer to General Reserve for Possible Loan Losses (B)	17.6	(209.5)	527.4	
Total (A)+(B)	1,260.2	992.9	1,703.4	
<Reference>				
Direct Write-off of loans already reserved (D)		648.5	681.8	---
Gross Direct Write-offs (C) + (D)		1,487.6	1,142.2	---

*1 Losses due to the sales of loans to the specific bank defined in Article 53 of Financial Reconstruction Law.

*2 The numbers of FY99 and FY00 are the sum of those of former Sakura Bank and Sumitomo Bank.

(Table 16) Resources for disposition of problem loans

<Non-consolidated> (billions of yen)

	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Projection
Banking Profit (excluding transfer to General Reserve for Possible Loan Losses)	702.8	803.1	1,183.4	850.0
Gains/Losses on Bonds	(1.6)	8.7	66.6	
Gains/Losses on Stocks	828.4	311.4	(130.7)	
Gains/Losses on Disposition of Premises and Equipment	(13.0)	(30.6)	(14.2)	
Retained Earnings	---	---	673.0	
Others	---	---	---	
Total	1,518.2	1,083.9	1,711.5	850.0

*1 The numbers of FY99 and FY00 are the sum of those of former Sakura Bank and Sumitomo Bank.

*2 FY01 Actual Retained Earnings is before-tax base, calculated by applying statutory tax rate to Retained Earnings as of FY00 after the merger.

<Consolidated> (billions of yen)

	FY99 Actual	FY00 Actual	FY01 Actual	FY02 Projection
Banking Profit (excluding transfer to General Reserve for Possible Loan Losses)	702.8	803.1	1,183.4	850.0
Gains/Losses on Bonds	(0.4)	9.8	66.6	
Gains/Losses on Stocks	858.5	468.5	(17.8)	
Gains/Losses on Disposition of Premises and Equipment	(20.5)	(33.9)	(23.1)	
Retained Earnings	---	---	673.0	
Others	89.9	60.5	(18.3)	
Total	1,630.7	1,298.2	1,797.2	850.0

*1 The numbers of FY99 and FY00 are the sum of those of former Sakura Bank and Sumitomo Bank.

*2 For expediency, Banking Profit = Non-consolidated Banking Profit

Retained Earnings = Non-consolidated Retained Earnings

*3 "Others" include operating profit of subsidiaries.

(Table 17) Bankruptcies FY2001

(billions of yen)

Internal Grading	Internal Grading One Year Before the Bankruptcy		Internal Grading Six Month Before the Bankruptcy	
	Number of Bankruptcies	Outstanding Exposure	Number of Bankruptcies	Outstanding Exposure
1	0	0.0	0	0.0
2	0	0.0	0	0.0
3	0	0.0	0	0.0
4A	0	0.0	0	0.0
4B	1	0.7	0	0.0
4C	10	16.9	9	12.5
5A	15	11.6	8	3.3
5B	21	3.9	21	3.7
5C	39	4.6	35	3.8
6	48	6.6	45	6.3
7	206	121.6	177	102.2
8	95	65.9	133	81.3
9	28	39.9	55	63.1
No Grading	68	9.4	48	4.9

*1 "No Grading" includes individuals and companies without financial data.

*2 Bankruptcies with credit amount less than 50 million yen are excluded.

(Reference) (billions of yen)

	Mar. 31, 02
Bankrupt and Quasi-Bankrupt Assets	493.5
Doubtful Assets	2,970.2
Substandard Loans	2,436.3
Normal Assets	60,558.9
Total	66,458.9

(Table 18) Evaluation Gains and Losses (Mar. 31, 02, Non-consolidated)

Securities (Billions of yen)

		Outstanding Balance	Net Gains/Losses	Gains	Losses
Held-to-maturity purpose	Securities *1,*2	131.3	+ 1.1	1.1	-
	Bond	101.0	+ 0.4	0.4	-
	Stock	-	-	-	-
	Other	30.3	+ 0.7	0.7	-
	Money Held in Trust *1	-	-	-	-
Subsidiaries, etc.	Securities *1,*2	1,201.1	- 0.1	12.7	12.8
	Bond	-	-	-	-
	Stock	718.2	- 0.1	12.7	12.8
	Other	482.9	-	-	-
	Money Held in Trust *1	-	-	-	-
Other Securities	Securities *1,*2	19,205.5	- 481.6	244.2	725.8
	Bond	11,111.1	+ 37.8	55.6	17.8
	Stock	4,877.2	- 500.9	180.9	681.8
	Other	3,217.2	- 18.5	7.7	26.2
	Money Held in Trust *1	30.1	- 3.8	0.1	3.9

Others

	Book Value	Market Value	Net Gains/Losses	Gains	Losses
Premises used in Business *3	494.6	404.1	-90.5	4.6	95.1
Other Premises	-	-	-	-	-
Other Assets	-	-	-	-	-

*1 Market value was calculated as follows;
Securities and Money Held in Trust with market value: Market prices as of balance sheet date.
But for the stocks in the "Other Securities", market value was based on the average market prices of March 2002.

*2 Securities include following items, which are not categorized as "Securities" in the balance sheet.
Negotiable money deposited included in item "Cash and Due from Banks"
CP and Beneficiary certificates in loans trusts included in item "Debt purchased"

*3 Based on revaluation of land at fair value as of Mar. 31, 1998 under the Revaluation Act of Land Properties.
In March, 2002, the Bank revaluated the land for business activities that was succeeded due to merger with SMBC Property Management Service Co., Ltd., pursuant to the Law concerning Land Revaluation and the law concerning amendment of the Law.
Book Value: Book value after the revaluation.
Market Value: Market value as of Mar. 31, 2002.

(Table 18) Evaluation Gains and Losses (Mar. 31, 02, Consolidated)

Securities (Billions of yen)

		Outstanding Balance	Net Gains/Losses	Gains	Losses
Held-to-maturity purpose	Securities *1,*2	245.4	+ 0.9	1.3	0.4
	Bond	181.1	+ 0.2	0.5	0.3
	Stock	-	-	-	-
	Other	64.3	+ 0.7	0.8	0.1
	Money Held in Trust *1	-	-	-	-
Subsidiaries, etc.	Securities *1,*2	187.9	- 0.8	-	0.8
	Bond	-	-	-	-
	Stock	179.2	- 0.8	-	0.8
	Other	8.7	-	-	-
	Money Held in Trust *1	-	-	-	-
Other Securities	Securities *1,*2	20,374.7	- 495.5	260.0	755.5
	Bond	11,863.2	+ 36.5	58.8	22.4
	Stock	5,035.5	- 509.3	192.6	701.9
	Other	3,476.0	- 22.7	8.6	31.3
	Money Held in Trust *1	30.1	- 3.8	0.1	4.0

Others

	Book Value	Market Value	Net Gains/Losses	Gains	Losses
Premises used in Business *3	501.6	410.1	-91.5	4.6	96.1
Other Premises	-	-	-	-	-
Other Assets	-	-	-	-	-

*1 Market value was calculated as follows;
Securities and Money Held in Trust with market value: Market prices as of balance sheet date.
But for the stocks in the "Other Securities", market value was based mainly on the average market prices of March 2002.

*2 Securities include following items, which are not categorized as "Securities" in the balance sheet.
Negotiable money deposited included in item "Cash and Due from Banks"
CP and Beneficiary certificates in loans trusts included in item "Debt purchased"

*3 Based on revaluation of land at fair value as of Mar 31, 1998 under the Revaluation Act of Land Properties.
Some of the subsidiaries made revaluation as of Mar 31, 1999.
In March, 2002, the Bank revaluated the land for business activities that was succeeded due to merger with SMBC Property Management Service Co., Ltd., pursuant to the Law concerning Land Revaluation and the law concerning amendment of the Law. Some of the subsidiaries also made revaluation as of Mar, 2002.
Book Value: Book value after the revaluation.
Market Value: Market value as of Mar. 31, 2002.

(Table 19) Derivatives and Foreign Forward Contracts

(Billions of Yen)

	Contract Value or Nominal Principal Amount			Credit Risk Equivalent Amount		
	Mar 31,01	Sep 30,01	Mar 31,02	Mar 31,01	Sep 30,01	Mar 31,02
Financial Futures Contracts	90,372.5	119,210.6	118,364.9	-	-	-
Interest Rate Swap	174,547.2	1,383,998.0	202,263.5	3,081.0	2,797.5	3,155.1
Currency Swap	10,570.3	10,713.1	12,024.7	843.5	780.8	900.4
Foreign Exchange Forward Contracts	57,843.7	46,641.3	42,393.4	3,235.7	1,115.4	1,292.2
Interest Rate Options (Buy)	12,171.8	4,522.8	4,660.3	60.6	53.2	55.1
Currency Options (Buy)	2,318.3	3,006.6	3,745.9	91.2	86.7	118.1
Other Derivative Instruments	39,668.4	18,638.4	21,230.1	30.7	30.9	31.8
Effect of Master Netting Agreements	-	-	-	(3,535.4)	(2,480.1)	(2,806.5)
Total	387,492.5	341,132.5	404,682.8	3,807.6	2,384.3	2,746.3

*1 Figures given above were computed according to capital adequacy guidelines set by the BIS. Followings were also added.

-Listed transactions

-Options (sell)

-Transactions for which the original contract has a maturity of 14 days or less

*2 The numbers of Mar. 31, 01 are the sum of those of former Sakura Bank and Sumitomo Bank.

(Table 20) Credit Portfolio (as of Mar. 31, 02)

(Billions of Yen)

	Counterparty with rating equivalent to BBB/Baa or higher	Counterparty with rating equivalent to BB/Ba or lower	Others*	Total
Credit Risk Equivalent	600.4	4.1	25.8	630.3
Credit Cost	0.2	0.0	0.3	0.5
Amount of Credit Risk	1.8	0.1	0.8	2.7

* Transactions with individuals (foreign currency denominated time deposits) and transactions related to impact loans to customers without internal grading.

(Appendix)

Reasons for the differences between the Plan and the actual results

(Table1-1) #1 Securities (7,326.3 billion yen increase from the plan): We increased FB, TB and 2 year JGB due to the introduction of RTGS to the current deposits settlement systems in the BOJ.

(Table1-1) #2 Deferred tax assets (term-end balance)(851.1 billion yen increase from the plan): There are three major factors. a) Majority of the 1,543.1 billion yen credit cost for FY2001 was non-tax deductible. b) Sakura Bank's unrealized losses on securities, etc. were written-off with the merger accounting. In accordance with this transaction, deferred tax assets increased by 268.7 billion yen. c) Introduction of the mark-to-market accounting on "other securities" increased the deferred tax assets by 187.5 billion yen.

(Table1-1) #3 Deferred tax liabilities for land revaluation (term-end balance)(68.9 billion yen decrease from the plan), land revaluation excess (110.5 billion yen decrease from the plan): Decreased due to sales of real estate, including the Bank's headquarter building in Otemachi, and revaluation of the land for business activities which the Bank succeeded due to the merger with SMBC Property Management Service Co., Ltd., pursuant to the Law Concerning Land Revaluation and the Law Concerning Amendment of the Law.

(Table1-1) #4 Capital surplus (784.7 billion yen decrease from the plan): Sakura Bank's unrealized losses on securities, etc. were written-off with the merger accounting (427.0 billion yen decrease) and part of capital surplus (357.6 billion yen) was transferred this fiscal year, as shown in #5.

(Table1-1) #5 Other capital surplus (357.6 billion yen increase from the plan), earned surplus reserve (246.1 billion yen decrease from the plan): The Bank transferred part of capital surplus (357.6 billion yen) to other capital surplus, and all of earned surplus reserve (241.4 billion yen) to retained earnings persuant to the Japanese Commercial Code, in order to prepare for the volatility risk of securities arising from introduction of the mark-to-market accounting.

(Table1-1) #6 Retained earnings (270.0 billion yen decrease from the plan): As shown in #5, transfer from earned surplus reserve (241.4 billion yen) enlarged retained earnings, but on the other hand as shown in #11, proactive measures were taken to resolve asset quality problem and decreased net income by 532.8 billion yen compared to the plan.

(Table1-1) #7 Net unrealized losses on other securities (448.0 billion yen decrease from the plan): Stock market dropped significantly compared to the assumption in the plan.

(Table1-1) #8 Gross banking profit (425.5 billion yen increase from the plan): Net interest income increased due to the good performance in foreign currency treasury operations as a result of a decline in U.S. dollar based interest rates, and an increase of dividend income from overseas subsidiaries.

(Table1-1) #9 Expenses (57.9 billion yen decrease from the plan): Personnel expenses decreased due to stop in pay hike from FY1996, acceleration of reduction in employees by restricting new hiring, and 10% bonus cut in second half of FY2001. Non-personnel expenses decreased due to integration of branches and a revision in procurement practices.

(Table1-1) #10 Banking profit (excluding transfer to general reserve for possible loan losses)(483.4 billion yen increase from the plan): Gross banking profit largely increased as shown in #8, and further expense reduction was achieved as shown in #9. Therefore, banking profit (excluding transfer to general reserve for possible loan losses) exceeded the plan by 483.4 billion yen.

(Table1-1) #11 Total credit cost (including transfer to general reserve for possible loan losses) (1,343.1billion yen increase from the plan): Under the ongoing deflation, credit cost increased due to deterioration of borrowers' financial conditions and decline in collateral value. In addition, we accelerated work outs of problem assets. We also took measures to prepare for the potential risk arising from borrowers requiring caution, such as reexamining the category of borrowers considering the recent deterioration of their financial conditions and the current economic conditions, and raising the reserve ratio for general reserves reflecting the recent default ratio.

(Table1-1) #12 Gains (losses) on stocks (130.7 billion yen decrease from the plan): In addition to the significant decline in stock market compared to the assumption in the plan, the Bank suffered 130.6 billion yen losses on devaluation of stocks, since the Bank applied more conservative impairment rules in order to mitigate the stock market volatility risk.

(Table1-1) #13 Operating profit (967.1 billion yen decrease from the plan), net income (532.8 billion yen decrease from the plan): Banking profit (excluding transfer to general reserve for possible loan losses) largely increased as shown in #10, however total credit cost also increased significantly as shown in #11.

(Table1-1) #14 ROE (banking profit (excluding transfer to general reserve for possible loan losses) / stockholders' equity <average balance>) (18.35% increase from the plan): Stockholders' equity decreased as shown in #3 to #7, and banking profit (excluding transfer to general reserve for possible loan losses) largely increased as shown in #10.

(Table1-2) #1 Operating profit (510.6 billion yen decrease from the plan), net income (313.9 billion yen decrease from the plan): Decreased due to large increase in total credit cost as shown in (Table1-1) #11.

(Table2: non-consolidated) #1

Capital surplus (784.7 billion yen decrease from the plan), others (363.8 billion yen increase from the plan): As shown in (Table1-1) #4, Sakura Bank's unrealized losses on securities, etc. were written-off with the merger accounting (427.0 billion yen decrease) and part of capital surplus was transferred to other capital surplus (357.6 billion yen decrease).

(Table2: non-consolidated) #2

Earned surplus reserve (251.1 billion yen decrease from the plan), retained earnings to be carried forward to next fiscal year (277.6 billion yen decrease from the plan): As shown in (Table1-1) #5, all of earned surplus reserve (241.4

billion yen) was transferred to retained earnings. Net income did not reach the original target due to proactive measures taken to resolve asset quality problem.

(Table2: non-consolidated) #3

Evaluation losses on "other securities" (298.0 billion yen increase from the plan), unrealized gains on securities (112.5 billion yen decrease from the plan): Stock market dropped widely compared to the assumption in the plan.

(Table2: non-consolidated) #4

Unrealized appreciation of land (79.4 billion yen decrease from the plan): Decreased due to sales of real estate, including the Bank's headquarter building in Otemachi, and revaluation of the Land for business activities which the Bank succeeded due to the merger with SMBC Property Management Service Co., Ltd., pursuant to the Law Concerning Land Revaluation and the Law Concerning Amendment of the Law.

(Table2: non-consolidated) #5

Reserve for possible loan losses (394.8 billion yen increase from the plan): As shown in (Table1-1) #11, total credit cost increased largely.

(Table2: consolidated) #1

Capital surplus (784.7 billion yen decrease from the plan): As shown in (Table1-1 #4), Sakura Bank's unrealized losses on securities, etc. were written-off with the merger accounting (427.0 billion yen decrease) and part of capital surplus (357.6 billion yen) was transferred this fiscal year, as shown in #5.

(Table2: consolidated) #2

Evaluation losses on "other securities" (304.8 billion yen decrease from the plan), unrealized gains on securities (189.0 billion yen decrease from the plan): Stock market dropped widely compared to the assumption in the plan.

(Table2: consolidated) #3

Retained earnings (335.5 billion yen decrease from the plan): As shown in (Table1-1) #5, transfer from earned surplus reserve (241.4 billion yen) enlarged retained earnings, but on the other hand, proactive measures were taken to resolve asset quality problem and decreased net income compared to the plan.

(Table2: consolidated) #4

Unrealized appreciation of land (86.3 billion yen decrease from the plan): Decreased due to sales of real estate, including the Bank's headquarter building in Otemachi, and revaluation of the land for business activities which the Bank succeeded due to the merger with SMBC Property Management Service Co., Ltd., pursuant to the Law Concerning Land Revaluation and the Law Concerning Amendment of the Law.

(Table2: consolidated) #5

Reserve for possible loan losses (423.8 billion yen increase from the plan): As shown in (Table1-1) #11, total credit cost increased largely.

(Table10) #1

Loans to small- and medium- sized enterprises (adjusted basis) (811.5 billion yen decrease from the plan): The Bank made its best effort to achieve the target, however, (a) loan demand was still weak due to sluggish economy, (b) subsidiaries of large corporate shrunk their interest-bearing liabilities as financial restructurings, (c) collection of problem loans progressed to accelerate an early resolution of asset quality problem, and (d) companies integrated their subsidiaries and the balance of their debts were decreased.