

Financial Results FY2002

June 3, 2003



SMFG SUMITOMO MITSUI
FINANCIAL GROUP

✓ [Non-consolidated] :

indicates the non-consolidated figures for
Sumitomo Mitsui Banking Corporation(“SMBC”).

Figures for FY2001 : combined figures for the former SMBC and the former
Wakashio Bank

P/L items for FY2002 : figures include the former SMBC’s profits and losses
before merger, between April 1, 2002 and March 16, 2003

✓ [Consolidated] :

indicates consolidated figures for
Sumitomo Mitsui Financial Group, Inc.(“SMFG”).

Figures for FY2002 : SMFG’s consolidated figures

Figures for FY2001 : SMBC’s consolidated figures which include those for the former
Wakashio Bank

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 - (2) Changes in problem assets and “off-balancing”
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 - (1) Basic approaches
 - (2) Establish earnings structure to ensure JPY1 tril. banking profit
 - (3) Corporate banking (SME)
 - “Business Reform” in lending business
 - Reform credit approval system and expand better risk-return loan products
 - (4) Corporate banking — Strengthen non-interest income through solution-driven marketing: loan syndications / investment banking business
 - (5) Consumer banking — Establish new business models and further enhance competitive edge
 - (6) Promote further rationalization
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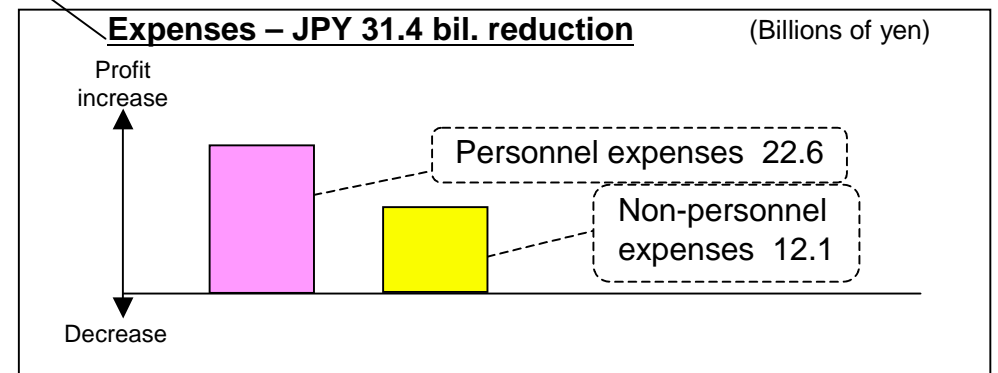
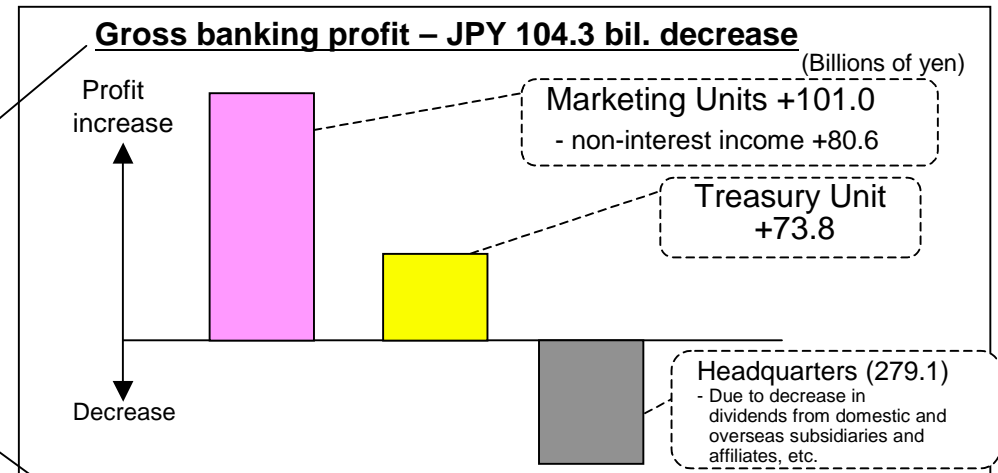
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1. Summary of financial results FY 2002

- (1) Banking profit* of more than JPY 1 tril. for 2 consecutive years, as a result of enhanced profitability and efficiency
- (2) Aggressive disposition of NPLs and equity portfolio, to reinforce the balance sheet
- (3) Capital ratio of more than 10% maintained with JPY 495.3 bil. Tier 1 capital raising

*excluding transfer to general reserve for possible loan losses

	FY2002	Year change	Change from the original forecast*
(Billions of yen)			
Gross banking profit	1,760.6	(104.3)	35.6
Expenses	(647.0)	31.4	(2.0)
Banking profit**	1,113.6	(72.9)	33.6
Credit cost	(1,074.5)	471.7	(374.5)
Gains (losses) on stocks	(635.7)	(504.9)	---
Ordinary profit (loss)	(597.2)	(75.6)	(722.2)
Net income (loss)	(478.3)	(155.5)	(508.3)
Capital ratio-SMBC Non-consolidated	10.45%		
Capital ratio-SMFG Consolidated	10.10%		



* compared with earnings forecast announced in Nov. 2002 (excludes the figures for the former Wakashio Bank)

** excluding transfer to general reserve for possible loan losses

2. Performance by business unit



(Billions of yen)

		FY2002		
			Year change*	
Consumer Banking Unit	Gross banking profit	312.7	4.1	①
	Expenses	(262.6)	16.6	
	Banking profit	50.1	20.7	
Middle Market Banking Unit	Gross banking profit	569.0	66.3	②
	Expenses	(189.1)	13.1	
	Banking profit	379.9	79.4	
Corporate Banking Unit	Gross banking profit	162.8	22.6	③
	Expenses	(27.8)	1.5	
	Banking profit	135.0	24.1	
International Banking Unit	Gross banking profit	86.4	8.0	
	Expenses	(46.3)	2.1	
	Banking profit	40.1	10.1	
Marketing Units	Gross banking profit	1,130.9	101.0	
	Expenses	(525.8)	33.3	
	Banking profit	605.1	134.3	
Treasury Unit	Gross banking profit	581.5	73.8	④
	Expenses	(24.2)	1.3	
	Banking profit	557.3	75.1	
Others**	Gross banking profit	48.2	(279.1)	⑤
	Expenses	(97.0)	(3.2)	
	Banking profit	(48.8)	(282.3)	
Total	Gross banking profit	1,760.6	(104.3)	
	Expenses	(647.0)	31.4	
	Banking profit	1,113.6	(72.9)	

Major factors in increase/decrease*

①	Consumer	+ 4.1	: Investment trust related fees	+3.4
			Pension type insurance related fees	+3.4
②	Middle Market	+66.3	: Profit on loans and deposits	(8.5)
			Non-interest income	+73.3
			Derivatives products sales	+34.1
			Loan syndications related	+7.3
③	Corporate	+22.6	: Profit on loans and deposits	+6.7
			Non-interest income	+12.8
			Loan syndications related	+3.3
			Balance sheet management	+3.3
④	Treasury	+73.8	: Yen banking account (ALM operation)	+9.6
			Foreign currency banking account	
			(ALM operation)	+54.7
			Trading	+9.6
⑤	Others	(279.1)	: Decrease in dividend income from subsidiaries and affiliates	
✓	<u>Non-interest income</u> : +80.6 (from 271.0 in FY2001 to 351.6 in FY2002)			
	Net fees and commissions and derivative-related income, etc.			

* Excluding changes due to interest rates and foreign exchange rate fluctuations, etc.

** Including: (1) dividend income from subsidiaries and affiliates; (2) financing costs on preferred securities and subordinated debt; (3) profit earned from investing the Bank's own capital and (4) adjustment of inter-unit transactions, etc.

3. Improvement of loan spreads

✓ **Term-end loan balance and interest rate**

(managerial accounting basis)

(Trillions of yen)

	As of March 31, 2003		
	Balance	Year change	
		Term-end balance	Loan spread (%)
Loans to small- and medium-sized corporations (Middle Market Banking Unit)	20.4	(2.3)	+ 0.24
Loans targeted for spread improvement	11.5	(1.1)	+ 0.40
Loans to large corporations (Corporate Banking Unit)	8.5	(1.7)	+ 0.13
Total	28.9	(4.0)	+ 0.22

← Target for FY2002: +35 bp

----- <Loans not included:>

- Loans via public institutions
- Long-term fixed rate loans of which interest rate was not rolled over during the current fiscal year

✓ **Average loan balance and interest rate**

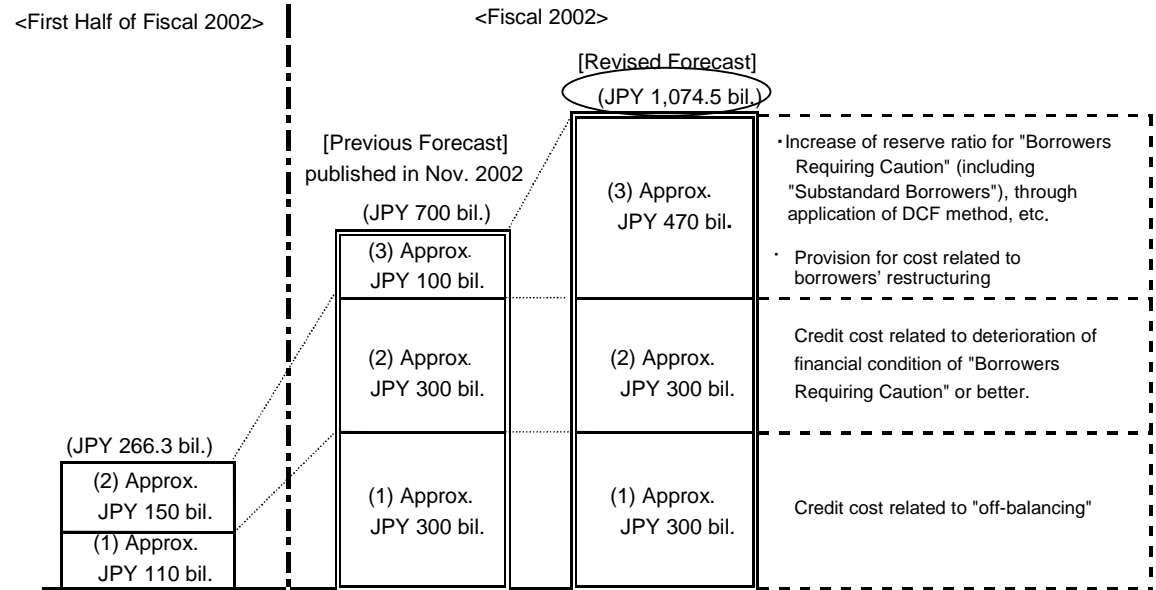
(managerial accounting basis)

(Trillions of yen)

	FY2002			
	Average balance	Loan spread (%)		
		Year change	Year change	
Loans to small- and medium-sized corporations (Middle Market Banking Unit)	21.0	(1.0)	1.49	+ 0.06
Loans to large corporations (Corporate Banking Unit)	9.7	+ 0.0	0.87	+ 0.07

4. Disposal of problem assets — (1) Credit cost

✓ Analysis of increase in credit cost



(Billions of yen)

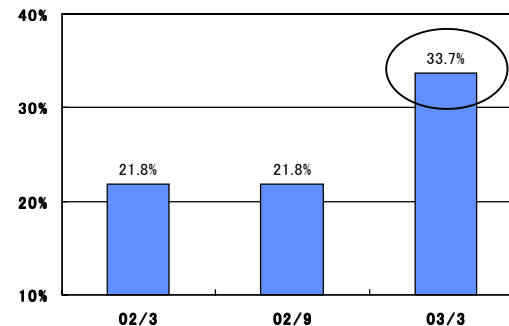
	FY2001	FY2002	Change
Total Credit Cost	* (1,546.2)	(1,074.5)	471.7
Write-off of loans	(285.3)	(284.4)	0.9
Transfer to specific reserve	(664.0)	(375.4)	288.6
Transfer to reserve for losses on loans sold	(37.0)	(15.2)	21.8
Losses on loans sold to CCPC	(8.4)	(16.4)	(8.0)
Losses on sale of delinquent loans	(50.6)	(148.9)	(98.3)
Transfer to loan loss reserve for specific overseas countries	4.5	3.9	(0.6)
Transfer to general reserve for possible loan losses	(504.7)	(238.1)	266.6

* Total credit cost includes that of the former Wakashio Bank amounts to JPY 770 mil., which was booked in extraordinary losses.

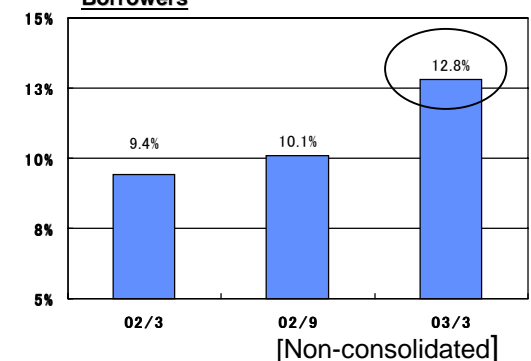
(Reference)

Debt forgiveness : 7 companies, JPY 177.1 bil.

✓ Reserve ratio for claims to Substandard Borrowers



✓ Reserve ratio for claims to Borrowers Requiring Caution, excluding claims to Substandard Borrowers



(Note) Reserve ratio are for the uncovered portion.

[Non-consolidated]

4. Disposal of problem assets — (2)

Changes in problem assets and “off-balancing”



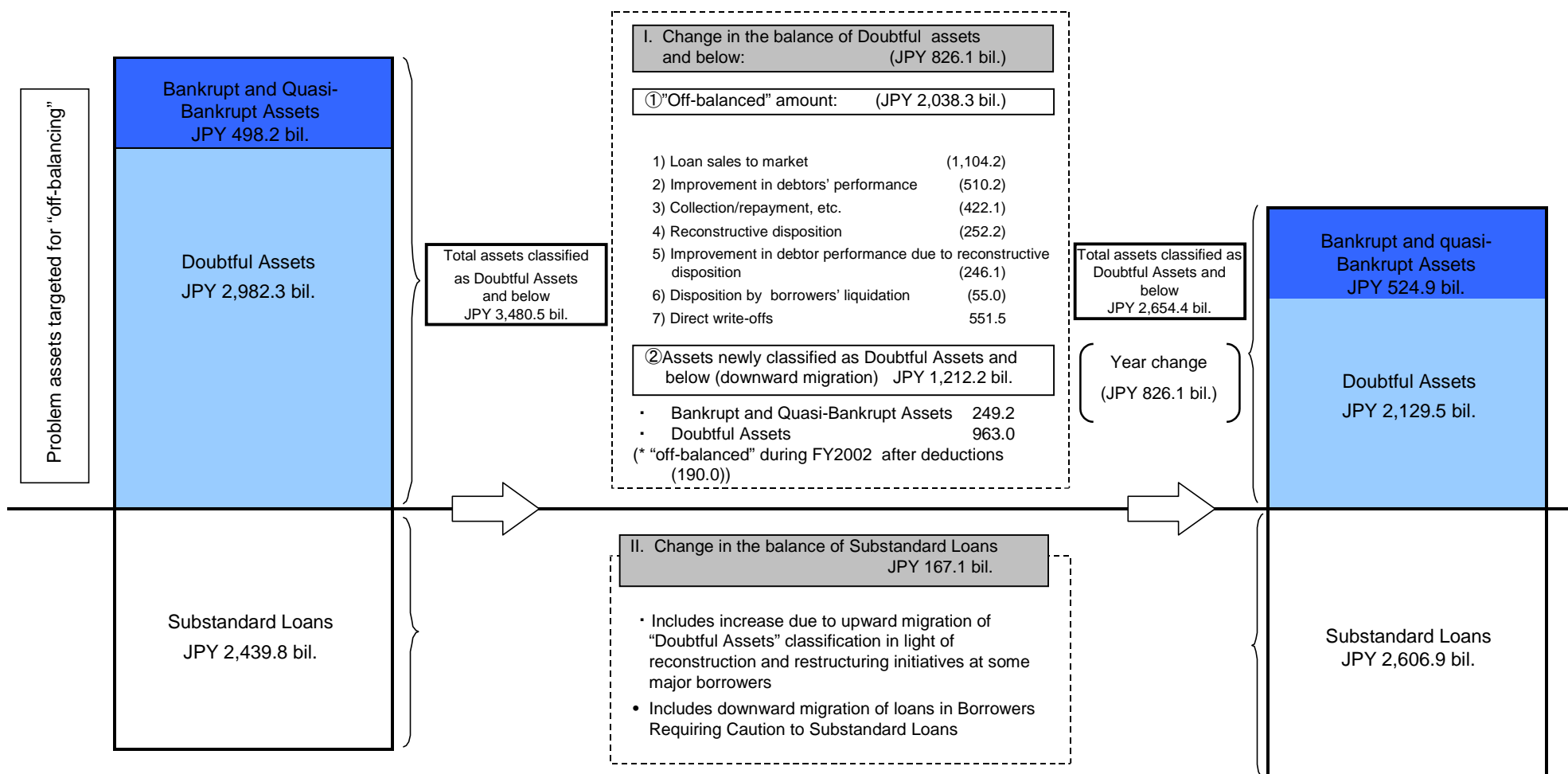
March 31, 2002

**I + II. Net change in disclosed assets
(JPY 659.0 bil.)**

March 31, 2003

Disclosed assets: JPY 5,920.3 bil.

Disclosed assets: JPY 5,261.3 bil.



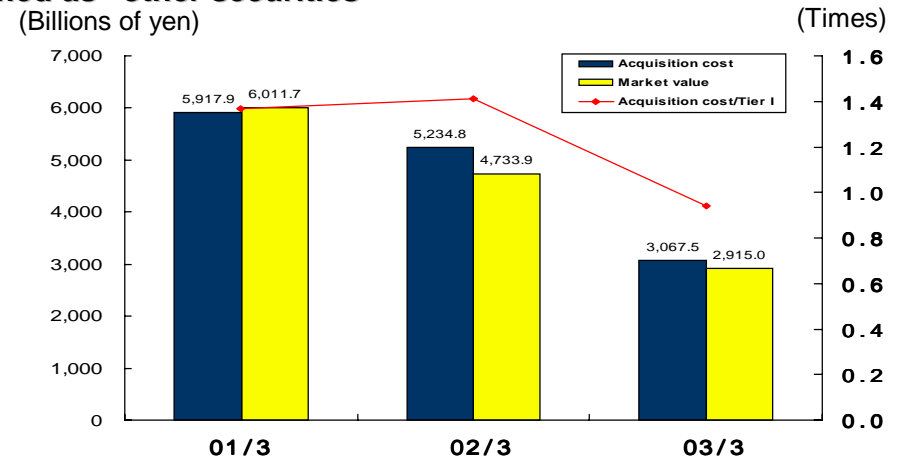
[Non-consolidated]

5. Gains (losses) on stocks, etc.

(Billions of yen)

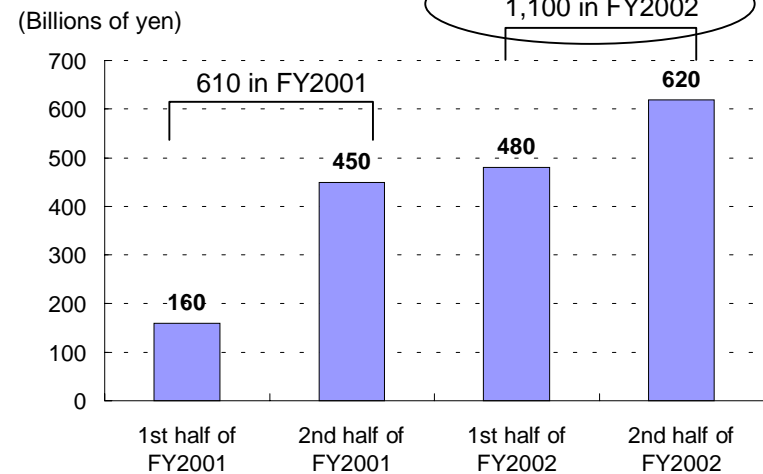
	FY2001	FY2002	
			Change
Gains (losses) on stocks	(130.8)	(635.7)	(504.9)
Gains on sale of stocks	54.2	51.2	(3.0)
Losses on sale of stocks	(54.3)	(159.4)	(105.1)
Losses on devaluation of stocks	(130.7)	(527.5)	(396.8)

Balance of listed stocks and over-the-counter stocks classified as "other securities"



- Listed stocks and over-the-counter stocks classified as "other securities" (excluding stocks of parent company)
- ** Figures as of March 31, 2001 are the sum of Sakura Bank and Sumitomo Bank

Sales of cross-shareholdings



6. Securities portfolio and derivatives



Unrealized gains (losses) on “other securities”

(As of March 31, 2003)

(Billions of yen)

	Net unrealized gains (losses)			
		Change from Mar. 31, 2002	Gains	Losses
Total	(17.9)	464.5	257.6	(275.5)
Stocks	(152.4)	348.4	105.2	(257.6)
Bonds	108.7	71.0	112.4	(3.7)
Others	25.8	45.1	40.0	(14.2)

Hedging purpose derivative transactions

(As of March 31, 2003)

(Billions of yen)

			Net evaluation	Deferred
	Assets (1)	Liabilities (2)	gains(losses) (1) - (2)	gains(losses) (3)
Interest rate swaps	398.5	175.2	223.3	117.3
Currency swaps	419.5	408.0	11.5	9.6
Others	58.9	31.5	27.4	28.9
Total	876.9	614.7	262.2	155.8

Balance of securities held, classified by maturity

(As of March 31, 2003)

(Billions of yen)

	One year or less	One to five years	Five to ten years	More than ten years	Total	
						Change from Mar. 31, 2002
Bonds	3,359.4	7,535.3	3,672.9	156.9	14,724.4	3,465.6
JGBs	3,224.3	5,978.4	2,992.0	154.4	12,349.1	2,731.9
Japanese local government bonds	6.1	102.6	184.9	0.6	294.2	(142.1)
Japanese corporate bonds	128.9	1,454.3	496.0	1.9	2,081.1	875.8
Others	214.1	2,799.9	739.7	707.8	4,461.5	1,563.4
Total	3,573.5	10,335.2	4,412.6	864.7	19,185.9	5,028.9

7. B/S as of Mar. 31, 2003



(Billions of yen)

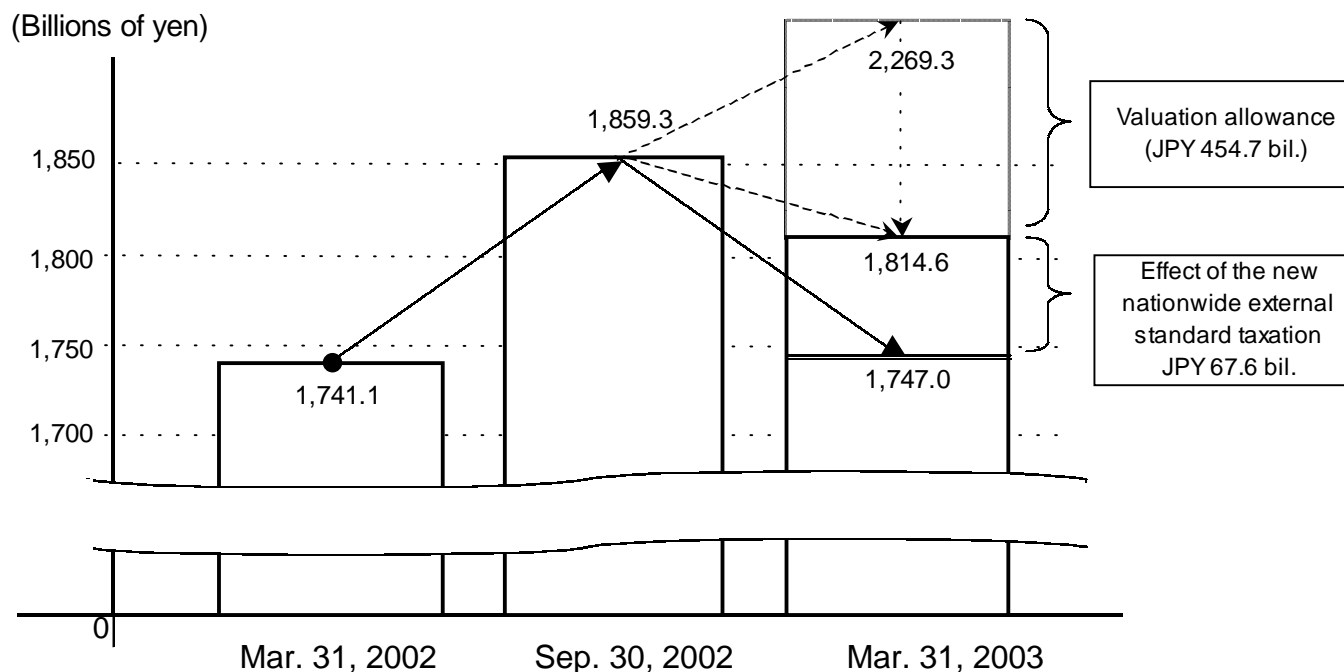
	Mar. 31, 2002	Mar. 31, 2003	Change
Assets	102,580.8	97,891.2	(4,689.6)
Loans and bills discounted	60,302.3	57,282.4	(3,019.9)
JGBs	9,617.2	12,349.1	2,731.9
Stocks	5,596.3	3,508.2	(2,088.1)
Market tradings*	4,789.8	2,765.5	(2,024.3)
Deferred tax assets	1,741.1	1,814.6	73.5
Liabilities	99,364.2	95,611.9	(3,752.3)
Deposits	61,512.0	58,610.7	(2,901.3)
NCDs	6,586.0	4,913.5	(1,672.5)
Bonds	2,133.8	2,624.1	490.3
Stockholders' equity	3,216.6	2,279.2	(937.4)
Capital stock	1,347.6	560.0	(787.6)
Capital surplus	1,684.4	1,237.3	(447.1)
Retained earnings	383.2	414.5	31.3
Land revaluation excess	100.4	85.3	(15.1)
Net unrealized losses on "other securities"	(298.7)	(17.9)	280.8
Treasury stock	(0.3)	—	0.3

Major factors affecting the balance sheet

- Loans : Overseas JPY 1.9 tril. decrease: reduction in low-profitability assets
Domestic JPY 1.1 tril. decrease: decrease in loans to corporations, collection of problem assets, etc.
<Loans to government>: JPY 3.1 tril. increase
<Loan to others>: JPY 4.2 tril. decrease
- JGBs : JPY 2.7 tril. increase
- Stocks : JPY 2.1 tril. decrease: sales of cross-shareholdings, amortization, appraisal loss associated with merger
- Deferred tax assets : Refer to page 12
- Deposits : International + domestic off-shore accounts: JPY 4.3 tril. decrease: decrease in market funding
Domestic market: JPY 1.4 tril. increase
<Individual clients' deposits>: JPY 0.8 tril. increase
<Corporate clients' deposits>: JPY 0.6 tril. increase
- Stockholders' equity : Refer to page 46 (Appendix 15)

* Call money + repurchase agreements + receivables under securities borrowing transactions + bills purchased + purchase money debts + deposits (excluding interest-free deposits) + negotiable certificates of deposit

8. Deferred tax assets



	(Billions of yen)			(Billions of yen)
	March 31, 2003			
		Change from September 30, 2002	Change from March 31, 2002	SMFG consolidated
① Net deferred tax assets (② + ⑤)	1,814.6	(44.7)	73.5	1,912.2
<excluding effect of new nationwide external standard taxation>	<1,747.0>	<(112.3)>	<5.9>	
② Total deferred tax assets (③ + ④)	1,849.3	(39.7)	74.4	1,956.1
③ Subtotal of deferred tax assets	2,304.0	408.1	522.5	
<excluding effect of new nationwide external standard taxation>	<2,236.4>	<340.5>	<454.9>	
④ Valuation allowance	(454.7)	(447.8)	(448.1)	
⑤ Total deferred tax liabilities	(34.7)	(5.0)	(0.9)	(43.9)
Effective income tax rate	40.46%	1.84%	1.84%	

9. BIS capital ratio



	<SMBC consolidated>	<SMFG consolidated>	(Billions of yen)
	March 31, 2002	March 31, 2003 (preliminary)	Change from March 31, 2002
Tier 1	3,719.4	3,255.9	(463.5)
Net unrealized losses on "other securities"	(304.8)	(24.2)	280.6
Preferred stock	1,301.0	1,796.3	495.3
Preferred securities issued by SPCs	863.6	840.1	(23.5)
Tier 2*	3,504.8	2,961.6	(543.2)
45% of unrealized gains on securities	—	—	—
45% of unrealized appreciation on land	82.9	71.7	(11.2)
General reserve	844.4	739.6	(104.8)
Perpetual subordinated debt	796.9	569.1	(227.8)
Dated subordinated debt	1,780.6	1,581.3	(199.3)
Substruction items	163.3	238.6	75.3
BIS capital	7,060.8	5,978.9	(1,081.9)
Risk-adjusted assets	67,548.0	59,166.8	(8,381.2)
BIS capital ratio	10.45%	10.10%	(0.35%)
Tier 1 ratio	5.50%	5.50%	0.00%

<Tier 1>

- Preferred stock issued: JPY 495.3 bil.
- GS private offering (February 2003): JPY 150.3 bil.
- SPV overseas public offering (March 2003): JPY 345.0 bil.
- Consolidated net income for FY2002: (JPY 465.4 bil.)

<Tier 2>

- Redemption of perpetual subordinated debt of public funds (March 2003): (JPY 200.0 bil.)
- Dated subordinated notes on public offering: JPY 130.2 bil.
- Domestic (June 2002): JPY 40.0 bil.
- Overseas (June 2002): USD 750 mil. (= JPY 90.2 bil.)

<Risk-adjusted assets >

Decrease in domestic loans, reduction of low profitability assets overseas	approx. (JPY 4.4 tril.)
Reduction of book value of stocks	approx. (JPY 2.1 tril.)
Disposition of problem assets (PL losses, disposition of collateral, etc.)	approx. (JPY 1.2 tril.)

10. Financial highlights of consolidated results



(Billions of yen)

	FY2001	FY2002		Deference from non-consolidated results
			Change	
Consolidated gross profit	2,077.7	2,184.0	106.3	423.3
Net interest income	1,441.2	1,407.9	(33.3)	176.2
Trust fees	-	0.0	0.0	-
Net fees and commissions	319.5	352.9	33.4	158.2
Net trading profit	93.0	139.4	46.4	9.8
Net other operating income	223.9	283.8	59.9	79.1
General and administrative expenses	(935.6)	(889.2)	46.3	(242.2)
Total credit cost	(1,703.4)	(1,200.9)	502.5	(126.4)
Gains (losses) on stocks	(17.8)	(621.5)	(603.7)	14.2
Equity in earnings of affiliates	3.0	5.7	2.8	5.7
Ordinary profit (loss)	(580.6)	(515.7)	64.9	81.5
Extraordinary gains (losses)	(23.7)	(75.2)	(51.5)	(1.4)
Net income (loss)	(463.9)	(465.4)	(1.5)	12.9
Consolidated banking profit	991.9	1,131.0	139.1	

Two subsidiary banks – Minato Bank and Bank of Kansai (44% of the difference)

Sumitomo Mitsui Card (17% of the difference), etc.

Sumitomo Mitsui Card (55% of the difference)

SMBC Leasing (87%), Japan Research Institute, etc.

SMBC Guarantee, Minato Bank, etc.

Financial results of three subsidiaries under the SMFG umbrella

(Billions of yen)

	Ordinary profit	Net income
Sumitomo Mitsui Card	16.0	14.0
SMBC Leasing	7.4	3.1
Japan Research Institute	10.1	7.9

(Notes):

- Consolidated banking profit = non-consolidated banking profit (excluding transfer to general reserve) + subsidiaries' ordinary profit (adjusted for temporary factors)
- International transactions within the accounts on international gross profit are adjusted.

11. Earnings forecast for FY2003



SMBC

[Non-consolidated] (Billions of yen)

	FY2003 forecast		FY2002 result
	1st half		
Gross banking profit	785.0	1,600.0	1,760.6
Expenses	(305.0)	(600.0)	(647.0)
Banking profit*	480.0	1,000.0	1,113.6
Ordinary profit	100.0	170.0	(597.2)
Net income	50.0	100.0	(478.3)

Total credit cost**	(300.0)	(650.0)	(1,074.5)
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*Excluding transfer to general reserve for possible loan losses

** (Transfer to general reserve for possible loan losses) + (Credit cost included in non-recurring losses)

SMFG

[Consolidated] (Billions of yen)

	FY2003 forecast		FY2002 result
	1st half		
Ordinary income	1,650.0	3,300.0	3,506.4
Ordinary profit	170.0	320.0	(515.7)
Net income	80.0	150.0	(465.4)

[Non-consolidated] (Billions of yen)

	FY2003 forecast		FY2002 result
	1st half		
Operating income	7.0	55.0	131.5
Ordinary profit	5.0	50.0	119.6
Net income	5.0	50.0	124.7

1. Overview of FY2002

2. Management policy in FY2003

3. Improve asset quality - SMBC

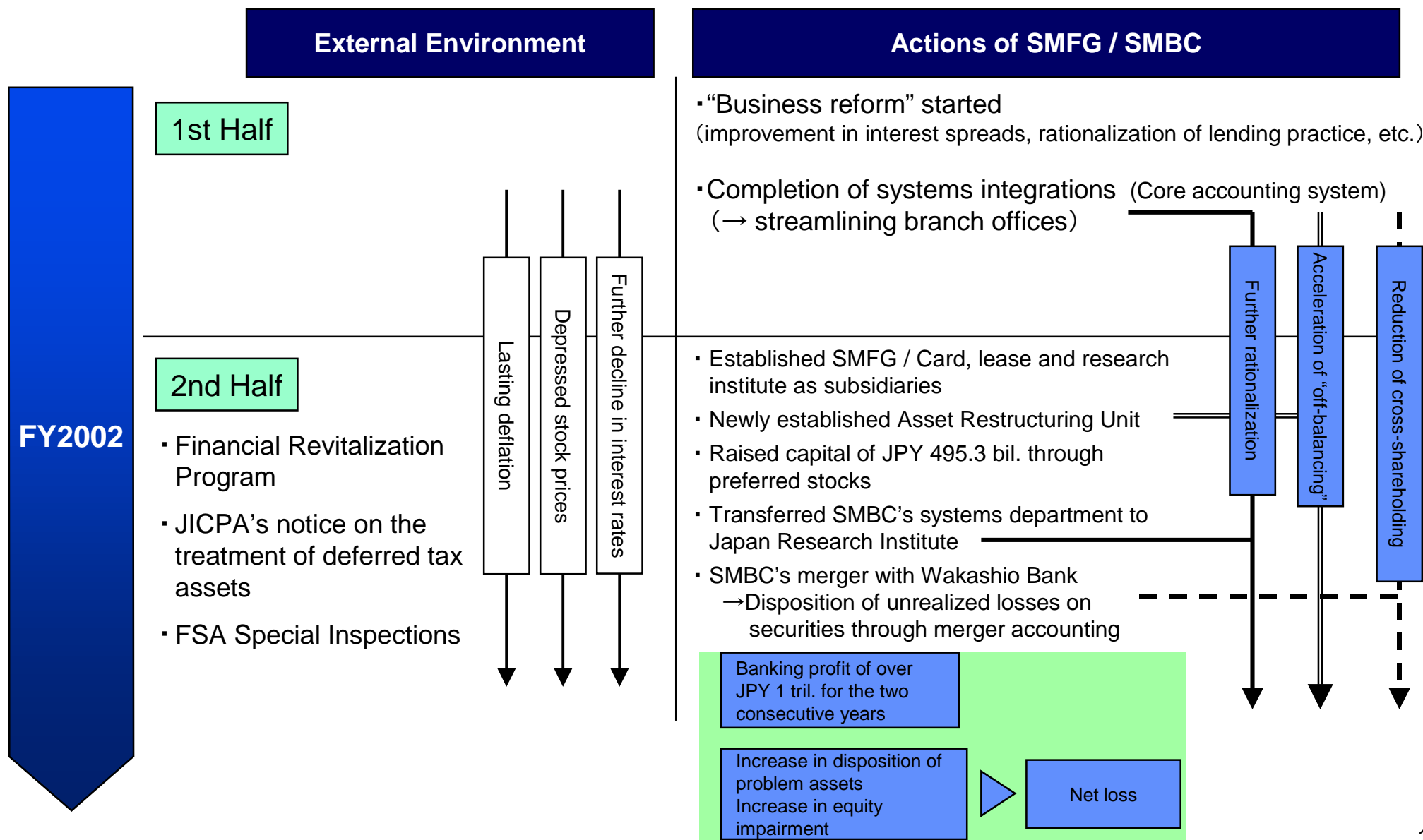
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- (2) Initiative for reduction of problem assets
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4. Enhance profitability - SMBC

- (1) Basic approaches
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- (3) Corporate banking (SME)
 - “Business Reform” in lending business
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loan syndications / investment banking business
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5. Mid-term Targets

1. Overview of FY2002



2. Management policy in FY2003

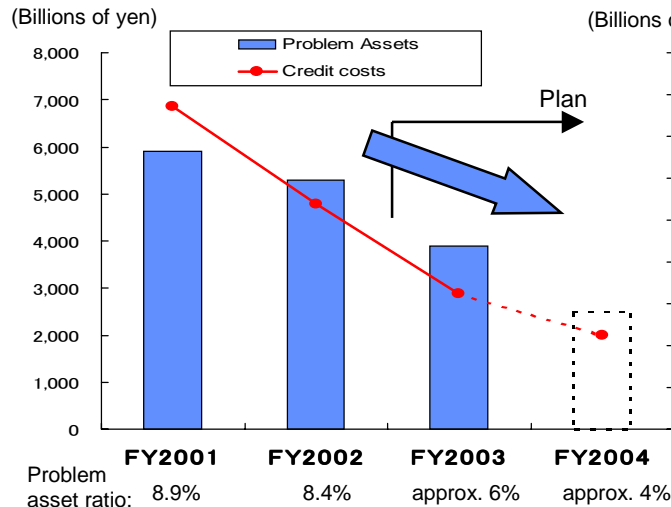
SMFG will achieve 3 goals within two years:

- Reinforce balance sheet → - Cut problem asset ratio by half
- Reduce stockholdings further
- Establish highly-profitable business models → Establish earnings structure to ensure banking profit of JPY 1 tril.
- Secure and expand net income → JPY 100 bil. in FY2003, grow substantially thereafter

SMBC

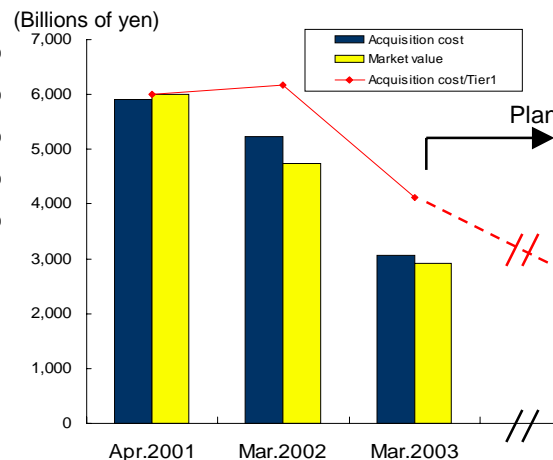
Problem assets

- Cut problem asset ratio by half within two years (FY2003-04)
- Reduce credit costs



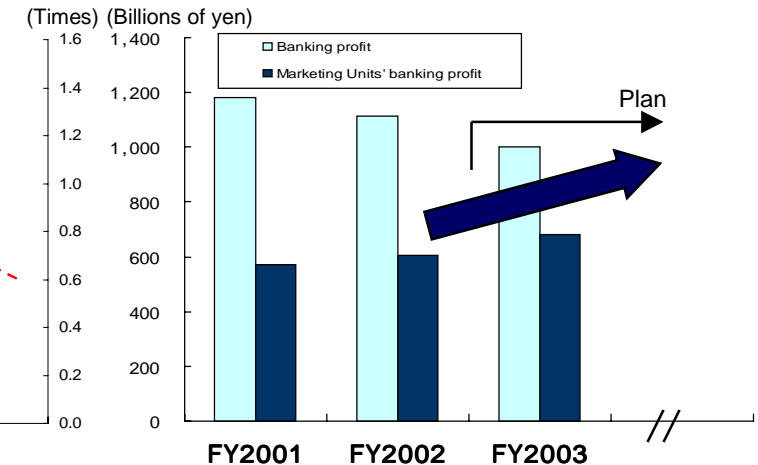
Stock holdings

- Reduce exposure to stockholdings to reduce stock price fluctuation risk



Banking profit

- Establish earnings structure to ensure banking profit of JPY 1 tril.
- Boost Marketing Units' banking profit in the next two years



* Figures of listed stocks and over-the-counter stocks (SMBC non-consolidated)
 ** Tier 1 Capital figures are after-merger basis in round number for Apr. 2001, SMBC consolidated basis for Mar. 2002. SMFG consolidated basis for Mar. 2003.

3. Improve asset quality – SMBC (1)

Reduce problem assets drastically



Balance of problem assets*

*based on the Financial Reconstruction Law

FY2003 Plan

- Problem assets : JPY 3,900 bil.
- Problem asset ratio : 6% (approx.)

FY2004 Plan

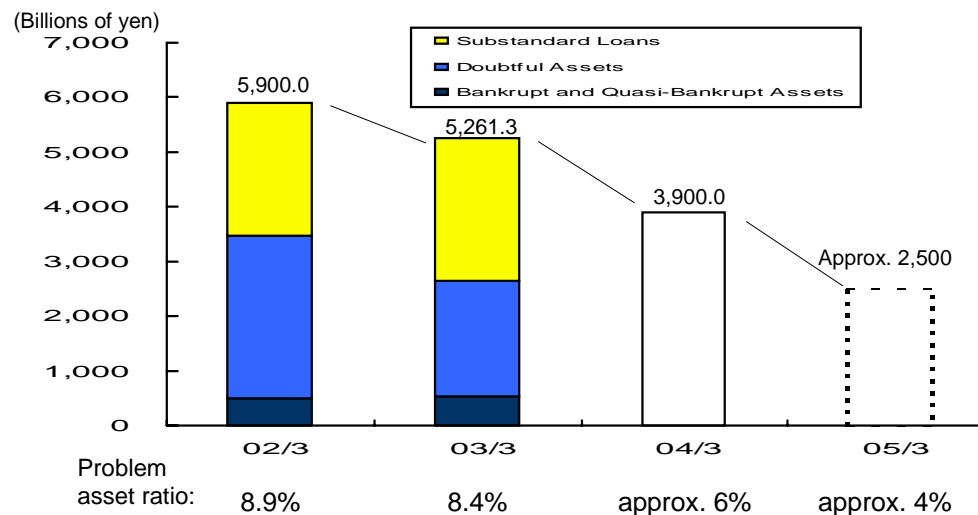
- Problem assets : JPY 2,500 bil. (approx.)
- Problem asset ratio : 4% (approx.)

Credit cost

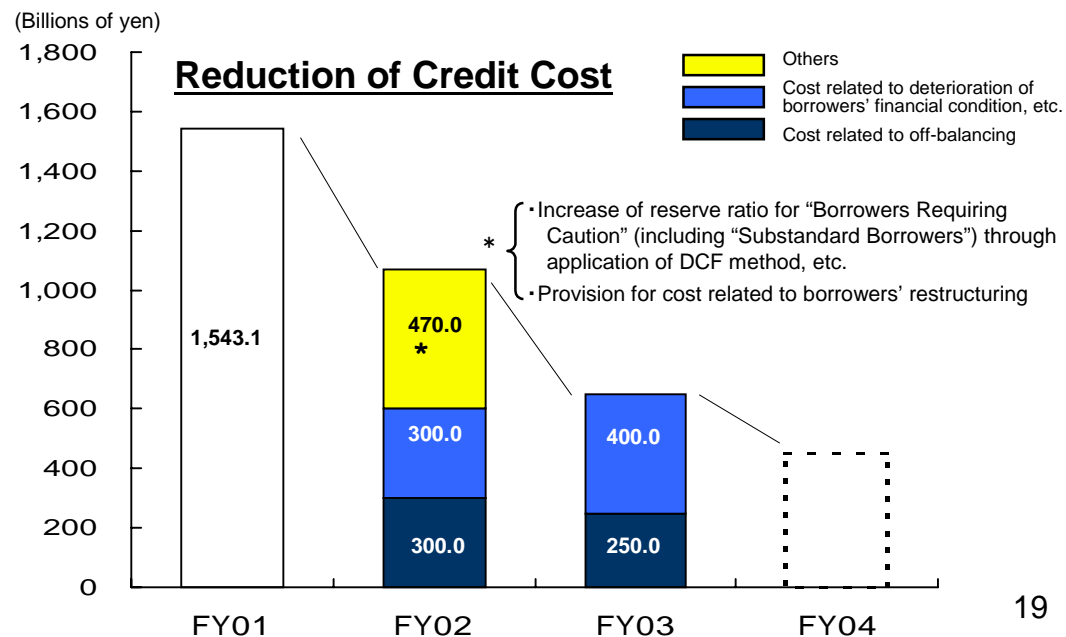
FY2003 Estimate

JPY 650 bil.

Reduction of Problem Assets



Reduction of Credit Cost



3. Improve asset quality – SMBC (2)

Initiative for reduction of problem assets

**FY03 plan: Decrease problem assets to JPY 3.9 tril. in total (down by JPY 1.4 tril.),
Credit cost of JPY 650 bil.**

<Based on the Financial Reconstruction Law>

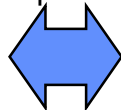
Revitalization and work-outs of problem borrowers

Preventing further deterioration of Borrowers Requiring Caution

Asset Restructuring Unit

- Accelerate of “off-balancing”
- Deploy new measures (collaboration with GS, etc.)
 - Advisory towards rehabilitation of respective corporations
 - Establish a fund or other vehicles to divest real estate collateral
- Use IRCJ & RCC proactively

Cooperation



Middle Market Banking Unit

- Formulate action plans for approx. 1,000 Borrowers Requiring Caution
Companies needing rehabilitation, prevention of asset deterioration, focused management
- Raise the weight of NPL disposure in the internal evaluation

Director in-charge

Asset Restructuring Unit

Credit departments

Department in-charge of final disposal

Cooperation



Corporate Banking Unit

- Formulate action plans for approx. 200 companies
→ Reduce risks using measures such as securitization, loan syndications, revitalization (M&A, etc), in addition to further increase in reserves
- Raise the weight of NPL disposure in the internal evaluation

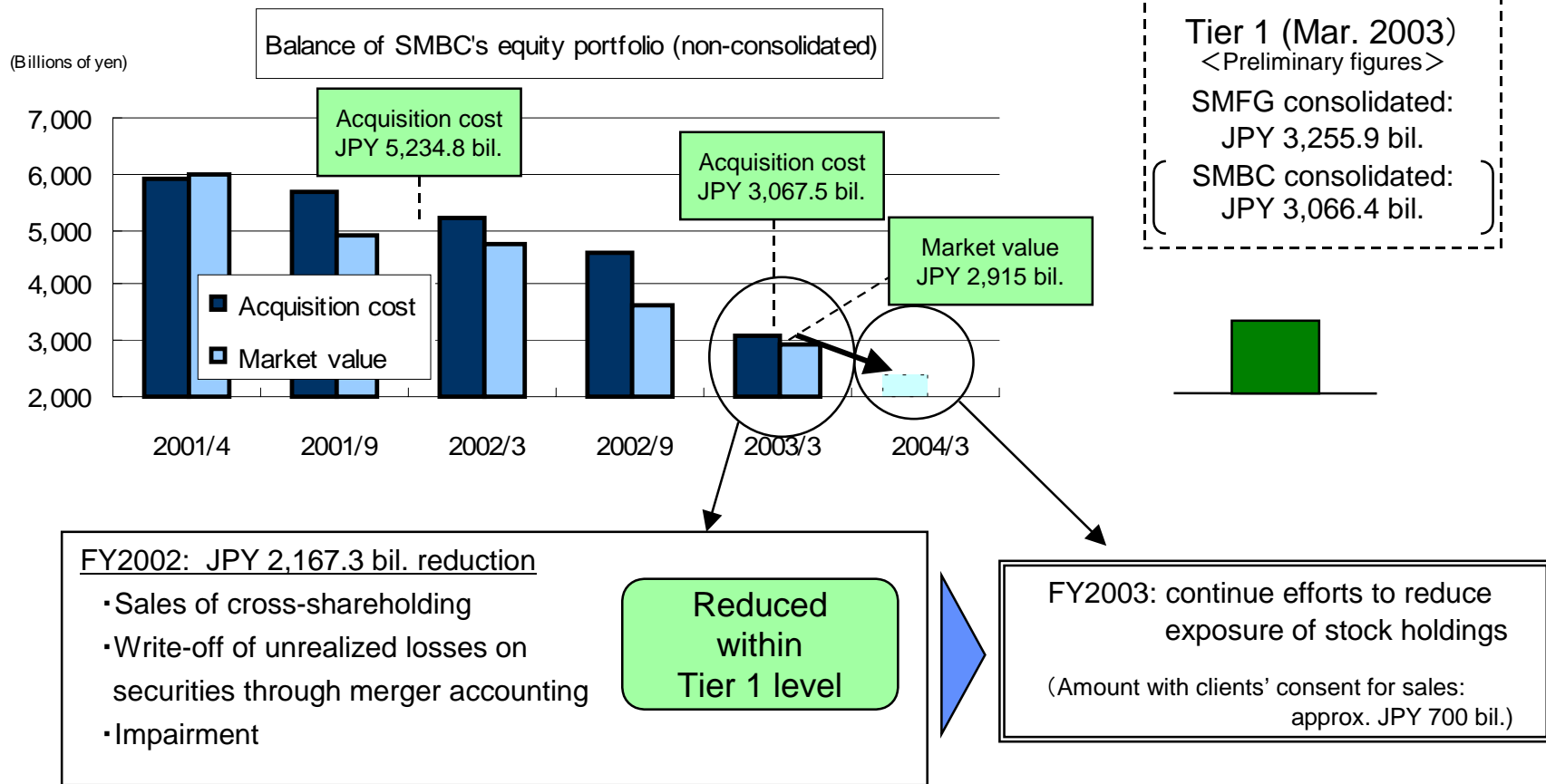
*Aggregate professionals within the bank (Investment Banking, Legal, Accounting, etc)

- M&A
- MBO, LBO financing
- Real estate non-recourse loan
- DIP finance
- Securitization of assets

*Utilize GS expertise

3. Improve asset quality – SMBC (3)

Reduce stock-holdings further



(Reference) Unrealized gain / loss on "other securities" (Billions of yen)

	2001/4 (after merger)	2001/9	2002/3	2002/9	2003/3
Stocks	93.8	(798.7)	(500.9)	(933.1)	(152.4)

4. Enhance profitability – SMBC (1)

Basic approaches



Basic approaches toward enhancement of profitability

Gross Banking Profit : Clarify risks to be taken
Establish highly-profitable business models
Expense : Implement low-cost operations thoroughly

Corporate Banking Business

Revise business models focusing on lending business

- Progress “Business Reform” through increase in loans with better risk-return profile by: “Reform of credit approval system”, and “Expansion of better risk-return loan products”
- Enhance loan syndications and investment banking business

Consumer Banking Business

Establish new business models, and enhance competitive edge

- Consulting Business (Sales of investment trusts and pension type insurance)
- Loan Business

Low-Cost Operations

Reduce costs through further rationalization

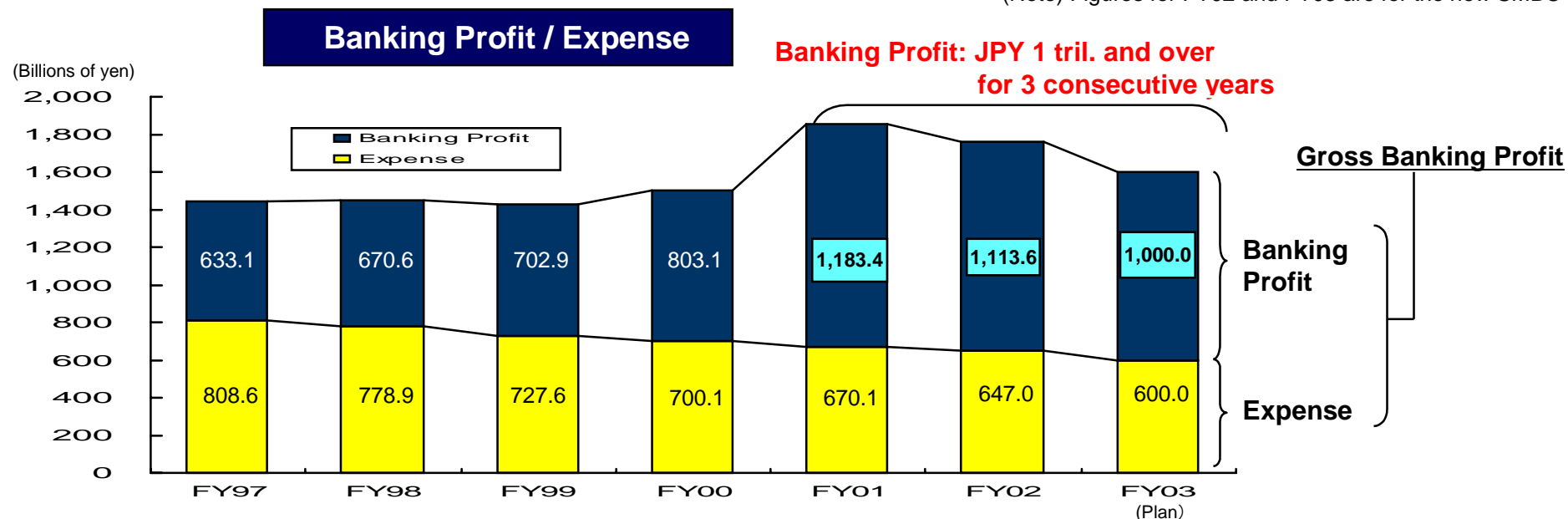
- Establish cost structure with annual expense of JPY 600 bil. a year ahead of the original plan

4. Enhance profitability – SMBC (2)

Establish earnings structure to ensure JPY 1 tril. banking profit



(Note) Figures for FY02 and FY03 are for the new SMBC



Financial results and the plan in FY03 of the Marketing Units

	FY01	FY02	FY03(Plan)	(Billions of yen)
				Change from FY01
Gross banking profit	1,144.0	1,130.9	1,189.2	45.2
Banking profit	572.1	605.1	682.9	110.8
Ratio to the total banking profit of SMBC	48%	54%	68%	20%
Non-interest income	271.0	351.6	360.0	89.0
Ratio to gross banking profit	24%	31%	30%	6%
Overhead ratio of SMBC	* 36%	37%	38%	1%

* 41% when excluding temporary factor

4. Enhance profitability – SMBC (3)



Corporate Banking (SME) – “Business Reform” in lending business (i)

FY2002

Promote “Business Reform”

→ **concrete results**

Reexamine domestic lending operations

(1) Loan margin management based on credit risk

Middle Market Banking Unit:	JPY 20.4 tril.+24bp
Interest spreads improvement targets	JPY 11.5 tril.+40bp
Corporate Banking Unit	JPY 8.5 tril.+13bp
Total of 2 business units	JPY 28.9 tril.+22bp

(2) Review of lending schemes:

Initiative to refine lending terms and conditions to reflect
use of proceeds / sources of repayment

(3) Contractual agreement on conditions of loans:

Expansion in application of covenants

Strengthen risk-taking abilities

•Introduction of new risk-taking products JPY 1,252.8 bil.	Business Select Loan	JPY 455.3 bil.
	Middle II Fund	JPY 546.1 bil.
	SMBC-CLO	JPY 251.4 bil.

Expand non-interest income through the strengthening of solution-driven marketing

•Non-interest income of Middle Market Banking Unit:

Approx. JPY 232 bil. (approx. JPY 73 bil. increase from previous year)

4. Enhance profitability – SMBC (3)

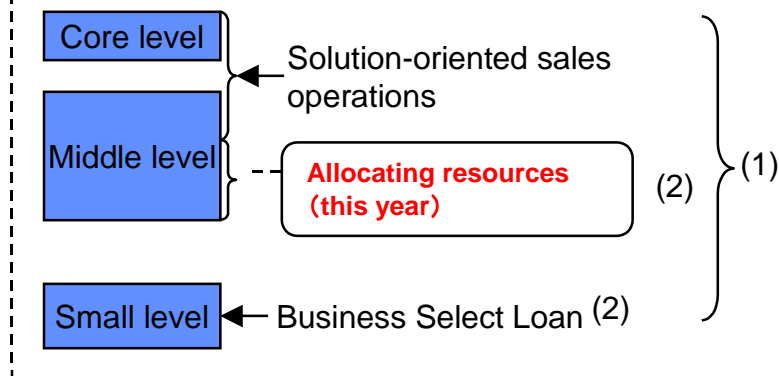
Corporate Banking (SME) – “Business Reform” in lending business (ii)



FY2003

Accelerate “Business Reform” through increase of loan volume with better risk-return profile

Middle Market Banking Unit Strategies according to segments



(1) Rationalize interest margin

• Improve loan margin

Middle Market Banking Unit: +16 bp (2 years cumulative: +40 bp)

(2) Increase loan volume with better risk-return profile

• Reform credit approval system

Reform credit departments in approval methods and process, credit responsibility and operations

• Promote and expand risk-taking products

Risk-taking type loans: **FY2003 + JPY 2.3 tril.**

Middle level targeted (N fund)/CLO	+JPY 1.7 tril.
Business Select Loan	+JPY 0.6 tril.

4. Enhance profitability – SMBC (3)

Corporate Banking (SME) – Reform credit approval system and expand better risk-return loan products



Transform lending business from “buy and hold” to “origination and distribution”

Apply more sophisticated risk control techniques

- Rationalize risk-return profiles through thorough application of standard interest rates
- Portfolio-type risk control based on credit ratings and credit risk calculations

Increase loans towards SMEs by establishing an adequate risk-taking system

Reform credit approval system

Standardize credit approval methods

Quicken speed and reduce cost of credit approval process

Small Market	Portfolio-type credit management centered around BSL Simple credit approval system based on scoring Database marketing
Middle Market	Introduction of "Simple judgement-type review" and "Standard judgement-type" approval Sustaining returns that correspond to risks taken of Credit judgement based on evaluation on cash flows

Simplify credit approval process and delegate credit judgment to operational levels more widely, based on establishment of risk control techniques and standardization of approval methods

- max. 30% reduction in costs for credit approval at operational levels
- About 20% reduction in credit approval-related human resources

	Main loan products	FY2003 Plan
Middle Market	New risk-taking product ("N Fund") based on simple-type & standard judgement-type review process	JPY 1,700 bil.
Small Market	Business Select Loan	JPY 600 bil.
	Total	JPY 2,300 bil.

4. Enhance profitability – SMBC (4)

Corporate Banking – Strengthen non-interest income through solution-driven marketing:
loan syndications / investment banking business



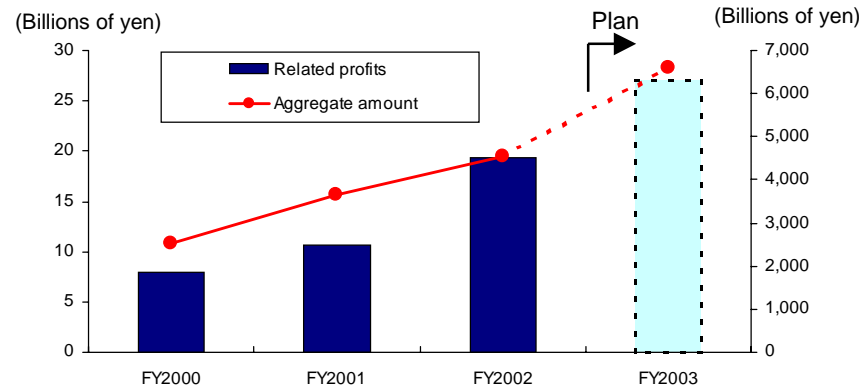
FY2002: Allocation of resources into growth / high-profit businesses

→ Increase profits from non-interest business

FY2003: Further strengthening of profitable businesses, further promote cooperation with Daiwa SMBC Securities

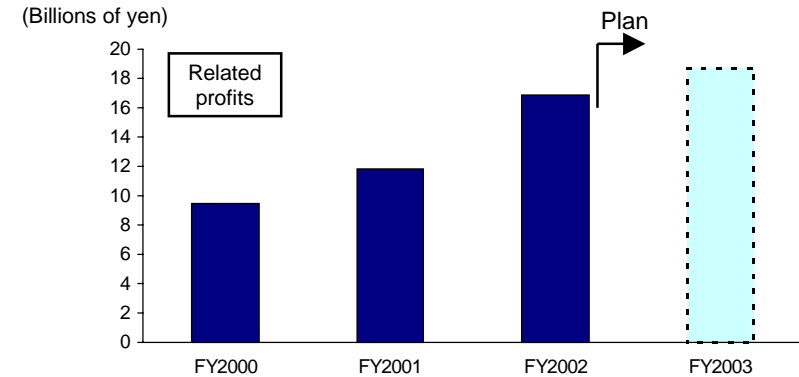
Loan Syndications

(Smooth growth → Continued strengthening of loan syndications)



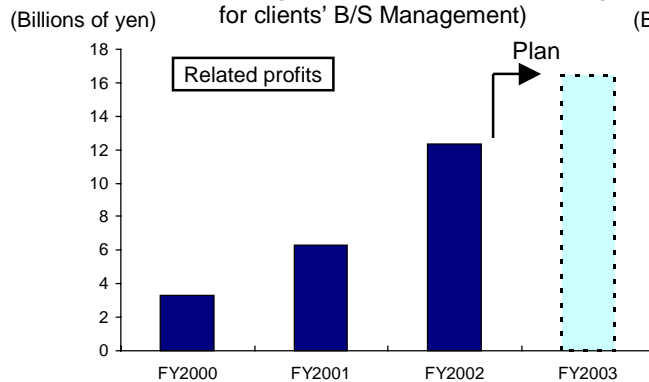
Structured Financing

(Growth based on FA business → Further strengthening)



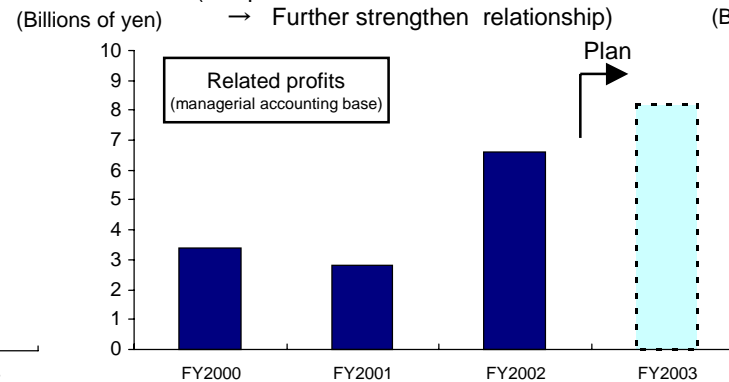
Securitization of Money Claims

(Further strengthen solution-driven marketing for clients' B/S Management)



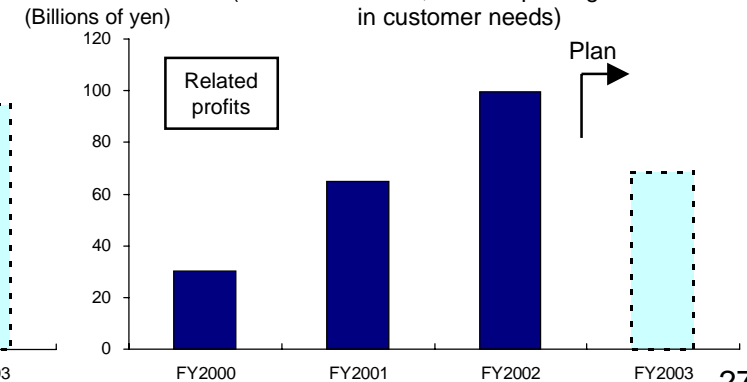
M&A

(Cooperation with Daiwa SMBC Securities → Further strengthen relationship)



Derivative Sales

(Continued efforts, while expecting decline in customer needs)



4. Enhance profitability – SMBC (5)

Consumer Banking – Establish new business models and further enhance competitive edge



FY2002: Develop new business models

Adequate results in high-margin products ⇒ Secured dominant position relative to other Japanese banks

Acceleration of optimization (integration of domestic branches: 564 branches → 401 branches*)

*including 2 combined branches, not including 34 branches of former Wakashio Bank

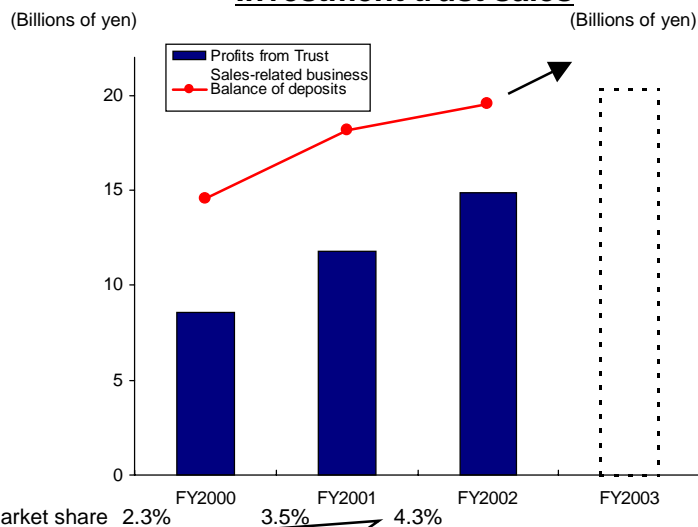
FY2003: Establish and apply new business models more widely

Fortify competitive edge further (increase in productivity)

Realize concrete results in terms of profitability, accelerate optimization further

Consulting Business

Investment trust sales



Clients' assets under account:
At dominating position among Japanese banks
Growth rate of clients' assets:
The only company that increased its growth rate among top 5 companies (according to company research)

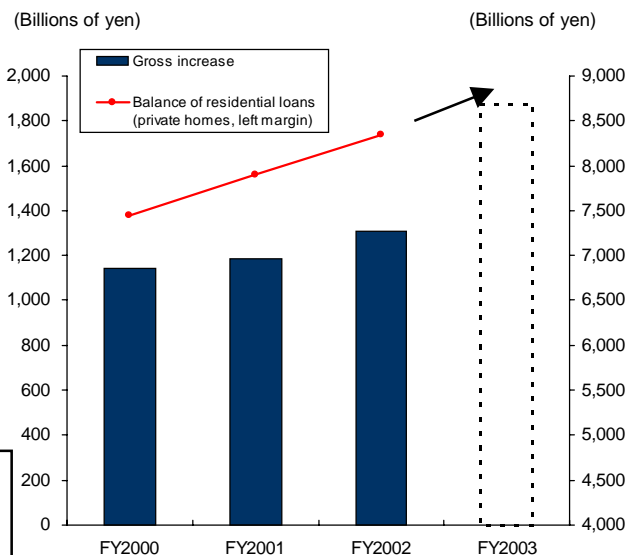
Pension type insurance sales

JPY 99.4 bil. in 2H2002

Loan Business

Mortgage loans

Risk pricing, automatic screening, strengthening of local foothold



Amount of origination in FY2002 was the most of the 4 Bank Groups (according to company research)

Consumer Finance

Sumitomo Mitsui Banking Corporation:
Card loans
Sumitomo Mitsui Card:
Cashing, loans, Revolving loan
QUOQ:
Installments, credit cards, loans
@Loan: Loans



Total size of credits:
JPY 2 tril. group-wide
(including installments)

**Further accelerate and fortify
as the group**

4. Enhance profitability – SMBC (6) Promote further rationalization



FY2002: Progress in cost reduction

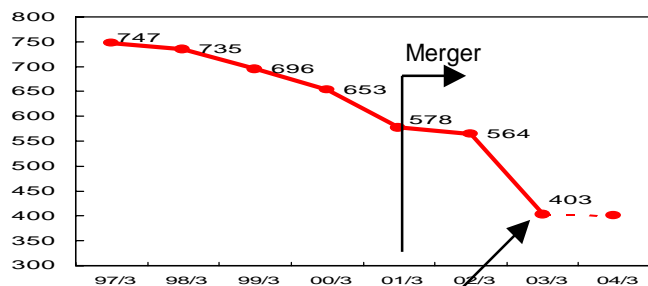
* Figures below exclude those for the former Wakashio Bank
(34 branches, 623 employees and JPY 8.1 billion in expense)

Number of domestic branches:

Completion of systems integration

→ extensive integration of branch network

Establishment of “400-branch structure” mostly completed

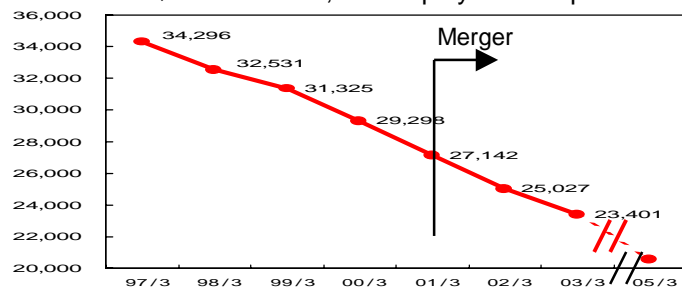


401 when excluding 2 combined branches

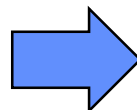
Number of employees:

Reduction progressing according to plan

(reduction of 1,626 employees compared with 02/3)



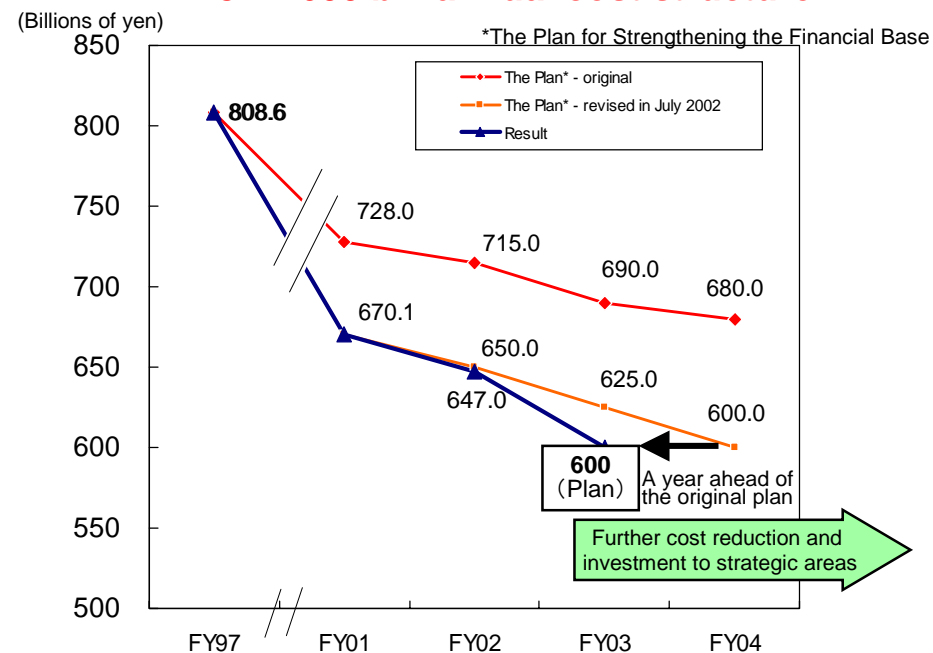
Cost reduction in FY02 (result): JPY 31.2 bil.



FY2003: Additional cost reduction through further rationalization

* Figures below for FY02 and after are those for the new SMBC

A-year-ahead achievement of “JPY 600 bil. annual cost structure”



Further cost reduction and investment to strategic areas

<Major actions>

- Reduce personnel expenses
- Rationalize under new structure for IT systems management
- Rationalize branch operations and administration
- Improve procurement activities

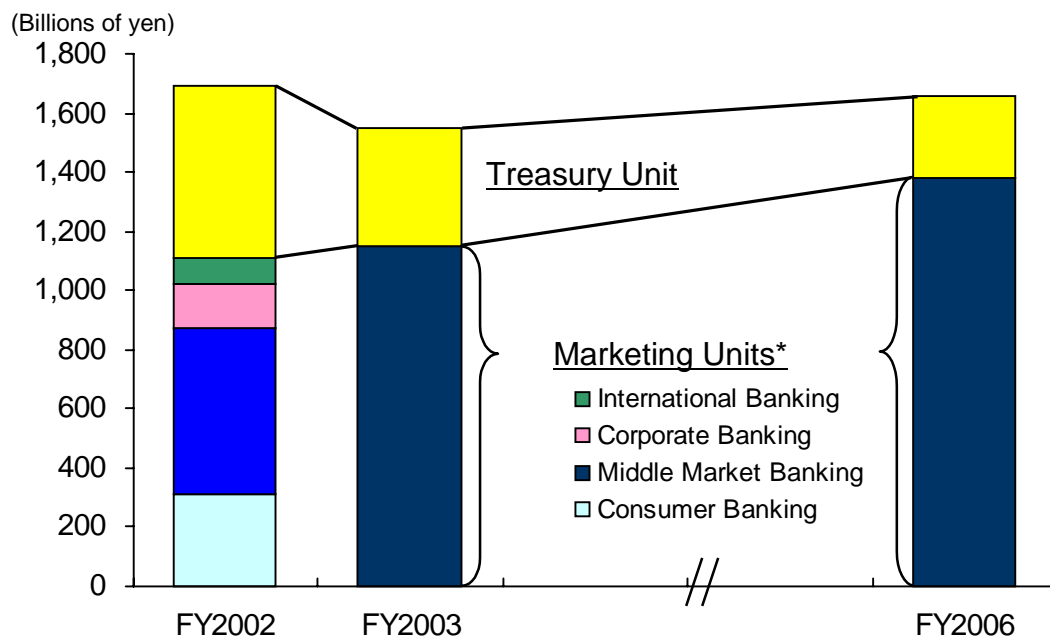
Cost reduction in FY03 (target): JPY 47.0 bil.

5. Mid-term Targets

Allocate resources into business areas with high possibility of growth in profits

“Growth in profits of marketing business units “
to secure a stable foundation of profits

SMBC Non-consolidated gross profit
(excluding corporate overhead of headquarters)



*Includes Community Banking Unit from FY2003 onwards



Increase the weight of gross profit from marketing business units within gross banking profit
63% (FY2002) → About 80% (FY2006)
Level of profit: over JPY + 250 bil.
(FY2002 → 2006)

- Consumer Banking Unit
→ Residential loans, consulting business
- Middle Market Banking Unit
→ loans to SMEs, improvement of interest spreads, loan syndications & investment banking business
- Corporate Banking Unit
→ Loan syndications & investment banking business
- International Banking Unit
→ Asia-related business, cross-border transactions

Accomplish JPY 600 bil. annual expense structure in FY2003
invest additional cost savings into strategic business areas hereafter

3 companies under Holding Company:
Target significant increase in profitability
- Drastic strengthening of consumer finance Business, etc.

1. **Financial highlights in recent years**
2. **Gross banking profit**
3. **Loan balance and interest rates**
4. **Expense reduction**
5. **Non-recurring gains(losses)/ extraordinary gains(losses)**
6. **Average balance and yield of major items (domestic)**
7. **Disclosure of problem assets**
8. **Problem assets based on the Financial Reconstruction Law & coverage ratios**
9. **Progress of “off-balancing”**
10. **Loan portfolio and problem assets, classified by industry**
11. **Unrealized gains(losses) on securities**
12. **Equity portfolio - composition by industry**
13. **Capital transactions between SMFG and its banking subsidiaries**
14. **SMFG’s stockholders’ equity (SMFG non-consolidated)**
15. **SMBC’s stockholders’ equity and merger accounting**
16. **SMFG’s distributable profit**
17. **Business select loans**
18. **Consumer banking**
19. **Investment trust sales**
20. **Remote banking (“One’s direct”)**
21. **Domestic channels – ATMs, etc.**
22. **Sumitomo Mitsui Card**
23. **SMBC Leasing**
24. **Japan Research Institute**
25. **Daiwa Securities SMBC**
26. **GS preferred stock**
27. **Credit extension to GS**
28. **Overseas SPV preferred stock**

(Appendix 1) Financial highlights in recent years



(Billions of yen)

	FY1998	FY1999	FY2000	FY2001	FY2002
Gross banking profit	1,449.5	1,434.5	1,503.2	1,864.9	1,760.6
Expenses	(778.9)	(727.6)	(700.1)	(678.4)	(647.0)
Banking profit ^{*1}	670.6	702.9	803.1	1,186.5	1,113.6
Credit cost	(2,095.9)	(1,130.6)	(819.1)	^{*2} (1,546.2)	(1,074.5)
Ordinary profit	(1,495.2)	336.4	359.2	(521.6)	(597.2)
Net income	(749.4)	105.9	137.8	(322.9)	(478.3)

*1 Excluding transfers to general reserve for possible loan losses

*2 Including credit cost of JPY770 mil. for the former Wakashio Bank, which was booked in extraordinary losses.

(Note)

Figures for FY2000 and before are combined totals for the former Sakura Bank and Sumitomo Bank, not including the former Wakashio Bank.

(Appendix 2) Gross banking profit



(Billions of yen)

	FY2001	FY2002	
			Change
Gross domestic profit	1,267.7	1,252.9	(14.8)
<Excluding gains (losses) on bonds>	<1,211.8>	<1,180.8>	<(31.0)>
Net interest income	1,089.9	1,025.8	(64.1)
<Gains on interest rate sw aps>	<31.6>	<47.8>	<16.2>
Net fees and commissions	122.5	152.9	30.4
Net trading income	1.0	2.5	1.5
Net other operating income	54.3	71.7	17.4
<Gains (losses) on bonds>	<55.9>	<72.1>	<16.2>
Gross international profit	597.2	507.7	(89.5)
<Excluding gains (losses) on bonds>	<586.0>	<444.1>	<(141.9)>
Net interest income	388.6	205.9	(182.7)
<Gains on interest rate sw aps>	<141.8>	<158.0>	<16.2>
Net fees and commissions	43.0	41.8	(1.2)
Net trading income	83.9	127.1	43.2
Net other operating income	81.7	132.9	51.2
<Gains (losses) on bonds>	<11.2>	<63.6>	<52.4>

(Reference)

Adjustments related to the items consisting of gross international profit

(Billions of yen)

	FY2001	FY2002	Change
Net interest income	(8.6)	8.4	17.0
Net trading income	(36.4)	(66.4)	(30.0)
Net other operating income	45.0	58.0	13.0

Major factors in increase/decrease

- Domestic net interest income: (64.1)
 - Decrease in loan volume
 - Decrease in dividends from domestic subsidiaries
- Domestic net fees & commissions: +30.4
 - Increase in fees related to loan syndication, securities business, etc.
 - Increase in fees related to investment trusts
- International net interest income: (182.7)
 - Decrease in dividends from overseas subsidiaries
- International net trading income: +43.2
 - Increase due to good performance of sales of derivatives products to clients

(Appendix 3) Loan balance and interest rates



Loan balance and interest rates in domestic marketing units

(Billions of yen,%)

		FY2001		FY2002		Change	
		Average balance	Average yield	Average balance	Average yield	Average balance	Average yield
Loans		53,944.4	1.84	53,858.7	1.73	(85.7)	(0.11)
	Loans to National Treasury	1,307.3	0.09	2,675.3	0.09	1,368.0	(0.00)
	Others	52,637.1	1.89	51,183.4	1.82	(1,453.7)	(0.07)
Deposits, etc.		57,656.9	0.09	57,399.5	0.04	(257.4)	(0.05)
Interest spread			1.75		1.69		(0.06)
	Excluding loans to National Treasury		1.80		1.78		(0.02)

(Appendix 4) Expense reduction



(Billions of yen)

	FY2001	FY2002	
			Change
Expenses (excluding non-recurring losses)	(678.4)	(647.0)	31.4
Personnel expenses	(276.5)	(253.9)	22.6
Non-personnel expenses	(369.8)	(357.7)	12.1
Taxes	(32.1)	(35.4)	(3.3)
Overhead ratio	36.4%	36.7%	0.3%

Major factors in increase/decrease

•Personnel expenses: (22.6)

Decreased by the reduction of headcount by 1,634

Number of employees :

Mar. 31, 2002 25,658 [25,027]

Mar. 31, 2003 24,024 [23,401]

•Non-personnel expenses: (12.1)

Integration of branch network: reduction by 160 branches
(reduction by 163 branches in the former SMBC basis)

Number of domestic branches:

Mar. 31, 2002 597[564]

Mar. 31, 2003* 437[403] ...161 branches reduced

* Including two "combined branches" (two branches located at the same place)

(Note) Figures in [] do not include the former Wakashio Bank

[Non-consolidated]

(Appendix 5) Non-recurring gains (losses) / extraordinary gains (losses)



(Billions of yen)

	FY2001	FY2002	Change
Non-recurring gains (losses)	(1,203.4)	(1,472.7)	(269.3)
<Total credit cost>	<(1,546.2)>	<(1,074.5)>	471.7
Gains (losses) on stocks	(130.8)	(635.7)	(504.9)
External standard enterprise tax	(30.0)	(7.8)	22.2
Others	(1.9)	7.2	9.1
Ordinary profit (loss)	(521.6)	(597.2)	(75.6)
Extraordinary gains (losses)	(15.0)	(73.8)	(58.8)
Gains (losses) on disposition of premises and equipment	(14.3)	(26.2)	(11.9)
Gains on disposition of premises and equipment	4.4	5.5	1.1
Losses on disposition of premises and equipment	(18.7)	(31.7)	(13.0)
Amortization of net transition obligation from initial application of the new accounting standard for employee retirement benefits	(20.2)	(20.2)	0.0
Income (loss) before income taxes	(536.6)	(671.0)	(134.4)
Income taxes, current	(32.7)	(40.3)	(7.6)
Income taxes, deferred	246.5	233.0	(13.5)
Net income (loss)	(322.8)	(478.3)	(155.5)

*includes credit cost of JPY770 mil. for the former Wakashio Bank, which was booked in extraordinary losses.

Reversal of previous year's reserve caused by the deferment of external standard enterprise tax in Osaka Prefecture for FY2001

Losses on disposition of software concerning systems integration included in addition to the items below (16.2)

Losses on disposition of branches concurrent with branch integration and closure

Straight-line amortization over five years from FY2000

Increase in loss carried forward due to tax exempt deduction for loan loss reserves 311.5
 Taxable devaluation of stocks, etc. 308.6
 Reduction of deferred tax assets (454.7)
 Effect of new nationwide external standard taxation 67.6

Income taxes, deferred 233.0

(Appendix 6) Average balance and yield of major items (domestic)



(Billions of yen)

	FY2001		FY2002		Change	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Interest earning assets	78,510.4	1.54%	74,671.8	1.47%	(3,838.6)	(0.07%)
Loans and bills	53,944.4	1.84%	53,858.7	1.73%	(85.7)	(0.11%)
Securities	19,744.2	0.90%	18,847.1	0.65%	(897.1)	(0.25%)
Yield on interest earning assets		1.54%		1.47%		(0.07%)

	FY2001		FY2002		Change	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Interest bearing liabilities	72,903.2	0.16%	74,115.7	0.10%	1,212.5	(0.06%)
Deposits, etc.	57,656.9	0.08%	57,399.5	0.04%	(257.4)	(0.04%)
Expense ratio		0.82%		0.78%		(0.04%)
Total cost of funding (including expenses)		0.98%		0.88%		(0.10%)

	FY2001	FY2002	Change
Overall interest spread	0.56%	0.59%	0.03%
Interest spread	1.76%	1.69%	(0.07%)

(Appendix 7) Disclosure of problem assets

Category of Borrowers under Self-Assessment	<As of Mar. 31, 2003>				(Billions of yen)	
	Disclosed Assets based on the Financial Reconstruction Law	Classification under Self-Assessment			Reserve for Possible Loan Losses	Reserve Ratio
		Classification I	Classification II	Classification III	Classification IV	
Bankrupt Borrowers	Bankrupt and Quasi-Bankrupt Assets 524.9 (Change from Mar. 31, 2002: +26.6)	Portion of claims secured by collateral or guarantees, etc. 507.8	Fully reserved 17.1	Direct Write-offs (*1)	Specific Reserve 23.8 (*2)	100% (*3)
Effectively Bankrupt Borrowers						
Potentially Bankrupt Borrowers	Doubtful Assets 2,129.5 (Change from Mar. 31, 2002: -852.8)	Portion of claims secured by collateral or guarantees, etc. 959.4	Necessary amount reserved 1,170.1		Specific Reserve 926.2 (*2)	79.2% (*3)
Borrowers Requiring Caution	Substandard Loans 2,606.9 [Change from Mar. 31, 2002: +167.2] (Claims to Substandard Borrowers)	Portion of Substandard Loans secured by collateral or guarantees, etc. 1,078.4			General Reserve for Substandard Loans 540.9	33.7% (*3)
	Normal Assets 57,313.4	Claims to Borrowers Requiring Caution, excluding claims to Substandard Borrowers			General Reserve 1,113.2	6.0% [12.8%] (*4)
Normal Borrowers		Claims to Normal Borrowers				0.2% (*4)

(*1) Includes direct reduction of JPY 954.0 billion.

(*2) Includes reserves for assets which are not subject to disclosure based on the Financial Reconstruction Law disclosure standards.
(Bankrupt / Effectively Bankrupt Borrowers: JPY 6.7 billion, Potentially Bankrupt Borrowers: JPY 9.2 billion)

(*3) Reserve ratios to Bankrupt Borrowers, Effectively Bankrupt Borrowers, Potentially Bankrupt Borrowers, Substandard Borrowers and Borrowers Requiring Caution including Substandard Borrowers are the proportion of the reserve to the respective claims of each category, excluding the portion secured by collateral or guarantees, etc.

(*4) Reserve ratios to Normal Borrowers and Borrowers Requiring Caution excluding Substandard Borrowers are the proportion of the reserve to the respective claims of each category.

A figure in [] indicates the proportion of the reserve to the claims to Borrowers Requiring Caution, excluding Claims to Substandard Borrowers, excluding the portion secured by collateral or guarantees, etc.

(*5) The proportion of the reserve to the claims, excluding the portion secured by collateral or guarantees, etc.

(Appendix 8) Problem assets based on the Financial Reconstruction Law & coverage ratios



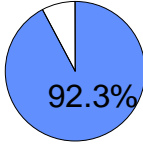
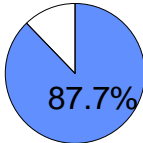
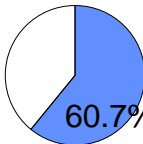
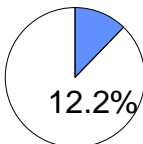
(Billions of yen)

	Problem assets based on the Financial Reconstruction Law(A)			Total coverage (B)			Coverage ratio (B/A)		
	March 31, 2002	March 31, 2003	Change	March 31, 2002	March 31, 2003	Change	March 31, 2002	March 31, 2003	Change
	Bankrupt and Quasi-Bankrupt Assets	493.5	524.9	31.4	493.5	524.9	31.4	100.0%	100.0%
Doubtful Assets	2,970.2	2,129.5	(840.7)	2,633.8	1,885.6	(748.2)	88.7%	88.5%	(0.2%)
Substandard Loans	2,436.3	2,606.9	170.6	1,390.1	1,619.3	229.2	57.1%	62.1%	5.0%
Total	5,900.0	5,261.3	(638.7)	4,517.4	4,029.8	(487.6)	76.6%	76.6%	-

* Figures for March 31, 2002 do not include the former Wakashio Bank. The balance of disclosed assets of the Wakashio Bank as of March 31, 2002 was JPY20.3 bil.

(Appendix 9) Progress of “off-balancing”



Term-end balance of problem assets* (Billions of yen)	“Off-balancing” results**	(Achievement ratio)
Existing borrowers as of September 30, 2000 3,247.8	(2,998.9)	
Newly deteriorated borrowers in 2H2000: 711.4	(623.9)	
Newly deteriorated borrowers in FY2001 2,146.0	(1,302.8)	
Newly deteriorated borrowers in FY2002 1,212.2	(148.4)	

* Total balance of problem assets classified as Doubtful Assets or lower under the Financial Reconstruction Law

** Off-balanced amount includes: (1) Disposition by borrowers' liquidation; (2) Re-constructive disposition; (3) Improvement in debtors' performance as a result of re-constructive disposition; (4) loan sales to market; (5) write-offs; and (6) others (including collection/repayment and improvement in debtor performance). The amount includes the result of measures connected to “off-balancing”.

(Appendix 10) Loan portfolio and problem assets, classified by industry



Total loans		
(Millions of yen)		
	Mar. 31, 2003	
		Risk-Monitored Loans
Domestic offices (excluding offshore banking account)	53,795,885	5,045,798
Manufacturing	6,031,262	219,954
Agriculture, forestry, fisheries, and mining	192,795	4,570
Construction	2,385,278	688,800
Transportation, communications and other public enterprises	2,968,971	134,852
Wholesale and retail	5,812,485	533,638
Finance and insurance	5,419,634	166,084
Real estate	8,240,327	2,052,350
Various services	5,622,703	949,154
Municipalities	508,144	-
Others	16,614,280	296,396
Overseas offices and offshore banking accounts	3,486,479	123,733
Public sector	119,468	11,639
Financial institutions	236,116	1,422
Commerce and industry	2,945,122	110,672
Others	185,772	0
Total	57,282,365	5,169,531

Balance based on the Financial Reconstruction Law		
(Millions of yen,%)		
	Mar. 31, 2003	
		Reserve ratio
Domestic offices (excluding offshore banking account)	5,111,997	54.3
Manufacturing	222,098	46.7
Agriculture, forestry, fisheries, and mining	4,571	47.3
Construction	721,706	65.7
Transportation, communications and other public enterprises	135,717	37.5
Wholesale and retail	539,974	41.2
Finance and insurance	168,045	54.3
Real estate	2,057,619	57.3
Various services	961,731	48.6
Municipalities	-	-
Others	300,536	71.9
Overseas offices and offshore banking accounts	149,348	58.4
Public sector	11,639	27.9
Financial institutions	1,422	-
Commerce and industry	136,287	62.6
Others	-	-
Total	5,261,345	54.9

(Millions of yen)		
	Mar. 31, 2002	
		Risk-Monitored Loans
Domestic offices (excluding offshore banking account)	54,863,439	5,691,294
Manufacturing	7,531,964	317,433
Agriculture, forestry, fisheries, and mining	183,762	5,215
Construction	2,871,745	1,014,604
Transportation, communications and other public enterprises	2,849,799	65,699
Wholesale, retail and restaurant	7,210,408	728,764
Finance and insurance	5,269,537	216,911
Real estate	8,612,718	2,043,461
Services	6,409,089	1,003,371
Municipalities	337,572	-
Others	13,586,834	295,836
Overseas offices and offshore banking accounts	5,438,880	145,298
Public sector	182,437	13,580
Financial institutions	372,246	2,963
Commerce and industry	4,689,758	128,755
Others	194,437	-
Total	60,302,319	5,836,592

(Millions of yen,%)		
	Mar. 31, 2002	
		Reserve ratio
Domestic offices (excluding offshore banking account)	5,753,026	49.9
Manufacturing	320,493	36.7
Agriculture, forestry, fisheries, and mining	5,218	64.2
Construction	1,035,509	53.9
Transportation, communications and other public enterprises	66,985	49.7
Wholesale, retail and restaurant	740,024	60.3
Finance and insurance	219,324	26.6
Real estate	2,047,293	42.7
Services	1,006,380	55.9
Municipalities	-	-
Others	311,800	76.5
Overseas Public sector	167,321	51.1
Public sector	13,580	21.8
Financial institutions	2,963	65.1
Commerce and industry	150,778	55.3
Others	-	-
Total	5,920,347	49.9

(Note) The "Japan Standard Industrial Classification" was revised by a public notice No.139 from the Ministry of Public Management, Home Affairs, Posts and Telecommunications, which was released on Mar. 7, 2002 and took effect on Oct. 1, 2002. Consequently, loans and bills discounted, classified by industry regarding "domestic offices excluding offshore banking accounts" before Mar. 31, 2002 are based on the "Japan Standard Industrial Classification" before this revision, and those as of Mar. 31, 2003 are based on "Japan Standard Industrial Classification" after this revision.

(Notes) 1. In addition to loans, "problem assets based on the Financial Reconstruction Law" includes acceptances and guarantees, suspense payments, and other credit-type assets.

2. Reserve Ratio = (reserve for possible loan losses) / (assets excluding amounts recoverable due to collaterals and guarantees) Reserve for possible loan losses is sum of general reserve for substandard loans and specific reserve. [Non-consolidated]

(Appendix 11) Unrealized gains (losses) on securities



[Non-consolidated] (Billions of yen)

	Mar. 31, 2003				Mar. 31, 2002		
	Net unrealized gains (losses)			Net unrealized gains (losses)			
		Change	Gains	Losses		Gains	Losses
Held-to-maturity purpose	3.8	2.7	3.9	(0.1)	1.1	1.2	(0.0)
Stocks of subsidiaries and affiliates	(20.4)	(20.3)	0.6	(21.1)	(0.1)	12.7	(12.8)
Other securities	(17.9)	464.6	257.7	(275.5)	(482.4)	244.6	(727.0)
Stocks	(152.4)	348.4	105.3	(257.6)	(500.7)	181.1	(681.8)
Bonds	108.7	71.1	112.4	(3.7)	37.6	55.8	(18.2)
Others	25.8	45.1	40.0	(14.2)	(19.3)	7.7	(27.0)
Other money held in trust	(0.0)	3.8	0.5	(0.6)	(3.8)	0.1	(4.0)
Total	(34.5)	450.7	262.7	(297.3)	(485.2)	258.7	(743.9)
Stocks	(172.8)	328.0	105.9	(278.7)	(500.8)	193.9	(694.7)
Bonds	111.5	73.5	115.2	(3.7)	38.0	56.2	(18.2)
Others	26.7	49.1	41.6	(14.9)	(22.4)	8.6	(31.0)

(Notes) 1. The figures in the above include unrealized gains(losses) on negotiable certificates of deposit in 'deposits with banks' and commercial papers as well as claims on loan trust in 'commercial paper and other debt purchased'.

2. Unrealized gains(losses) of stocks (excluding stocks of subsidiaries and affiliates) are calculated with the average market price during the final month of the fiscal year. Rest of the securities are evaluated at the market price as of the balance sheet date.

3. "Other securities" and "other money held in trust" are evaluated and recorded on the balance sheet at market prices. The figures in the table indicate the difference between the acquisition cost (or amortized costs) and the balance sheet amounts.

4. Figures of unrealized gains(losses) as of Mar. 31, 2003 are those after the write-off of unrealized losses on securities due to the merger. For the detail of the merger accounting, please see 21 (2).

[Consolidated] (Billions of yen)

	Mar. 31, 2003				Mar. 31, 2002		
	Net unrealized gains (losses)			Net unrealized gains (losses)			
		Change	Gains	Losses		Gains	Losses
Held-to-maturity purpose	5.9	5.0	6.0	(0.1)	0.9	1.3	(0.4)
Other securities	(30.6)	464.9	272.9	(303.6)	(495.5)	260.0	(755.5)
Stocks	(165.4)	343.9	113.0	(278.4)	(509.3)	192.6	(701.9)
Bonds	111.2	74.7	117.1	(5.9)	36.5	58.8	(22.4)
Others	23.6	46.3	42.9	(19.3)	(22.7)	8.6	(31.3)
Other money held in trust	(0.0)	3.8	0.5	(0.6)	(3.8)	0.1	(4.0)
Total	(24.8)	473.6	279.4	(304.2)	(498.4)	261.4	(759.9)
Stocks	(165.4)	343.9	113.0	(278.4)	(509.3)	192.6	(701.9)
Bonds	116.0	79.4	121.9	(5.9)	36.6	59.3	(22.7)
Others	24.6	50.4	44.5	(19.9)	(25.8)	9.5	(35.3)

(Notes) 1. The figures in the table include unrealized gains(losses) on negotiable certificates of deposit in 'deposits with banks' and commercial papers as well as claims on loan trust in 'commercial paper and other debt purchased'.

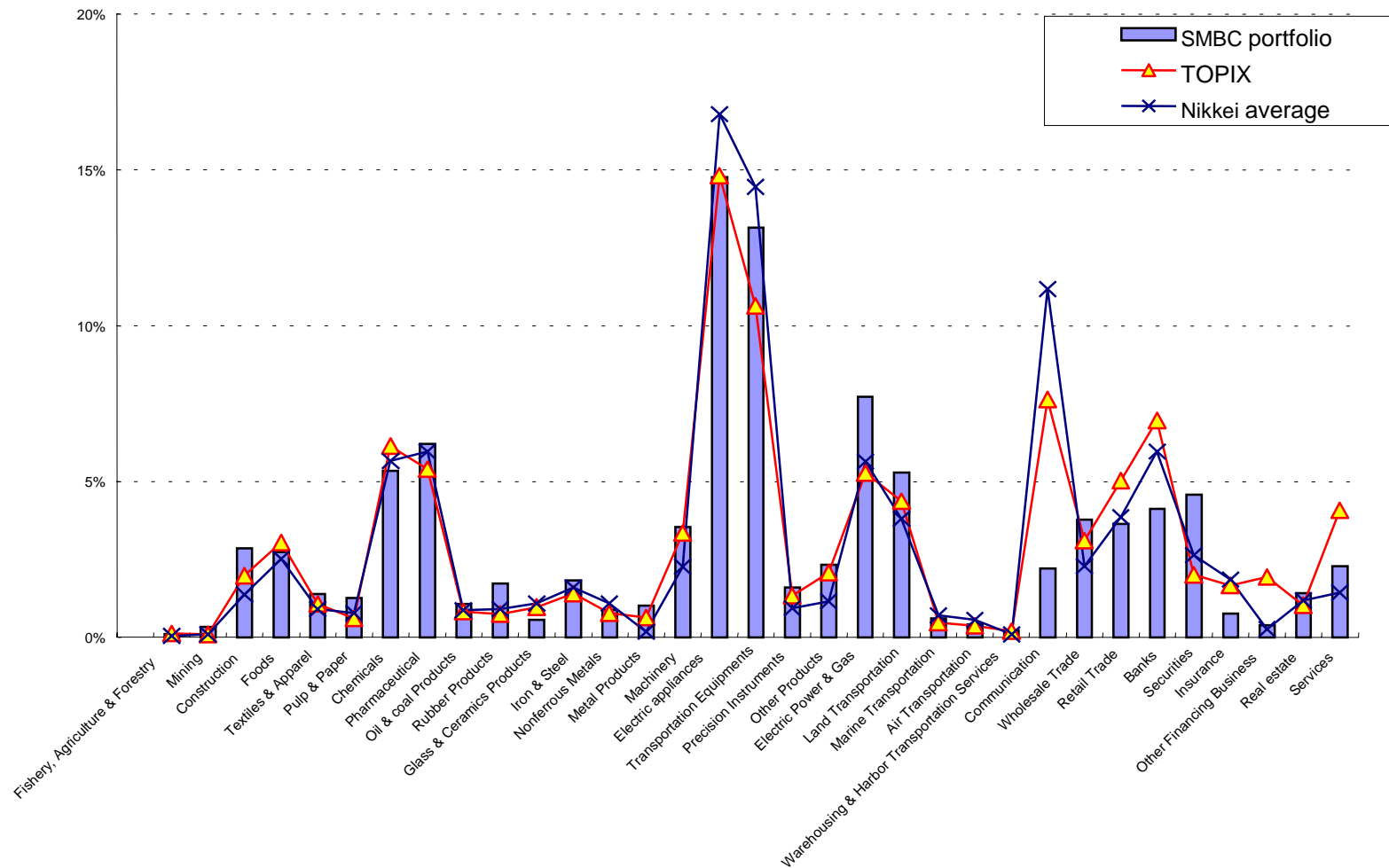
2. Unrealized gains(losses) of stocks are calculated with the average market price during the final month of the fiscal year. Rest of the securities are evaluated at the market price as of the balance sheet date.

3. "Other securities" and "other money held in trust" are evaluated and recorded on the consolidated balance sheet at market prices. The figures in the table indicate the difference between the acquisition cost (or amortized costs) and the balance sheet amounts.

(Appendix 12) Equity portfolio – composition by Industry



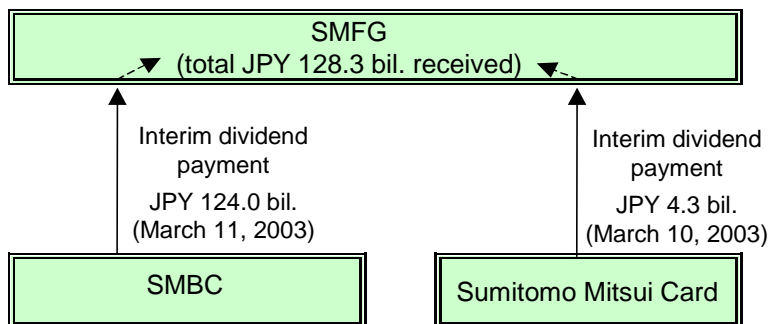
As of March 31, 2003 Composition by industry (Market value basis)



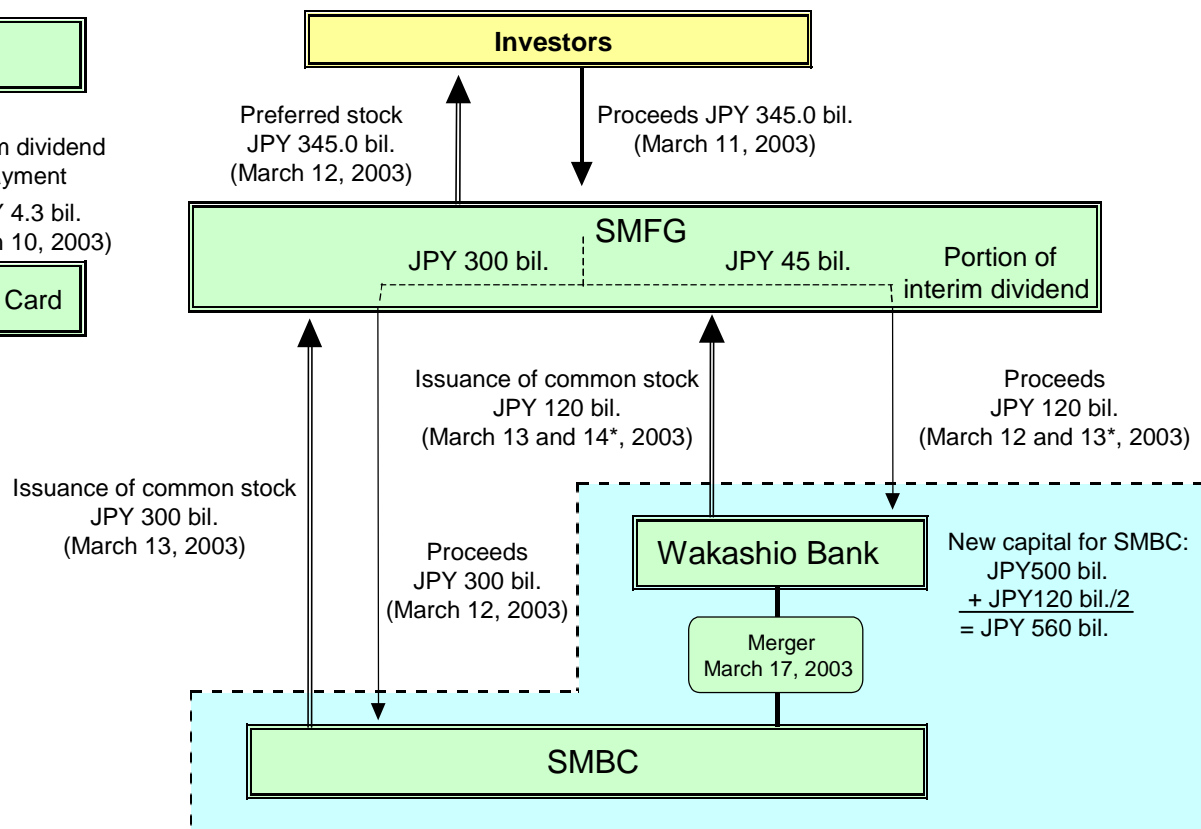
(Appendix 13) Capital transactions between SMFG and its banking subsidiaries



1. Interim dividend from subsidiary



2. Capital investment by SMFG in SMBC common stock by using the proceeds of newly-issued SMFG preferred stock



* Summary of common stock issued

	1st Series	2nd Series	Total
Aggregate volume of issued price	JPY 64.2 billion	JPY 55.7 billion	JPY 120 bil.
Number of new shares issued	1,245,000 shares	1,080,000 shares	2,325,000 shares
Payment date	March 12, 2003	March 13, 2003	-

(Appendix 14) SMFG's stockholders' equity (SMFG non-consolidated)



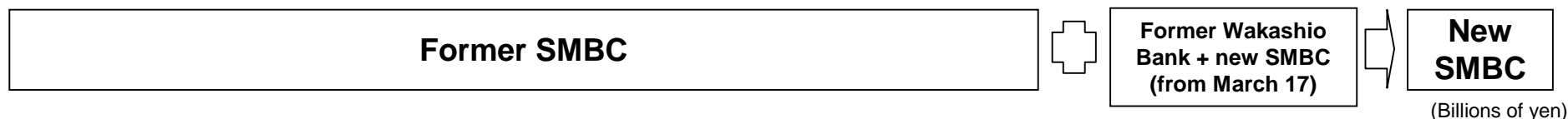
(Billions of yen)

	Share transfer as of the establishment (1)	Merger (2)	Capital raising (3)	Operational results for FY 2002 (4)	As of Mar 31, 2003 (1)+(2)+(3)+(4)
Capital stock	1,000.0	-	+247.7	-	1,247.7
Capital surplus	1,496.6	+3.1	+247.6	-	1,747.3
Retained earnings	-	+36.8	-	+124.7	161.5
Treasury stock	-	-	-	(0.4)	(0.4)
Total stockholders' equity	2,496.6	+39.9	+495.3	+124.3	3,156.1

└─ To GS: JPY 150.3 bil., Overseas: JPY 345.0 bil.

(1) Share transfer	... The amount of SMFG's net assets and book value of SMBC stock recorded on SMFG's opening balance account was equal to the amount of net assets of SMBC as of December 2, 2002, when SMBC became a wholly owned subsidiary of SMFG as a result of share transfer. Net assets of SMBC was divided into SMFG's capital stock (JPY 1 tril.) and capital surplus (JPY 1,496.6 bil.).
(2) Merger	... SMFG carried over the net assets of The Japan Research Institute Holdings ("JRI Holdings") as a result of the merger of JRI Holdings into SMFG. JRI Holdings was the former JRI, which had established the present JRI in November 2002 through corporate split, transferred its business as a whole to the present JRI, and changed its company name from JRI to JRI Holdings to become a holding company of the present JRI. The merger between SMBC and Wakashio Bank did not affect SMFG's net assets (see next page).
(3) Capital raising	... Issuance of preferred stocks to overseas investors (JPY 495.3 bil.)
(4) Operational results for FY 2002	... Net income amounted to JPY 124.7 bil. due to interim dividends paid by SMBC etc.

(Appendix 15) SMBC's stockholders' equity and merger accounting



	Mar. 31, 2002 (After appropriation) ①	The day before the merger (Mar. 16, 2003) ②	Adjustments for merger accounting ③	Net assets succeeded ② + ③ (Note 2)	Operational results for FY2002 (4) (Note 3)	Former Wakashio Bank (the day before the merger)	SMBC as of Mar. 31, 2003 + + +
Capital stock	1,326.7	1,058.0	(578.8)	479.2	-	80.8	560.0
Capital surplus	1,684.4	2,004.0	(826.7)	1,177.3	-	60.0	1,237.3
Capital reserve	1,326.8	1,646.4	(826.7)	819.7	-	60.0	879.7
Other capital surplus	357.6	357.6	-	357.6	-	-	357.6
Retained earnings	345.9	(436.5)	658.4	(note1)221.9	192.6	0.0	414.5
Land revaluation excess	100.4	97.4	-	97.4	(12.1)	-	85.3
Net unrealized losses on "other securities"	(298.0)	(672.8)	672.8	-	(17.9)	-	(17.9)
Treasury stock	(0.3)	-	-	-	-	-	-
Total stockholders' equity	3,159.1	2,050.1	(74.3)	1,975.8	162.6	140.8	2,279.2
Excluding net unrealized losses on "other securities"	3,457.1	2,722.9	(B) (747.1)	1,975.8			

(A) Breakdown of changes in capital stock and capital reserve

	Capital stock + capital reserve
As of March 31, 2002	2,653.5
Reorganization of group companies	(399.4)
Capital raising	450.3
Change	50.9
Date prior to merger	2,704.4

(B) Breakdown of write-off of unrealized losses

"Other securities"	Before merger	Adjustments for merger accounting	After merger
Stocks	(798.6)	672.8	(125.8)
Unrealized gains	97.3	-	97.3
Unrealized losses	(895.9)	672.8	(223.1)
Bobds	102.9	-	102.9
Others	22.9	-	22.9
Subtotal	(672.8)	672.8	-

Net unrealized losses on lands	(110.1)	110.1	-
--------------------------------	---------	-------	---

Total unrealized losses	(782.9)	782.9	-
--------------------------------	----------------	--------------	----------

Deferred tax amount recognized via merger accounting (related to net unrealized losses on lands) (35.8)

Amount of adjustments for merger accounting 747.1

(Note 1)

The sum of earned surplus reserve and earnings carry-over after the appropriation of profit for FY 2001, the last fiscal year before the merger, excluding interim dividends distributed to SMFG (JPY 124 bil.).



Voluntary reserve	221.5
Profit brought forward	124.4
Interim dividend payment	124.0 => 221.9 succeeded in total

(Note 2)

Wakashio Bank, the surviving entity, succeeded net assets of SMBC, the dissolving entity, on the day of the merger.

The company name of the new bank after merger is Sumitomo Mitsui Banking Corporation.

(Note 3)

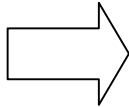
Gains(losses) for the former Wakashio Bank from April 1, 2002 to Mar 16, 2003 and gains(losses) of the new bank after merger from Mar. 17, 2003 to Mar 31, 2003 etc.

(Appendix 16) SMFG's distributable profit



(Billions of yen)

	Distributable profit	
	as of March 31, 2003	Retained earnings
SMFG	160.6	160.6
Net income	124.7	124.7
<Dividend received from subsidiaries>	<128.3>	<128.3>
Succession from merger with Japan Research Institute Holdings	36.3	36.3
Treasury stock	(0.4)	(0.4)



Distributable profit	
	Retained earnings
660.6	161.1

✓ **Transfer of capital reserve and earned surplus reserve: +500**

(subject to the annual shareholders' meeting scheduled in Jun. 2003)

Objective : To secure flexibility in terms of financial strategy

1. Secure resource for acquiring SMFG (parent company) stock held by the subsidiary
2. Secure resource for share buybacks and retirements of treasury stock

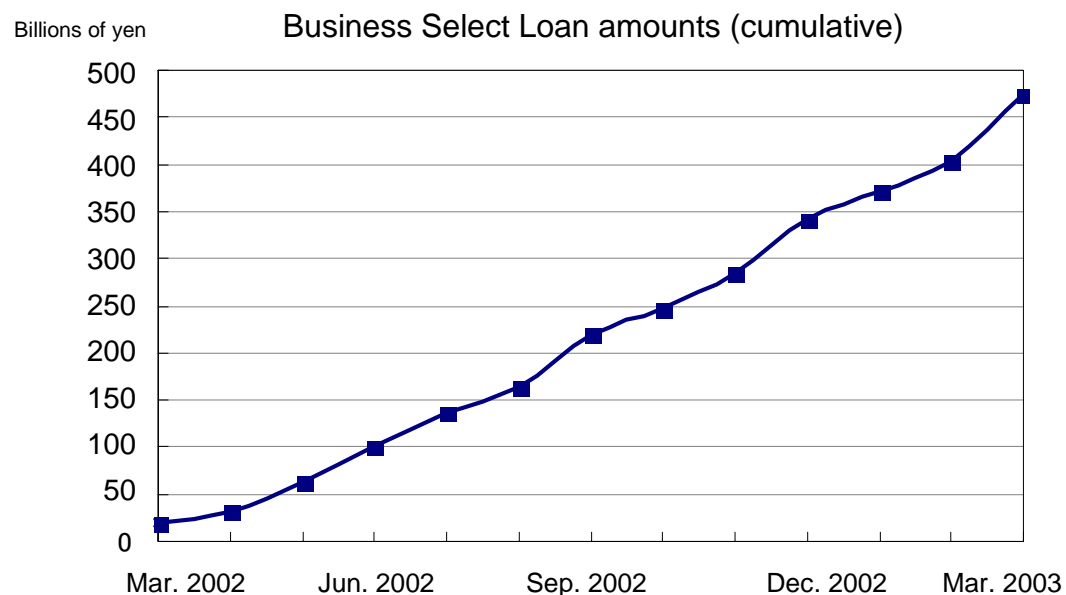
(Billions of yen)

	FY 2002 result	FY2003 forecast
Annual dividend payment	33.3	46.4
Common stock	17.4	17.4
Preferred stock	15.9	29.0

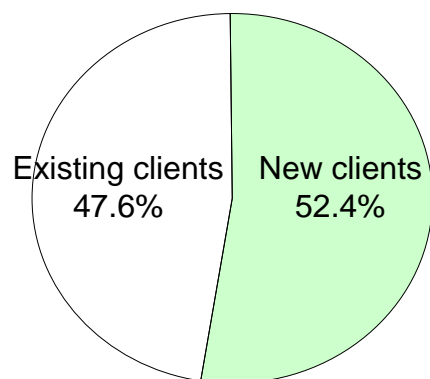
(Billions of yen)

(Reference)	Distributable profit	
	as of March 31, 2002	Retained earnings
SMBC	629.4	414.5

(Appendix 17) Business Select Loans



Ratio of existing to new clients (Mar.31,2003)



(Reference)

Product outline

(1) Target customers

Small and medium-sized enterprises on a scale of JPY 1 bil. in annual sales

(2) Sales channels

Business Select Loan Plaza (47 locations nationwide as of March 31, 2003) and some Corporate Business Offices

(3) Others

	Outline
Product release	Mar. 2002 (trial starts in Jan. 2002)
Risk evaluation model	Newly developed by SMBC
Loan amount	Max. JPY 50 mil.
Interest rate	2.75%~ ※ to be determined according to the credit risk of the clients ※ average interest rate applicable to clients: approx. 3.0%
Loan term	Up to 5 years
Collateral	Not required (up to 3-year term)
Guaranty	Third party guaranty is unnecessary (guaranty by representative director may be required)
Financial statements	2 fiscal years

*Favorable treatment available in terms of loan amount and interest rate under certain conditions

(Appendix 18) Consumer banking



Assets under SMBC account

(Billions of yen)

	As of March 31 2002	As of March 31 2003	
			Change
Individual deposits	30,110.7	31,210.2	1,099.5
Liqud deposits	14,982.6	16,907.6	1,925.0
Time deposits	14,580.9	13,793.0	(787.9)
Foreign currency denominated deposits	547.2	509.6	(37.6)
Investment trust	1,485.3	1,598.6	113.3

* Excluding the former Wakashio Bank portion as of March 31, 2002 (Individual deposits JPY 315 bil.)

Loans

(Billions of yen)

	As of March 31 2002	As of March 31 2003	
			Change
Housing loans	12,060.2	12,339.3	279.1
Residential purpose	7,905.7	8,346.6	440.9

Consumer banking unit (managerial accounting basis)

investment trust related fees

(Billions of yen)

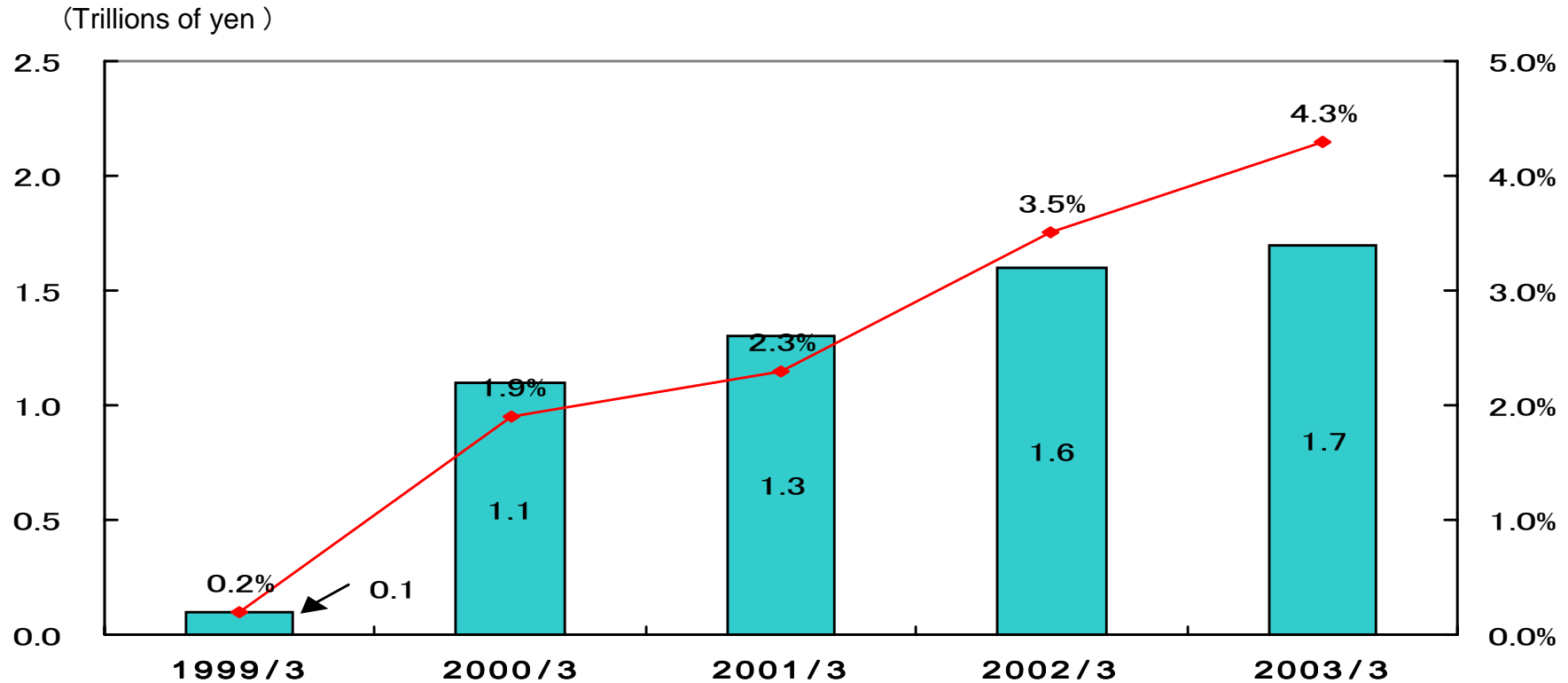
	FY 2002	
		Year Change
Investment trusts	15.2	3.4
Pension-type insurance (*)	3.4	3.4

*Sales of individual annuity insurance. Handling began in the 2nd half of FY2002 and reached sales of JPY 99.4 bil.

(Appendix 19) Investment trust sales



**Total investment trust sales and SMBC's market share
(domestic publicly offered investment trusts and foreign investment trusts)**



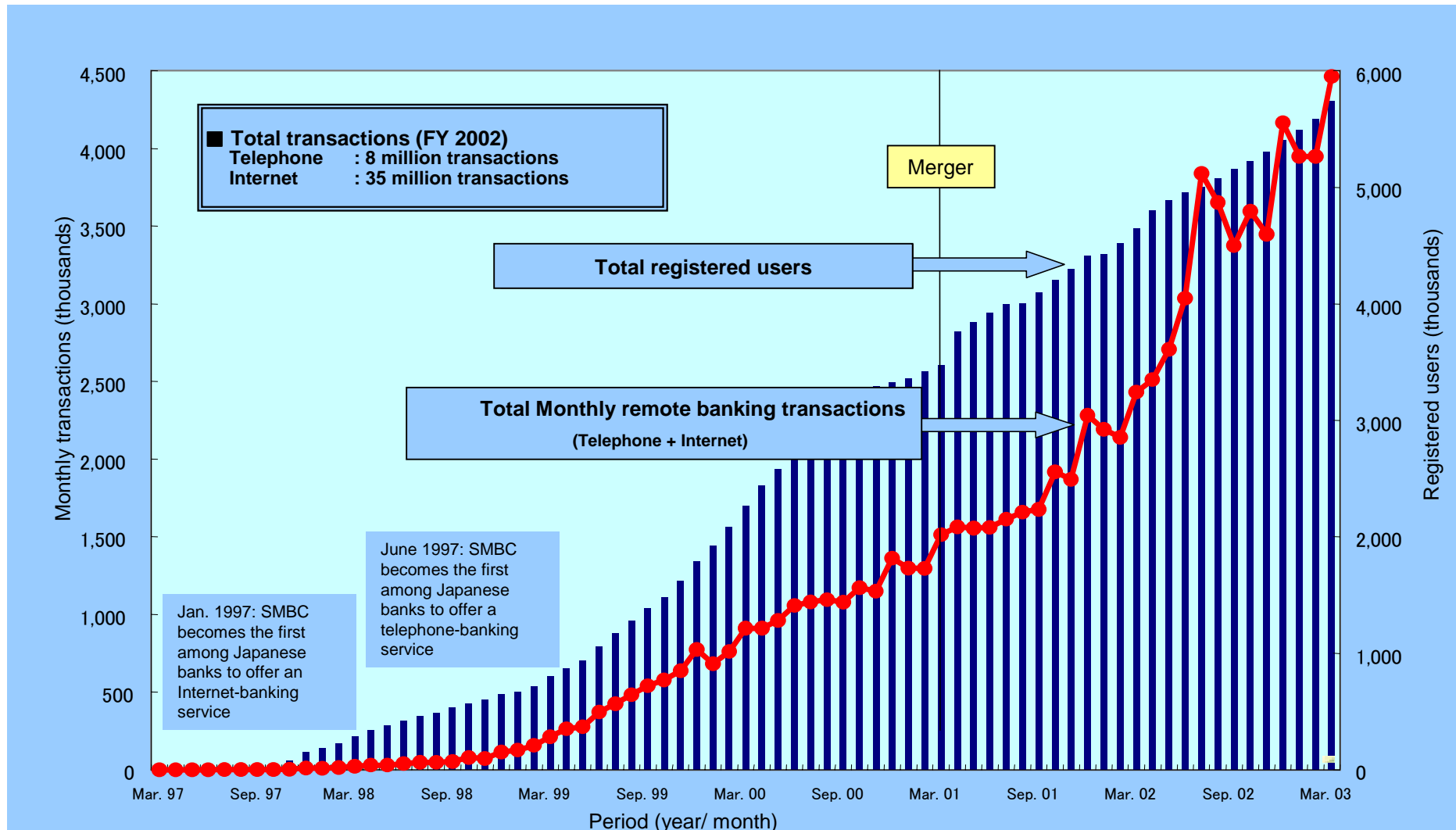
(Billions of yen)

	FY2000	FY2001	FY2002
Investment trust-related profits	10.3	12.4	15.4

(Appendix 20) Remote banking (“One’s direct”)



Registered users and number of transactions of remote banking (“One’s Direct”)

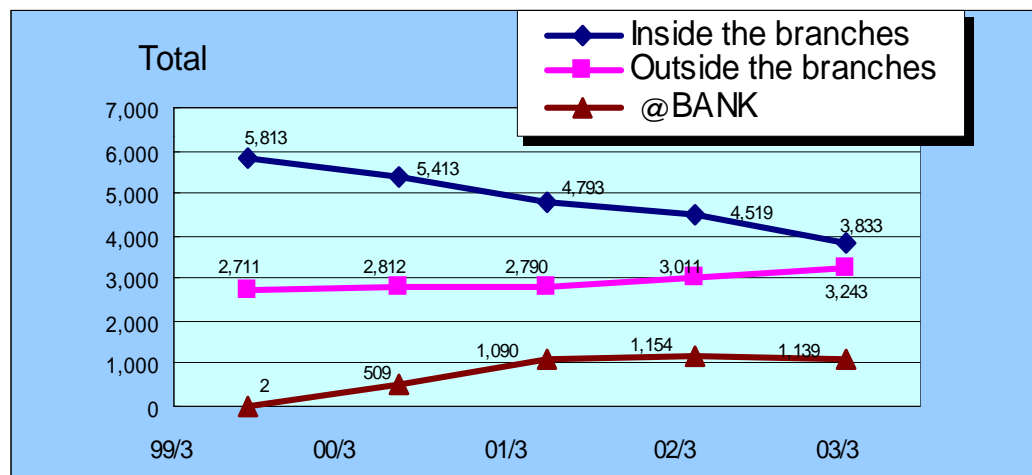


[Non-consolidated]

(Appendix 21) Domestic channels – ATMs, etc.



<Number of ATMs >



	99/3	00/3	01/3	02/3	03/3
Manned domestic branches	696	653	578	564	401
Unattended domestic branches	1,017	1,509	1,831	1,907	1,948
Number of ATMs	8,524	8,225	7,583	7,530	7,076
Inside the branches	5,813	5,413	4,793	4,519	3,833
Outside the branches	2,711	2,812	2,790	3,011	3,243
@BANK	2	509	1,090	1,154	1,139

(Note) Figures of Wakashio Bank not included

<Penetration of

@BANK>

	(Millions)				
	FY1998	FY1999	FY2000	FY2001	FY2002
Number of transactions through @BANK	—	1	17	29	32

(Appendix 22) Sumitomo Mitsui Card



	Unit			
		FY2001	FY2002	Change
Operating revenue	Billions of yen	116.4	122.1	5.7
Operating profit	Billions of yen	9.6	16.0	6.4
Ordinary profit	Billions of yen	9.6	16.0	6.4
Net income	Billions of yen	4.4	14.0	9.6
Card sales volume	Billions of yen	2,813.1	3,035.5	222.4
Number of cardholders	Tens of thousands	1,171	1,212	41

As of March 31, 2003		
	Total assets	JPY 599.2 bil.
	Capital stock	JPY 10 bil.
	Number of employees	1,687

Highlights

- Initiatives to increase the number of cardholders and to improve performance figures related to frequency in use and volume per use of credit cards
- Promote installment products
- Cost reduction efforts across the company

Business Trends

- Historical high profits since the foundation of the company due to increase in the number of cardholders and in the volume of credit card settlement
- Further increase in profits for fiscal 2003 by expanding credit card settlement through incentive campaign and rationalization of the business process

(Appendix 23) SMBC Leasing



	Unit	FY2001 [*]	FY2002	Change
Operating revenue	Billions of yen	479.0	515.0	36.0
Operating profit	Billions of yen	16.9	20.4	3.5
Ordinary profit	Billions of yen	3.2	7.4	4.2
Net income	Billions of yen	2.1	3.0	0.9
Lease amount	Billions of yen	443.6	466.4	22.8

*Calculated applying the same accounting method as FY2002

As of March 2003		
	Total assets	JPY 1,678.0 bil.
	Lease assets	JPY 1,230.4 bil.
	Capital stock	JPY 82.6 bil.
	Number of employees	1,023

Highlights

- Focused on expanding customer base and earning proper interest margins relative to the credit risk of each customer
- New system and products to gain access to the new market
- “Small Leases”: automatic screening system introduced
- “ESCO Leases”: supporting ecology-related investment
- “Net Leases”: products offered through the Internet

Business Trends

- Record-high annual sales of lease products and widening profit margins increased operating profit.
- Further increase both in revenues and profits for FY2003 by exploiting the small and middle market and the manufacturer-dealer channel.

(Appendix 24) Japan Research Institute



	Unit	FY2001	FY2002 [*]	Change
Operating revenue	Billions of yen	67.4	70.2	2.8
Operating profit	Billions of yen	7.5	7.6	0.1
Ordinary profit	Billions of yen	9.6	10.1	0.5
Net income	Billions of yen	12.9	7.8	(5.1)

*Including figures before the corporate split in Nov. 2002

As of March 31, 2003		
	Total assets	JPY 65 bil.
	Capital stock	JPY 10 bil.
	Number of employees	2,513

Highlights

- Information Systems Development unit:
Steady progress in the business areas such development of enterprise resource planning systems for general industry and sales of package software to financial institutions
- Think-tank Consulting Service Unit:
Management innovation and IT related consulting increased in number

Business Trends

- Steady growth in operating results due to high profitability of Information Systems Development Unit (increase in ordinary profit for nine consecutive years)
- Taking advantage of the experience and SMBC's system infrastructure to improve quality of consulting service

(Appendix 25) Daiwa Securities SMBC



Daiwa Securities SMBC (FY2002)

(Billions of yen)

	FY2001	FY2002	Change
Operating revenue	109.5	118.3	8.8
Commissions	54.7	52.1	(2.7)
Net gains on trading securities	26.1	44.3	18.2
Interest and dividend income	28.7	21.9	(6.7)
Interest expenses	6.8	7.4	0.6
Net operating revenue	102.7	110.9	8.2
Selling, general and administrative expenses	90.3	95.4	5.1
Ordinary profit	13.2	16.6	3.3
Net income	5.4	6.4	0.9

Joint work with Sumitomo Mitsui Banking Corporation (FY 2002)

- **IPO-lead manager nomination :**
30% of all mandates were acquired via the SMBC network
- **Underwriting :**
Acquired first place in the domestic bond general book runner (Thomson Deal Watch Survey) in FY 2002
- **M&A :**
Fee income of M&A increased JPY 3.7 bil. to JPY 7.0 bil. compared with previous year, more than 70% of which was generated by deals originated by SMBC
- **Structured financing :**
Acquired first place in the domestic public offering ABS book runner (Thomson Deal Watch Survey) in FY 2002.

Domestic bond general book runner (FY 2002)

		Share
1. Daiwa Securities SMBC	JPY2,883.4 bil.	(20.7%)
2. Nomura Securities	JPY 2,778.4 bil.	(19.9%)
3. Mizuho Securities	JPY 1,852.6 bil.	(13.3%)
4. Mitsubishi Securities	JPY 1,563.3 bil.	(11.2%)
5. Nikko City Group Securities	JPY 1,496.6 bil.	(10.7%)

Domestic public offering ABS book runner(FY2002)

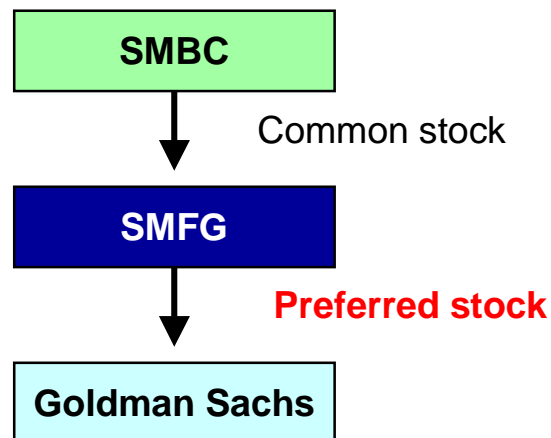
		Share
1. Daiwa Securities SMBC	JPY 219.0 bil.	(19.6%)
2. Mizuho Securities	JPY 216.6 bil.	(19.3%)
3. Nomura Securities	JPY 171.9 bil.	(15.3%)
4. UFJ Tsubasa Securities	JPY 149.1 bil.	(13.3%)
5. Goldman Sachs	JPY 106.2 bil.	(9.5%)

(Thomson Deal Watch Survey) 56

(Appendix 26) GS Preferred stock



Goldman Sachs Group, Inc. has invested JPY150.3 bil. in convertible preferred stock issued by SMFG



Terms & conditions of the preferred stock

Name of shares	1 st – 12 th series Type 4 Preferred Stock
Total amount of issue price	JPY150.3 bil.
Preferred dividend	4.5% per annum (non-cumulative)
Issue date	February 8, 2003
Terms of conversion	Current conversion price as adjusted: JPY322,300 Conversion period: 25 years Downward reset at the time of conversion to the then-current market price, subject to the floor conversion price at JPY 106,300 (33% of initial conversion price as adjusted)
Mandatory conversion	February 8, 2028 (conversion floor: JPY 500,000)
Restriction	Conversion restriction for the first 2 years Transfer and hedge restriction at least for the first 2 years

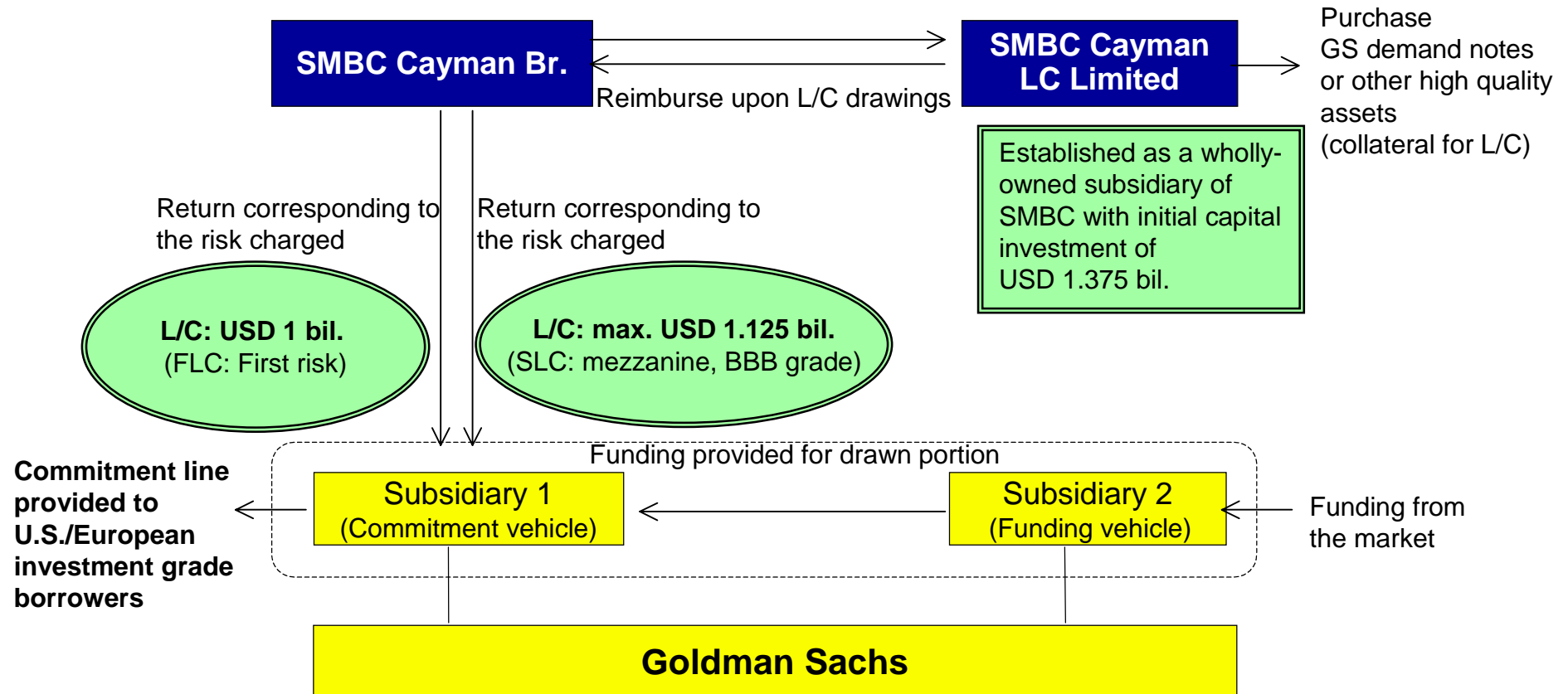
Effect:

**-Increase in Tier 1 capital by JPY 150.3 bil.
(0.25% increase in Tier 1 ratio)**

(Appendix 27) Credit extension to GS

SMBC will:

- (1) receive commitment fees and withdrawal interest (spread commensurate with credit risk) on first risks and mezzanine risk
- (2) effectively expand exposure to US / European investment grade borrowers



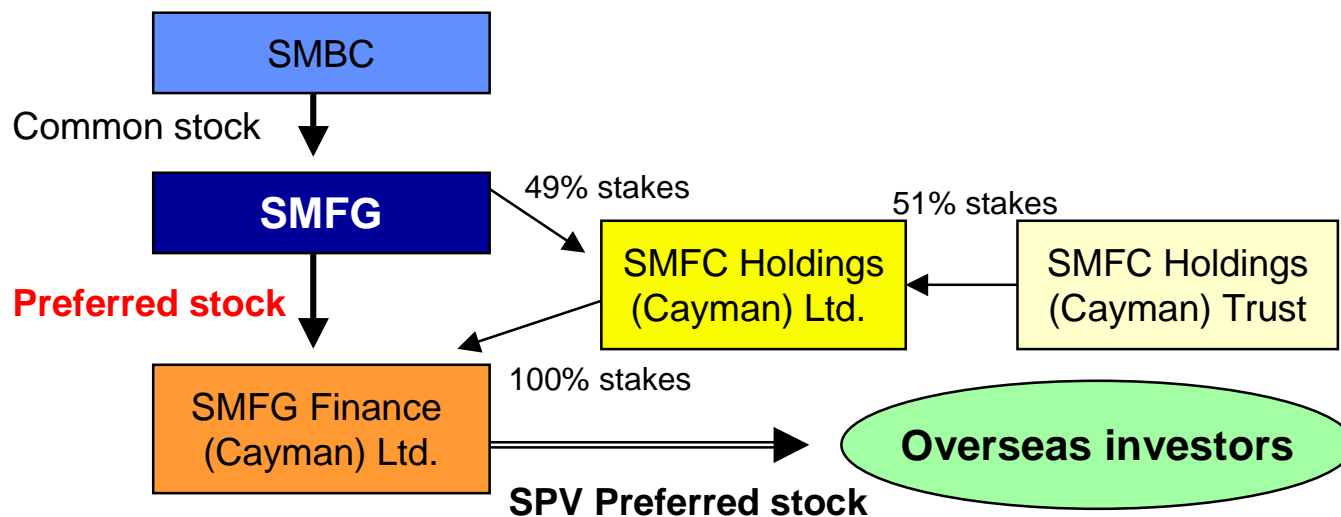
(Appendix 28) Overseas SPV preferred stock



Issuance of JPY 345 bil. convertible preferred stock in the overseas market



Enhanced Tier 1 capital to cope with potential risks



Overseas investors:
In reliance on Rule 144A under the Securities Act and Regulation S

Terms & conditions of the preferred stock

Name of shares	13 th series Type 4 Preferred Stock
Total amount of issue price	JPY 345 bil.
Preferred dividend	2.25% per annum (non-accumulation)
Issue date	March 12, 2003
Terms of conversion	Initial conversion price: JPY 312,000 Conversion period: from April 14, 2003 to July 12, 2005 Downward reset on July 11, 2005 to the market price subject to conversion floor price of JPY 156,000 (50% of the initial conversion price)
Mandatory conversion	July 13, 2005 (conversion floor : JPY 500,000)

Effect:

**-increase in Tier 1 capital by JPY 345 bil.
(0.58% increase in Tier 1 ratio)**



SMFG SUMITOMO MITSUI
FINANCIAL GROUP

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.

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.