

Financial Results FY2001



May 30, 2002

Agenda



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Part I



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1. Financial highlights (P/L)

	Billions of yen	
	FY2001	Year change
Non-consolidated		
Gross banking profit	1,853.5	350.3
Expenses	(670.1)	(30.0)
Banking Profit*	1,183.4	380.3
Credit Cost	(1,543.1)	(724.0)
Gains(losses) on stocks	(130.7)	(442.1)
Operating profit	(522.1)	(881.3)
Net income	(322.8)	(460.6)

(*) excluding transfer to general reserve for possible loan losses

Consolidated		
Gross banking profit	991.9	158.7
Operating profit	(580.6)	(1,075.2)
Net income	(463.9)	(596.3)
BIS capital ratio<Preliminary>	10.45%	---

Gross Banking Profit Y350.3 bn. increase

(billions of yen)

Marketing Units +19.4
-profit on loans & deposits (23.7)
-non-interest income +46.7

Headquarters +91.2
-including dividends from domestic and overseas subsidiaries and affiliates

profit increase

decrease

Treasury Unit +239.7

Expenses Y30.0 bn. reduction

(billions of yen)

Personnel expenses 22.2

Non-personnel expenses excluding merger related expenses 20.6

profit increase

decrease

Taxes 3.8

Merger related expenses(16.6)

1. Financial highlights (B/S)

Non-consolidated

		(Billions of yen)	
	Mar. 31, 2001	Mar. 31, 2002	Change
Assets	113,727.5	102,082.6	(11,644.9)
Loans and bills discounted	61,747.9	59,928.4	(1,819.5)
Securities	27,060.0	20,443.0	(6,617.0)
Liabilities	109,527.6	98,886.1	(10,641.5)
Deposits	59,041.3	61,051.8	2,010.5
NCDs	11,688.5	6,577.5	(5,111.0)
Call money	5,898.5	3,884.0	(2,014.5)
Stockholders' equity	4,199.9	3,196.5	(1,003.4)
Capital stock	1,795.5	1,326.7	(468.8)
Capital surplus	1,542.6	1,326.8	(215.8)
Earned surplus reserve	239.2	---	(239.2)
Land revaluation excess	209.6	100.3	(109.3)
Retained earnings	413.0	740.9	327.9
Net unrealized losses on securities	---	(298.0)	(298.0)

Merger Accounting

599.0*

Major factors affecting balance sheet

Loans:

Housing loans increased steadily, but decrease in corporate loans led to overall decline.

Securities:

Decreased position, mainly in short-term JGBs.
Reduction of equity portfolio

Deposits:

Decreased due to the decline of funding from overseas money markets. On the other hand, domestic deposits of both individuals and corporations increased.

Stockholders' equity:

-Net income was at a loss of 322.8 billion yen.

-Decreased by 427.0 billion yen as a result of merger accounting in which gross evaluation losses on former Sakura Bank's security portfolio, etc. were written off.

-Increased by 100.0 billion yen as a result of the exchange of Mandatorily Exchangeable Sub-notes.

-Decreased by 298.0 billion yen as net unrealized losses on 'other securities' were directly charged to capital from this fiscal year.

(Net unrealized losses decreased by 127.7 billion yen compared to the figure as of Sep. 30, 2001.)

(*) Transfer of 599.0 billion yen of legal reserves to retained earnings

2. Gross banking profit



Non-consolidated

(Billions of yen)

	FY2000	FY2001	Change
Gross domestic profit	1,259.2	1,256.4	(2.8)
<Excluding gains(losses) on bonds>	<1,250.8>	<1,201.0>	<(49.8)>
Net interest income	1,109.2	1,079.4	(29.8)
<Gains on interest rate swaps>	<10.0>	<31.7>	<21.7>
Net fees and commissions	113.0	122.3	9.3
Net trading profit	9.2	1.0	(8.2)
Net other operating income	27.8	53.7	25.9
<Gains and losses on bonds>	<8.4>	<55.4>	<47.0>
Gross international profit	244.0	597.1	353.1
<Excluding gains(losses) on bonds>	<243.6>	<585.9>	<342.3>
Net interest income	100.7	388.6	287.9
<Gains on interest rate swaps>	<(29.4)>	<141.8>	<171.2>
Net fees and commissions	37.7	43.0	5.3
Net trading profit	48.0	83.9	35.9
Net other operating income	57.6	81.7	24.1
<Gains and losses on bonds>	<0.4>	<11.2>	<10.8>

Major factors in increase/decrease

➤ Domestic net interest income: (29.8)

-Decrease in loan volume

➤ Domestic & international fees & commissions:

+14.6

-Increase in fees related to investment trusts

-Increase in fees related to loan syndication, etc.

➤ International net interest income: +287.9

-Increase in income related to foreign currency-denominated ALM

-Increase in dividends from overseas subsidiaries

➤ International net trading profit: +35.9

-Increase due to good performance of sales of derivatives products to domestic customers

+14.6

(Note)

Adjustments related to gains on foreign exchange transactions in Gross international profit

(Billions of yen)

	FY2000	FY2001	Change
Net interest income	(30.8)	(8.6)	22.2
Net trading profit	(38.2)	(36.4)	1.8

3. Non-interest income

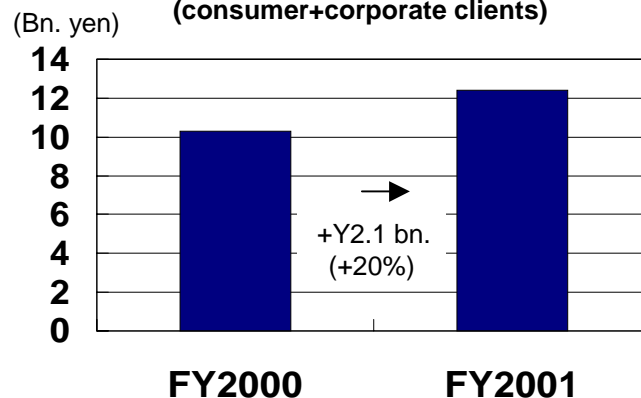
Non-interest income*

FY2000 actual: total Y217.8 bn.
 FY2001 actual: total Y264.5 bn.
(+Y46.7 bn. from FY2000)

Ratio to gross profit of marketing units:
 FY2000 19.0% → FY2001 23.1%

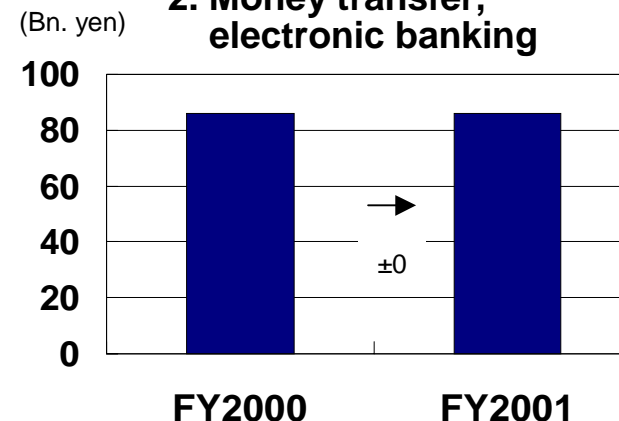
*Fees & commissions + Profit related to the sales of derivative products

1. Investment trusts (consumer+corporate clients)

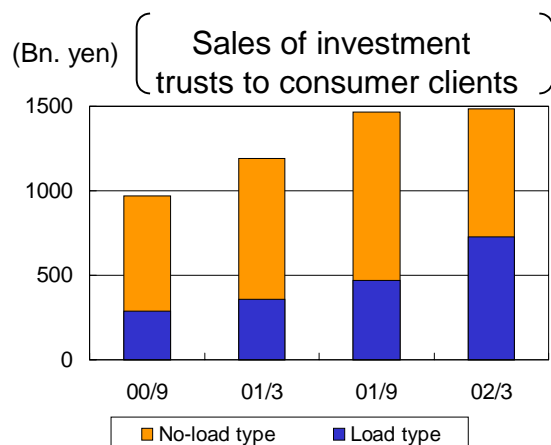


Investment trust sales(to consumer clients)
 -Outstanding balance:
 Mar. 31, 2001 Y1,192.2 bn. → Mar. 31, 2002 Y1,485.3 bn.
 -Income: FY2000 Y8.6 bn. → FY2001 Y11.6 bn.

2. Money transfer, electronic banking

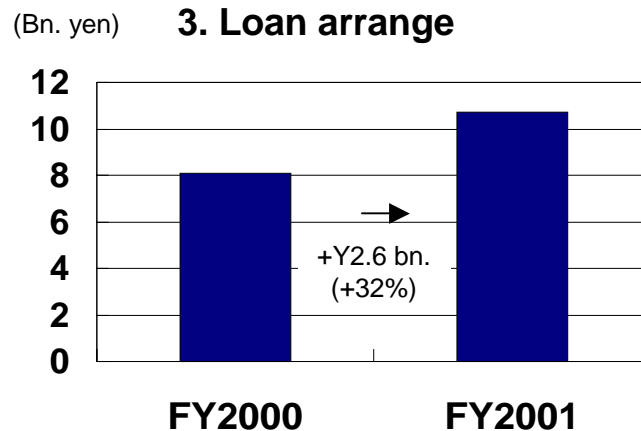


Money transfer (Y0.6 bn.)
 Electronic Banking +Y0.6 bn.



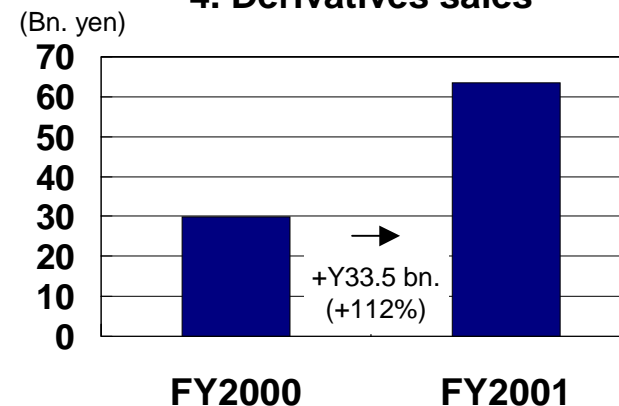
Percentage of load-type investment trusts:
 March 2002 49%(year over year +19%)

3. Loan arrange



Domestic loan syndication #/yen amount
 FY2000 107/ Y2,530.0 bn. → FY2001 192/ Y3,650.0 bn.

4. Derivatives sales



Large increase came mainly from interest rate derivatives such as caps and interest rate swaps

4. Expense reduction

Non-consolidated

(Billions of yen)

	FY2000	FY2001	
			Change
Expenses*	(700.1)	(670.1)	30.0
Personnel expenses	(294.0)	(271.8)	22.2
Non-personnel expenses	(370.6)	(366.6)	4.0
Merger related expenses	(4.6)	(21.2)	(16.6)
Taxes	(35.5)	(31.7)	3.8
Overhead ratio	46.6%	36.2%	(10.4%)

(*) excluding non-recurring losses

Major factors in increase/decrease

➤ Personnel expenses: (22.2)

Decreased by the reduction of headcount of 2,115

-Number of employees: Mar. 31, 2001 27,142

Mar. 31, 2002 25,027

➤ Non-personnel expenses: (20.6)

Integration of branch network:

Mar. 31, 2001 Mar. 31, 2002

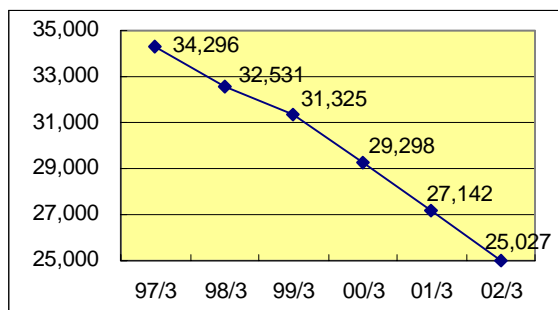
Domestic branches: 578 564

(additional 20 branches have been practically integrated)

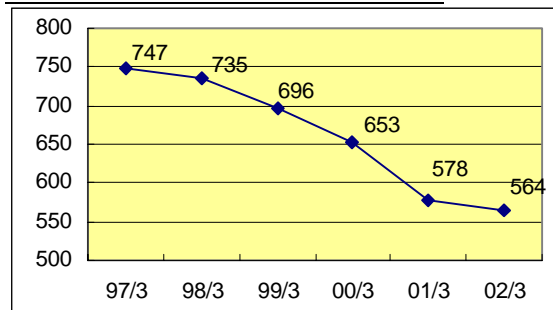
Overseas branches: 33 21

Recent years' results in rationalization

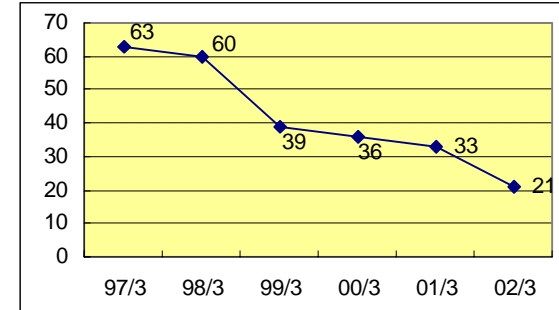
Number of employees



Number of domestic branches*



Number of overseas branches*



*Excluding sub-branches and representative offices

5. Performance by business unit

Non-consolidated		(Billions of yen)	
		FY2001	Change from FY2000 (Note 1)
Consumer Banking Unit	Gross banking profit	315.5	14.5
	Expenses	(281.0)	12.8
	Banking profit	34.5	27.3
Middle Market Banking Unit	Gross banking profit	583.8	12.1
	Expenses	(206.0)	11.1
	Banking profit	377.8	23.2
Corporate Banking Unit	Gross banking profit	166.3	5.6
	Expenses	(31.5)	1.6
	Banking profit	134.8	7.2
International Banking Unit	Gross banking profit	78.4	(12.8)
	Expenses	(53.4)	5.1
	Banking profit	25.0	(7.7)
Marketing Units	Gross banking profit	1,144.0	19.4
	Expenses	(571.9)	30.6
	Banking profit	572.1	50.0
Treasury Unit	Gross banking profit	507.7	239.7
	Expenses	(26.4)	3.8
	Banking profit	481.3	243.5
Others (Note 2)	Gross banking profit	201.8	91.2
	Expenses	(71.8)	(4.4)
	Banking profit	130.0	86.8
Total	Gross banking profit	1,853.5	350.3
	Expenses	(670.1)	30.0
	Banking profit	1,183.4	380.3

(Note 1) Excluding changes due to interest rate and foreign exchange fluctuation, etc.

(Note 2) 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, 4) adjustment of inter-unit transactions, etc.

Major factors in increase/decrease

- Consumer: +14.5 -Increase in assets under SMBC a/c +10.7 (including investment trust related fees +2.9)
-Profit on housing loans +4.0
- Middle market: +12.1 -Profit on loans & deposits (28.7)
-Non-interest income +39.5 (including derivative sales related +31.9)
- Corporate: +5.6 -Profit on loans & deposits (3.5)
-Non-interest income +6.3
- International: (12.8) -Profit from marketing business (3.0)
-Others (9.8)
- Treasury: +239.7 -Profit from ALM operation
- Others: +91.2 -Increase in dividend income from subsidiaries & affiliates

Loan volume and interest spread

	FY2001		Change from FY2000	
	Average balance	Interest spread	Average balance	Interest spread
Small and medium-sized companies (Middle market)*	26.3 tri. yen	1.45%	(1.5) tri. yen	(0.04%)
Large companies (Corporate)	13.4 tri. yen	0.75%	(0.6) tri. yen	0.00%

(*) Excluding short-term lending to the government

6. Asset quality (1) : Credit cost

Non-consolidated

	FY2000	FY2001	
			year change
Total Credit Cost	(819.1)	(1,543.1)	(724.0)
Write-off of loans	(741.4)	(283.9)	457.5
Transfer to specific reserve	(156.5)	(663.2)	(506.7)
Transfer to reserve for losses on loans sold	(52.9)	(37.0)	15.9
Losses on loans sold to CCPC	(31.8)	(8.4)	23.4
Losses on sale of delinquent loans	(25.1)	(50.6)	(25.5)
Transfer to loan loss reserve for specific overseas countries	0.0	4.5	4.5
Transfer to general reserve for possible loans losses	188.6	(504.5)	(693.1)

(Note)

Balance of loans to CCPC : Y124.1 bn.

Amount of bulk sales, etc. : Y463.9 bn.

Major factors of increase in total credit cost (Billions of yen)

	FY2001		
	forecast*	actual	Change from forecast
(1) Further preparation for risks from borrowers requiring caution	350	900	+ 550
(i) Credit cost for specific borrowers, etc.	250	550	+ 300
(ii) Raise of reserve ratio (Change in reserve policy)	100	350	+ 250
(2) Acceleration of the workout	150	150	± 0
(3) Other**	500	500	± 0
Total credit cost	1,000	1,550	+ 550

(*) forecast announced in November 2001

(**) Deterioration of borrowers' financial condition and decline in collateral value, etc.

Reserve ratio to 'borrowers requiring caution'*

	Sep. 30, 2001	Mar. 31, 2002
Borrowers requiring caution	4.8%	12.9%
Substandard borrowers	15%	21.8%
Other borrowers requiring caution	3.1%	9.4%

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

6. Asset quality (2) : Breakdown of the changes in problem assets



Disclosure of problem assets based on Financial Reconstruction Law

<Non-consolidated>

(Billions of yen)

	Mar.31, 2000	Mar.31, 2001	Mar. 31, 2002			
			Sep.30, 2001		Change from Mar.31, 2001	Change from Sep.30, 2001
Bankrupt and quasi-bankrupt assets	585.5	589.9	574.0	493.5	(96.4)	(80.5)
Doubtful assets	2,232.0	1,943.1	1,645.7	2,970.2	+ 1,027.1	+ 1,324.5
Substandard loans	823.0	289.4	1,107.2	2,436.3	+ 2,146.9	+ 1,329.1
Total	3,640.5	2,822.5	3,326.9	5,900.0	+ 3,077.5	+ 2,573.1

(Reference)

Problem asset ratio

[Problem assets based on Financial Reconstruction Law / Total exposure]

- As of Mar. 31, 2001 : 4.09%
- As of Sep. 30, 2001 : 4.94%
- As of Mar. 31, 2002 : 8.88%

Major factors:

- Forward looking classification for borrowers with large exposure based on the level of expected credit cost in the process of their restructuring or revitalization
- Re-classification of borrowers with potential risks of additional cost

Major factor:

Expansion of coverage in restructured loans

6. Asset quality (3): Removing problem assets from the balance sheet

Progress of removing problem assets from the balance sheet

(Billions of yen)

Term-end balance of Bankrupt and quasi-bankrupt assets and doubtful assets	Sep. 30, 2000	Second half of FY2000	Mar. 31, 2001	First half of FY2001	Sep. 30, 2001	Second half of FY2001	Mar. 31, 2002
	Bankrupt and quasi-bankrupt assets	621.7		589.9		574.0	
Doubtful assets	2,567.9		1,943.2		1,645.7		2,970.2
Total	3,189.6	(1,363.8)	2,533.1	(696.7)	2,219.7	(584.5)	3,463.7
			((1)+(2))	(a+b)	((3)+(4)+(5))	(c+d+e)	((6)+(7)+(8)+(9))

Breakdown

<Problem assets existing prior to and classified during the first half of FY2000>

3,189.6	(1,363.8)	(1) 1,825.8	a (399.7)	(3) 1,426.1	c (301.6)	(6) 1,124.5
	42.8%		55.3%		64.7%	

<Problem assets classified during the second half of FY2000>

(2) 707.3	b (297.0)	(4) 410.3	d (208.8)	(7) 201.5
	42.0%		71.5%	

<Problem assets classified during the first half of FY2001>

(5) 383.3	e (74.1)	(8) 309.2
	19.3%	

○ :Percentage of off-balancing

<Newly-classified problem assets during the second half of FY2001>

(9) 1,828.5

7. Securities portfolio & derivatives



Unrealized gains(losses) on “other securities”

<Non-consolidated> (Billions of yen)

	Mar. 31, 2002			
	Net unrealized gains(losses)			
		Change from Apr. 2001*	Gains	Losses
Total	(481.7)	(682.1)	244.2	(725.9)
Stocks	(500.9)	(594.7)	180.9	(681.8)
Bonds	37.8	(67.2)	55.6	(17.8)
Others	(18.5)	(20.2)	7.7	(26.2)

*After merger accounting

Hedging purpose derivative transactions

<Non-consolidated> (Billions of yen)

	Mar. 31, 2002			
	Net evaluation			Deferred gains(losses) (3)
	Assets (1)	Liabilities (2)	gains(losses) (1) - (2)	
Interest rate swaps	750.0	284.3	465.7	98.8
Currency swaps	438.0	414.1	23.9	17.3
Other	35.7	40.6	(4.9)	(23.1)
Total	1,223.7	739.0	484.7	93.0

Balance of securities held, classified by maturity

<Non-consolidated> (As of Mar. 31, 2002) (Billions of yen)

	One year or less	One-five years	Five-10 years	More than 10 years	Total	Change from Mar. 31, 2001
Bonds	2,268.4	6,927.4	1,813.6	202.7	11,212.1	(5,377.7)
JGBs	2,155.8	6,006.3	1,236.8	200.2	9,599.1	(5,672.0)
Japanese local gov. bonds	25.4	110.4	293.0	0.6	429.4	106.2
Japanese corporate bonds	87.2	810.7	283.8	1.9	1,183.6	188.1
Other	311.0	1,948.9	126.4	510.5	2,896.8	399.3
Total	2,579.4	8,876.3	1,940.0	713.2	14,108.9	(4,978.4)

8. Gains(losses) on stocks, etc.

Non-consolidated

(Billions of yen)

	FY2000	FY2001	Change
Gains(losses) on stocks	311.4	(130.7)	(442.1)
Gains on sale of stocks	496.2	54.2	(442.0)
Losses on sale of stocks	(66.8)	(54.3)	12.5
Losses on devaluation of stocks	(118.1)	(130.6)	(12.5)

Stricter criteria for the impairment of stocks

Impairment rules:

- Market value is 50% or more lower than cost: Impairment
- Market value is 30% to less than 50% lower than cost: Impairment applied to stocks whose issuers are classified as 'borrowers requiring caution' or lower category.
- Market value is 0 to less than 30% lower than cost: Impairment applied to stocks whose issuers are classified as 'potentially bankrupt borrowers', 'effectively bankrupt borrowers' or 'bankrupt borrowers'.

(Reference)

Balance of listed stocks and over-the-counter stocks classified as "other securities" (non-consolidated basis)

(Billions of yen)

	Mar. 31, 2001**	Mar. 31, 2002	Change from Mar. 31, 2001**
Balance in market value*	6,011.7	4,733.9	(1,277.8)
Balance in book value (before devaluation)	5,917.9	5,234.8	(683.1)

(*) Amount of listed stocks and over-the-counter stocks except for the stocks of subsidiaries and affiliated companies (after devaluation basis).

(**) Combined figures of former Sakura and Sumitomo

Percentage of decline in stock prices

Category of borrowers	down 0 to 30%	down 30% to 50%	down 50% or more
	Normal borrowers		
Borrowers requiring caution			
Potentially bankrupt/ Effectively bankrupt/ Bankrupt borrowers			Impaired

Amount of sales of cross-shareholdings:
approx. Y610.0 bn.

First half : approx. Y160.0 bn.

Second half : approx. Y450.0 bn.

9. Non-recurring gains(losses) & Extraordinary gains(losses)

Non-consolidated

(Billions of yen)

	FY2000	FY2001	
			year change
Non-recurring gains(losses)	(632.5)	(1,201.0)	(568.5)
(Total credit cost)	(819.1)	(1,543.1)	(724.0)
Gains(losses) on stocks	311.4	(130.7)	(442.1)
Enterprise taxes by Local Governments	(16.8)	(30.0)	(13.2)
Others	80.6	(1.7)	(82.3)
Operating profit(loss)	359.2	(522.1)	(881.3)
Extraordinary gains(losses)	(86.1)	(14.5)	71.6
Gains(losses) on disposition of premises and equipment	(30.5)	(14.2)	16.3
Gains on disposition of premises and equipment	2.1	4.4	2.3
Losses on disposition of premises and equipment	(32.6)	(18.6)	14.0
Amortization of net transition obligation from initial application of the new accounting standard for employee retirement benefits	(56.5)	(20.2)	36.3
Income(loss) before income taxes	273.1	(536.6)	(809.7)
Income taxes, current	(9.5)	(32.7)	(23.2)
Income taxes, deferred	(125.7)	246.5	372.3
Effect of introduction of enterprise taxes on the banking industry by Osaka Prefectural Government	(32.0)	---	32.0
Net income(loss)	137.8	(322.8)	(460.6)

Enterprise taxes (30.0bn.)

Merger related expenses(14.5bn.):

- Registration fee,
- Expenses for the integration of branch network, etc.
- Gains on establishment of retirement benefit trust 7.7bn. : Year change(45.2bn.)

Amortization of obligation for employees' retirement plan (20.2bn.):

- Only former Sumitomo Bank's portion remains (former Sakura Bank's was reserved under the merger accounting).
- Unrecognized obligation as of March 31, 2002: 60.5 bn.

10. Financial highlights of consolidated results



	FY2000	FY2001	Change	(Billions of yen)	
					Difference from non-consolidated results
Consolidated gross profit	1,837.9	2,077.7	239.8	224.2	
Net interest income	1,292.7	1,441.2	148.5	(26.7)	Canceling out of dividends between subsidiaries and the parent (SMBC Capital Markets, Inc., etc.)
Net fees and commissions	316.3	319.5	3.2	154.2	Sumitomo Mitsui Card Company, Limited, etc.
Net trading profit	70.8	93.0	22.2	8.1	
Net other operating income	158.0	223.9	65.9	88.5	SMBC Leasing Company, Limited, etc.
General and administrative expenses	(940.9)	(935.6)	5.3	(238.8)	
Total credit cost	(992.9)	(1,703.4)	(710.5)	(160.3)	
Gains(losses) on stocks	468.5	(17.8)	(486.3)	112.9	
Net income(loss) from entities accounted for by equity method	44.4	3.0	(41.4)	3.0	
Operating profit(loss)	494.6	(580.6)	(1,075.2)	(58.5)	Canceling out of dividends between subsidiaries and the parent
Extraordinary gains(losses)	(89.1)	(23.7)	65.4	(9.2)	
Net income(loss)	132.4	(463.9)	(596.3)	(141.0)	
Consolidated banking profit	833.2	991.9	158.7		

(Note) Consolidated banking profit = Non-consolidated banking profit (excluding transfer to general reserve for possible loan losses) + Subsidiaries' operating profit (excluding temporary factors) + (Affiliates' operating profit) x (Ownership ratio) - Internal transaction (dividends, etc.)

11. Projection for FY2002



(Billions of yen)

Non-consolidated	FY2001	FY2002 forecast	Year change
Gross banking profit	1,853.5	1,500.0	(353.5)
Expenses	(670.1)	(650.0)	20.1
Banking profit*	1,183.4	850.0	(333.4)
Credit cost	(1,543.1)	(500.0)	1,043.1
Operating profit	(522.1)	230.0	752.1
Net income	(322.8)	80.0	402.8

(*) Excluding transfer to general reserve for possible loan losses

(Billions of yen)

Consolidated	FY2001	FY2002 forecast	Year change
Operating profit	(580.6)	320.0	900.6
Net income	(463.9)	100.0	563.9

12. BIS capital ratio



(Billions of yen)

<Consolidated>	Mar.31,2001		Mar.31,2002
	Former Sakura	Former Sumitomo	Preliminary
TIER1	2,496.4	2,258.3	3,719.4
Net unrealized losses on other securities	---	---	(304.8)
Preferred stock	805.2	501.0	1,301.0
Preferred securities issued by SPCs	283.8	563.0	863.6
TIER2	1,351.6	2,008.1	3,589.9
<TIER2 included as qualifying capital>	<1,351.6>	<1,995.4>	<3,504.8>
45% of unrealized gains on securities	---	---	---
45% of unrealized appreciation on land	46.7	122.2	82.9
General reserve	163.1	232.7	929.5
Perpetual subordinated debt	537.4	511.3	796.9
Dated subordinated debt	604.4	1,141.9	1,780.6
Subtraction items	13.7	103.6	163.3
BIS capital	3,834.3	4,150.0	7,060.8
Risk-adjusted assets	33,891.4	37,925.2	67,548.0
BIS capital ratio	11.31%	10.94%	10.45%
Tier1 ratio	7.36%	5.95%	5.50%

Possible measures of subordinated capital funding

- Domestic subordinated notes on public offering
- Overseas subordinated notes on public offering
- Euro medium term note programme
- Subordinated loans

Combined basis BIS capital ratio:
Approximately 11.1%

Part II

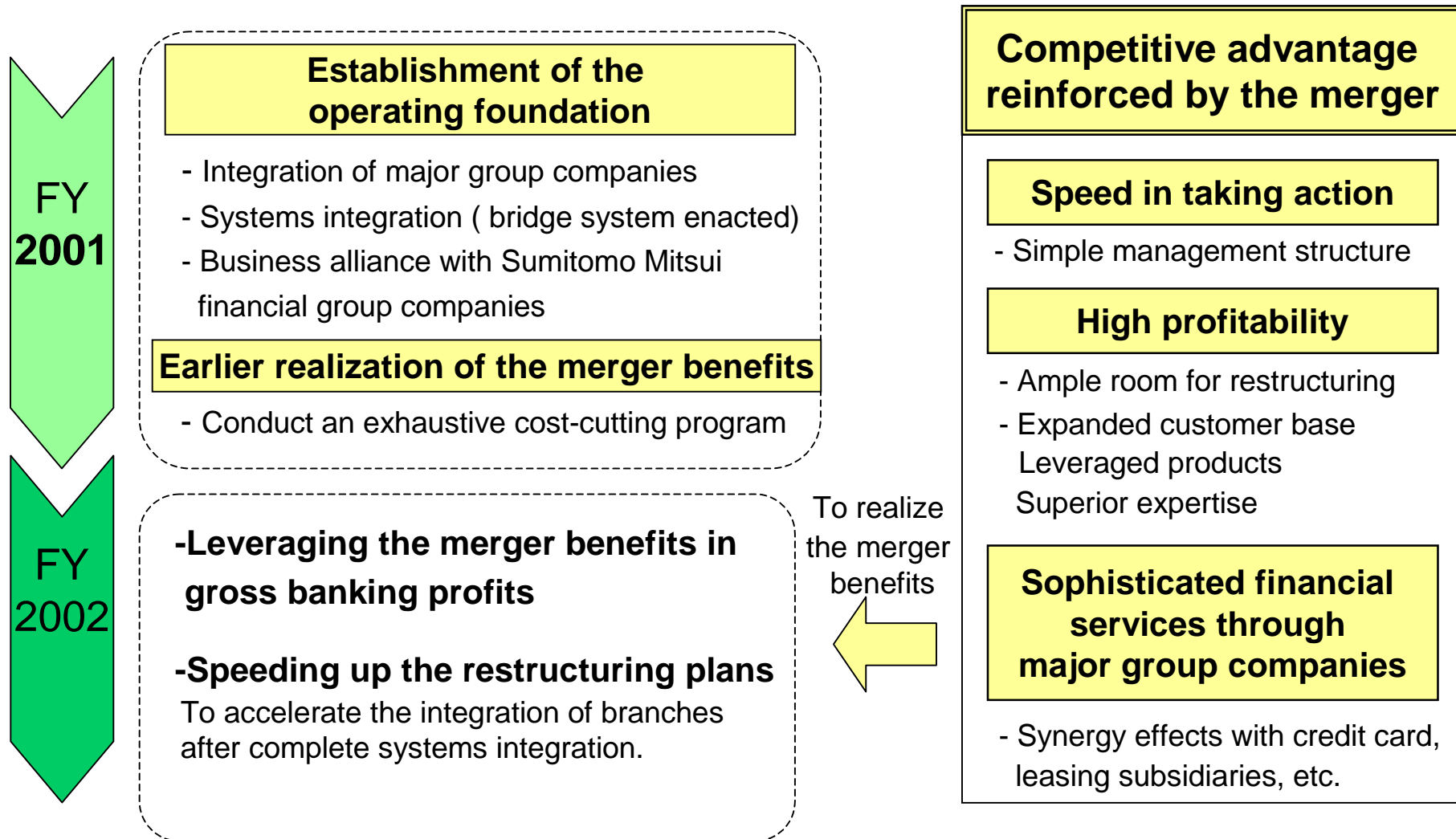


- 1. FY2001 overview as the first fiscal year after merger**
- 2. Management policy for FY2002**
- 3. Financial forecast for FY2002 <Banking profit>**
- 4. Business reform**
 - Overview**
 - Corporate banking business**
 - Consumer banking business**
 - Expense reduction plan**
- 5. Credit cost projection for FY2002**

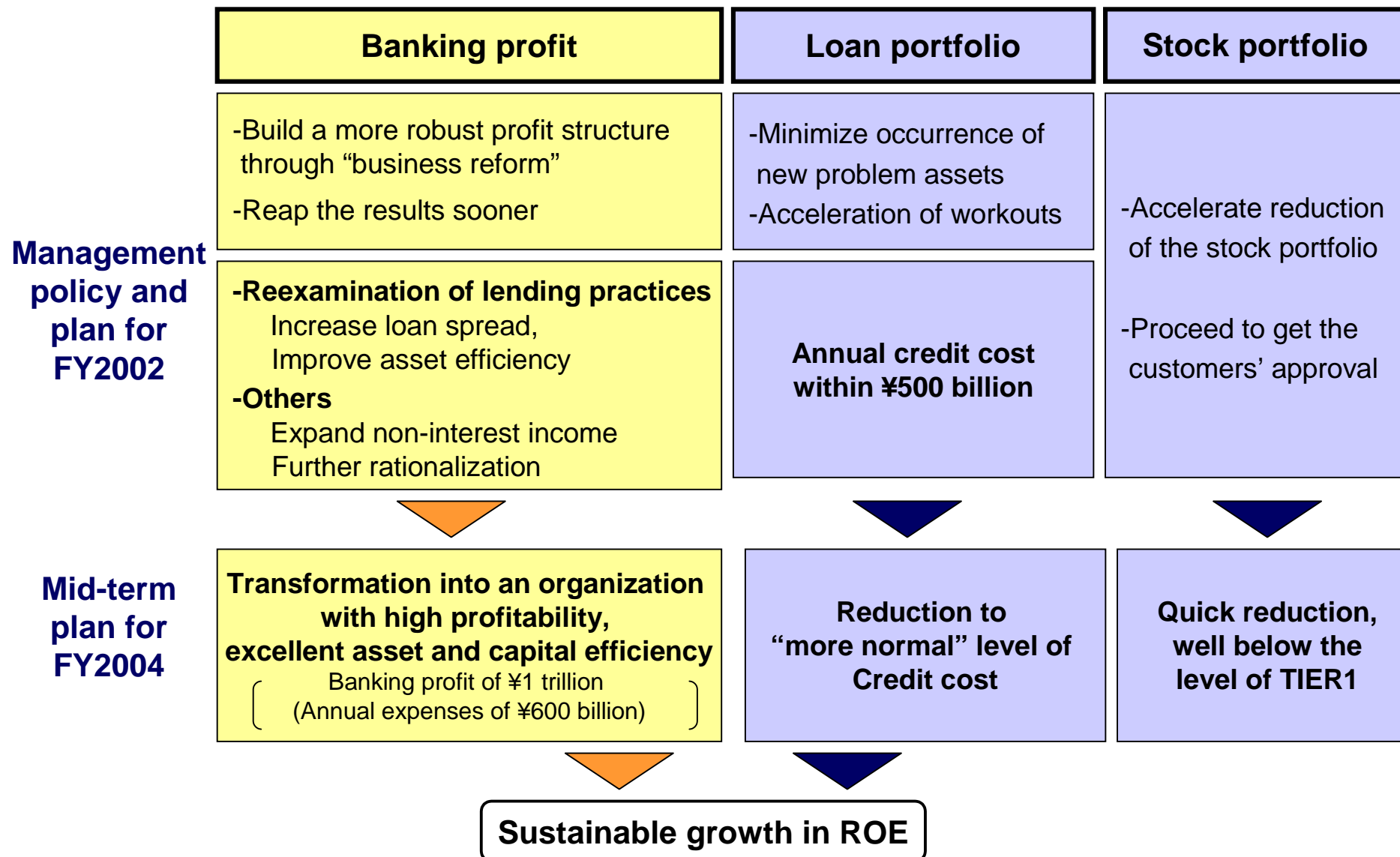
1. FY2001 overview as the first fiscal year after merger



▶ Leveraging the benefits of the merger in FY2002



2. Management policy for FY2002



3. Financial forecast for FY2002 <Banking profit>



Billions of yen

	FY2002 projections	Change	Actions
Gross banking profit	1,500	(350)	
Marketing units	1,194	80 *	<ul style="list-style-type: none"> - increase loan spread - increase loans to small business - expand non-interest income - increase assets under our a/c
Treasury unit	320	(410)	
Dividends from group companies	—		
Expenses	650	20	- further rationalization
Banking profit	850	(330)	

(*)excluding effects of interest rate fluctuations

**To be achieved quickly
by implementation of “business reform”**

4. Business reform: Overview



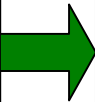
Actions in progress

Additional actions
Main features of "business reform"

Corporate banking business

Offering "solutions" to customers to build a robust profit structure

- Interest income
 - Increase loan volume
 - Attain adequate interest spread
- Non-interest income
 - Loan syndication, business reorganization and M&A, etc.

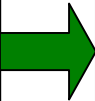


Reexamination of domestic lending practices

- Improvement of the profitability as well as the soundness of our loan business

Consumer banking business

- Promote main products
 - housing loans
 - investment trusts, etc.
- Expand remote-channels and reorganize the branch network
- Business process reengineering in back offices.

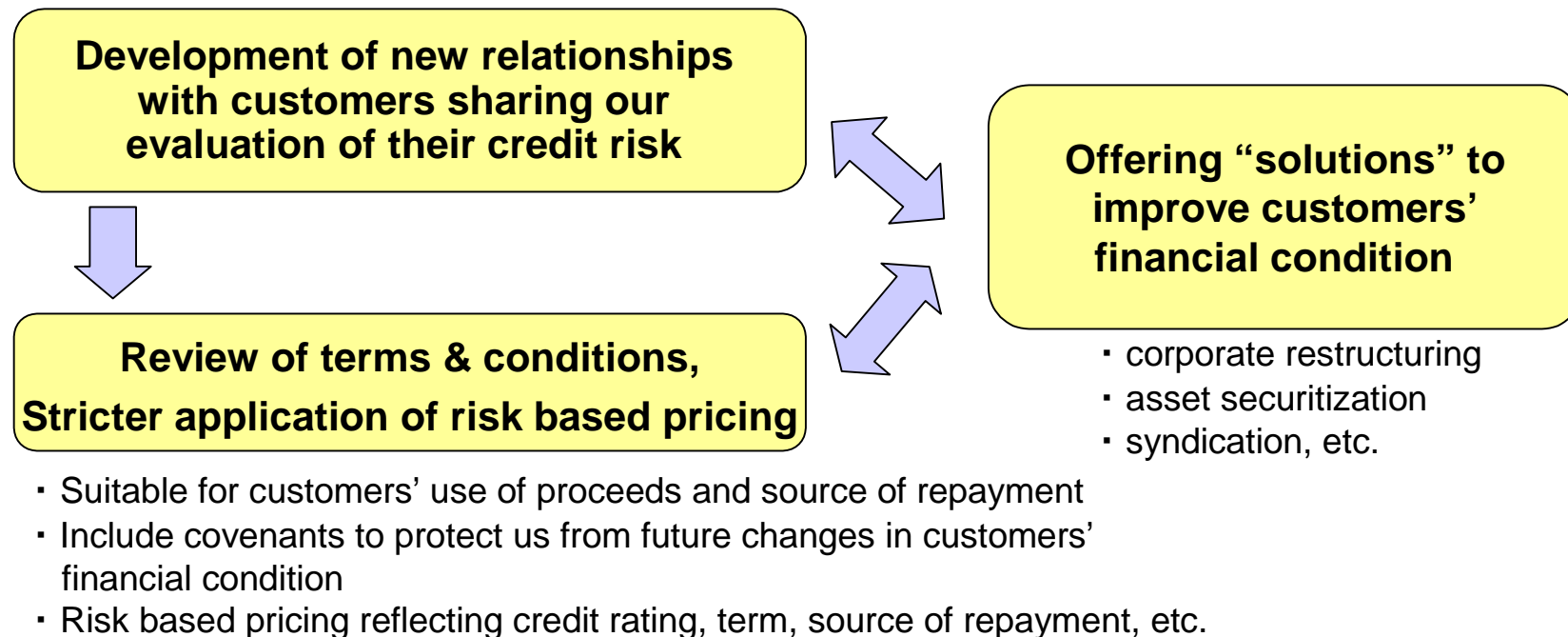


Change "mass-retail" business into bigger profit center

- Establish new business model
- Pursue both improvement in customers' convenience and higher cost performance

4. Business reform: Corporate banking business (1)

▶ Reexamination of domestic lending practices to improve risk-return profile



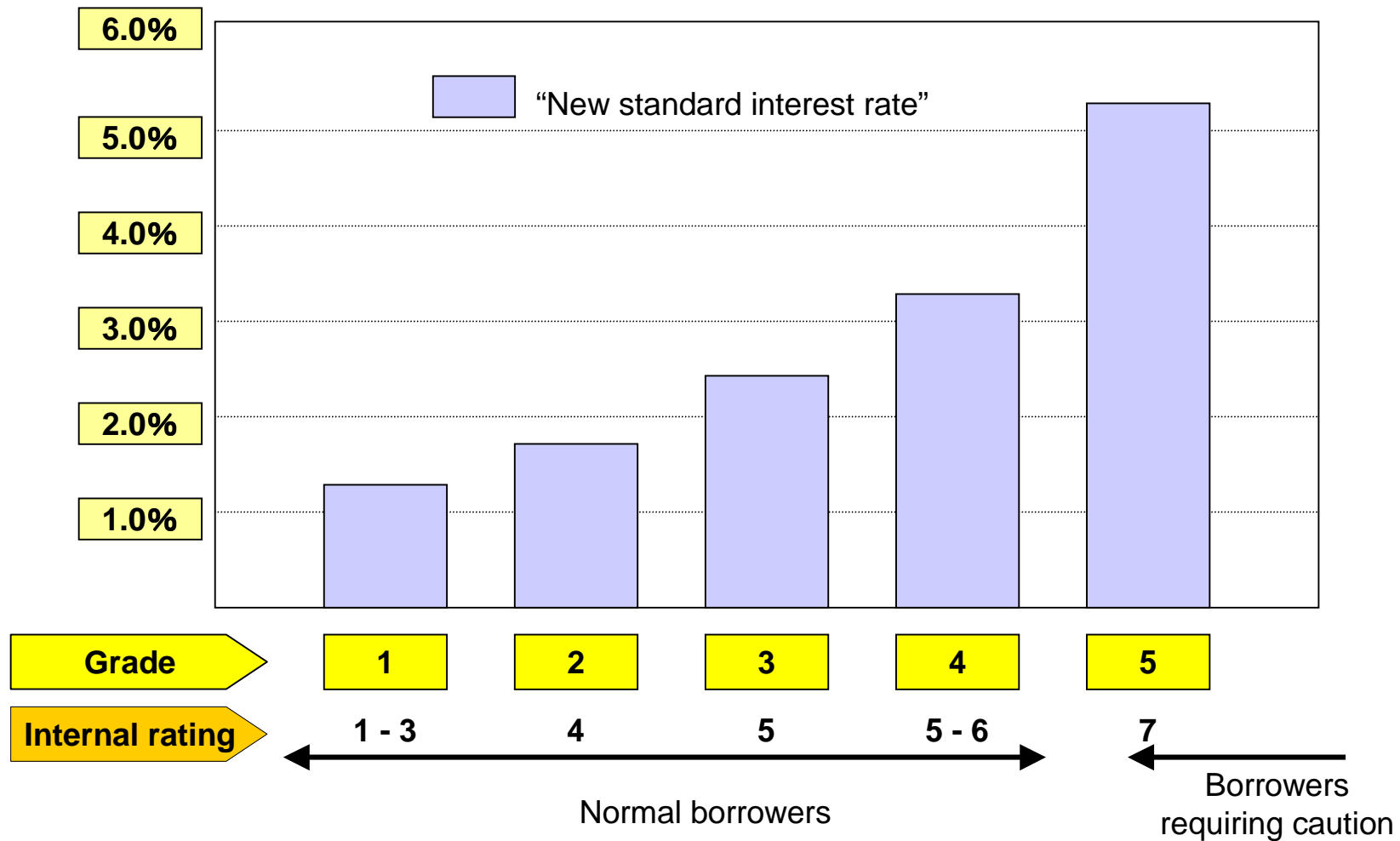
▶ Become more active in taking credit risk

- Focus on unsecured lending to small businesses, non-recourse finance, etc.
- Improve risk-return profile of loan portfolio by utilizing securitization, etc.

4. Business reform: Corporate banking business (2)



“New standard interest rate” to short-term, prime-base lending



4. Business reform: Corporate banking business (3)



Impact of the reexamination of domestic lending practices (Middle market)

Loan spread Asset efficiency

- (+) Loan re-pricing
- (+) Collection of thin margin loans



Positive impact to be realized in the latter part of FY2002
[Target for FY2002: Improvement of approx. +25bp (in average)]

Loan volume

- (-) Customers' shift to other banks
- (+) Execution of new loans based on "new standard interest rate"
- (+) Increase in unsecured lending to small businesses
- (-) Ordinary loan repayment
- (-) Collection of non-performing loans



Negative impact from decrease in loan volume may occur.

**Target net increase
in profit
for FY2002:
approx. Yen 40 bil.**

(+): positive factor

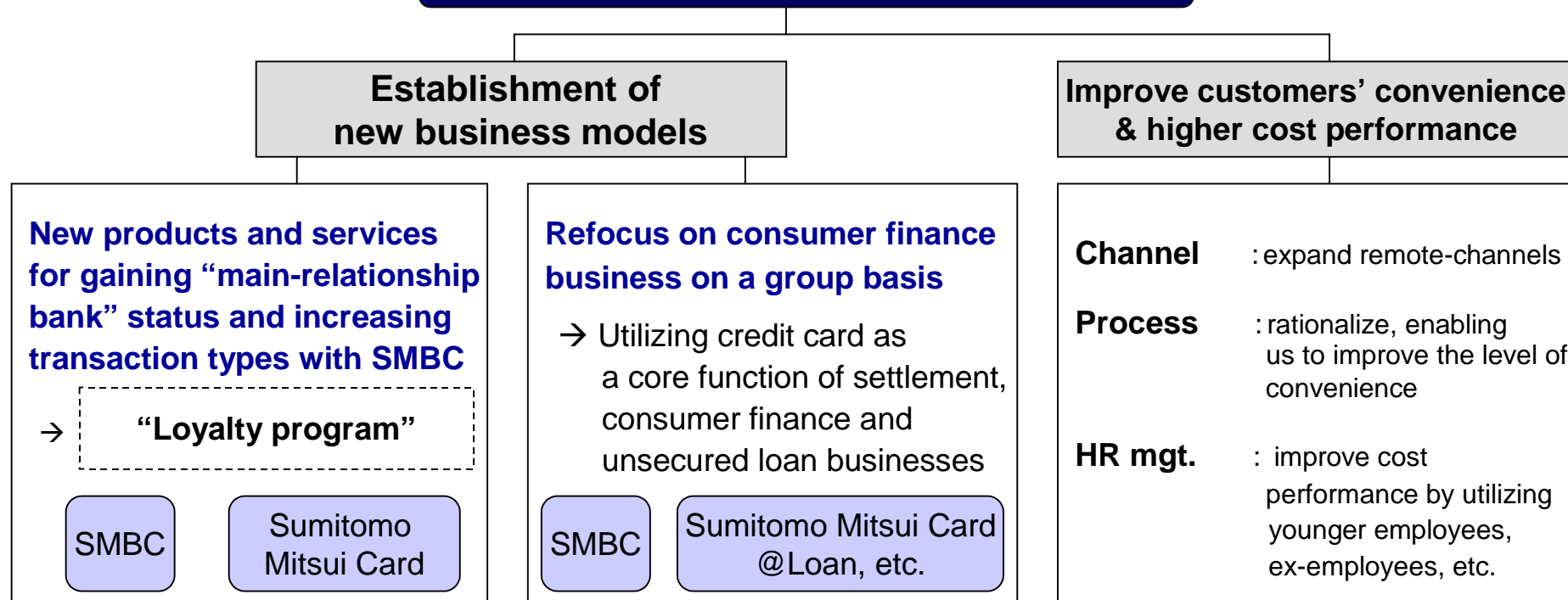
(-): negative factor

4. Business reform: Consumer banking business

► Change “mass-retail” business into bigger profit center :

- Increase “core” customers by introducing new business models
- Pursue both improvement in customers’ convenience and higher cost performance

Change in “mass-retail” business



4. Business reform: Expense reduction plan

FY2000 Annual expenses : ¥700.1 billion

**Further rationalization plan
(announced in November 2001)**

**Projected annual expenses for
FY2004: ¥630 billion**

- **Further reduction in the number of domestic branches: 177 branches**
Number of domestic branches: from 578*(as of March 2001) to 401(as of March 2003)
Within the reduction of 177 branches, integration of 34 branches took place in FY2001
- **Further headcount reduction: 4,500**
Number of employees: from 27,100* (as of March 2001) to 22,600(as of March 2004)
- To reduce bonuses for employees by 10%
- Further cuts in systems-related expenses, etc.

FY2001 Annual expenses: ¥670.1 billion
(reduction of ¥41.9 billion from the original plan)

<before the merger announcement>

* As of March 1999: 696

** As of March 1999: 31,325

To implement business reform

→ Change the cost structure through business reform

To achieve a ¥600.0 billion expense structure

5. Credit cost projection for FY2002



Breakdown of credit cost projection

(Billions of yen)

	[FY2001] actual		[FY2002] projection
(1) Action for specific borrowers with large exposure	550.0		---
(2) Change in reserve policy	350.0	→	---
(3) Acceleration of the workout	150.0		500.0
(4) Other*	500.0		
<hr/>			
Total	1,543.1		500.0
<hr style="border-top: 1px dashed black;"/>			
<Banking profit**>	<1,180.0>		<850.0>

* Deterioration of borrowers' financial condition, decline in collateral value, cost related to disposal of NPL, etc.

** excluding transfer to general reserve for possible loan losses

Appendix



1. **Financial highlights in recent years**
2. **Average balance and yield of major items (domestic)**
3. **Consumer banking**
4. **Debt capital markets**
5. **Daiwa Securities SMBC**
6. **Disclosure of problem assets**
7. **Problem assets based on Financial Reconstruction Law & coverage ratio**
8. **Loan portfolio & problem assets, classified by industry**
9. **Unrealized gains (losses) on securities**
10. **Equity portfolio - composition by industry**
11. **Financial results of major group companies**

(Appendix 1) Financial highlights in recent years



Non-consolidated

(Billions of yen)

	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001
Gross banking profit	1,432.3	1,441.6	1,449.4	1,434.5	1,503.2	1,853.5
Expenses	(808.0)	(808.6)	(778.9)	(727.6)	(700.1)	(670.1)
Banking profit*	624.2	632.9	670.5	702.9	803.1	1,183.4
Credit cost	(852.5)	(2,254.0)	(2,095.9)	(1,130.6)	(819.1)	(1,543.1)
Transfer to general reserve for possible loan losses	(4.3)	(31.2)	(277.4)	(24.2)	188.6	(504.5)
Others	(848.2)	(2,222.8)	(1,818.5)	(1,106.4)	(1,007.7)	(1,038.6)
Operating profit	110.5	(1,034.6)	(1,495.2)	336.4	359.2	(522.1)
Net income	86.4	(842.2)	(749.4)	105.9	137.8	(322.9)

*excluding transfer to general reserve for possible loan losses

(Note) Information on FY2000 and before are combined figures of former Sakura and former Sumitomo.

Common stock:

-Issued and outstanding: 5,709 million shares

Preferred stock: 1,301.0 billion yen (public funds)

-Type 1: 167 million shares

-Type 5: 800 million shares

(Appendix 2) Average balance and yield of major items (domestic)



Non-consolidated

(Billions of yen)

	FY2000		FY2001		Year change	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Interest earning assets	73,581.9	1.76%	78,080.7	1.53%	4,498.9	(0.23%)
Loans and bills discounted	55,306.0	1.99%	53,576.1	1.83%	(1,730.0)	(0.16%)
Securities	17,488.8	1.06%	19,687.3	0.90%	2,198.5	(0.16%)
Yield on interest earning assets		1.76%		1.53%		(0.23%)

(Billions of yen)

	FY2000		FY2001		Year change	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Interest bearing liabilities	70,146.1	0.27%	72,477.8	0.16%	2,331.7	(0.11%)
Deposits	47,095.7	0.17%	47,259.7	0.09%	164.0	(0.08%)
Negotiable certificates of deposit	8,814.0	0.29%	9,972.0	0.06%	1,158.1	(0.23%)
Call money	6,093.8	0.20%	3,691.1	0.03%	(2,402.7)	(0.17%)
Expense ratio		0.86%		0.82%		(0.04%)
Total cost of funding (including expenses)		1.13%		0.98%		(0.15%)

	FY2000	FY2001	Year change
Overall interest spread	0.63%	0.55%	(0.08%)
Interest spread	1.81%	1.75%	(0.06%)

(Appendix 3) Consumer banking



Assets under SMBC account (Billions of yen)

	Mar. 31, 2001	Mar. 31, 2002	Change
Individual deposits	28,309.4	30,110.7	1,801.3
Liquid deposits	11,540.6	14,982.6	3,442.0
Time deposits	16,191.7	14,580.9	(1,610.8)
Foreign currency denominated deposits	577.1	547.2	(29.9)
Investment trust sales	1,192.2	1,485.3	293.1

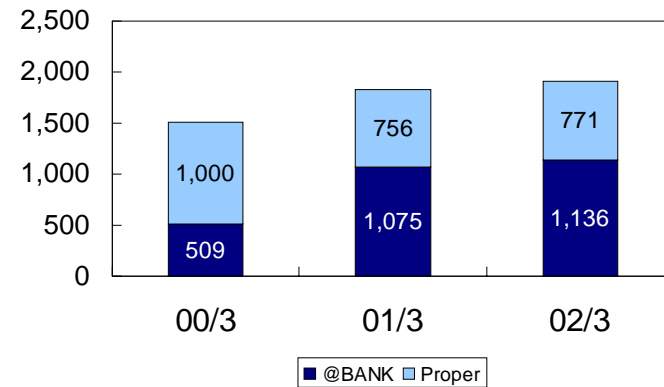
	FY2000	FY2001	Change
Investment trust related fees	8.6	11.6	3.0

(Figures of Consumer Banking Unit)

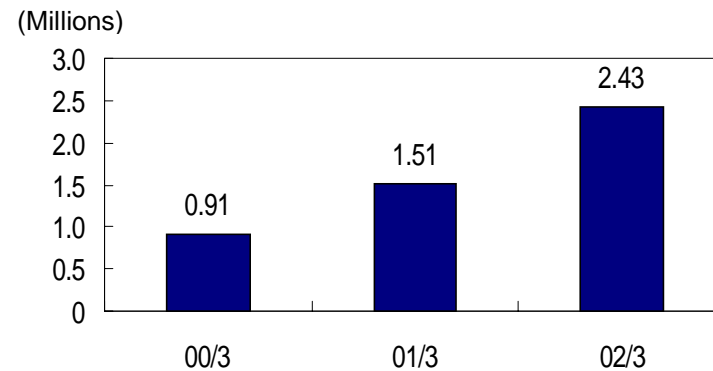
Loans (Billions of yen)

	Mar. 31, 2001	Mar. 31, 2002	Change
Housing loans	11,791.2	11,949.4	158.2
Residential purpose	7,445.2	7,820.3	375.1

Number of automated service centers



Number of monthly transactions through remote channels*

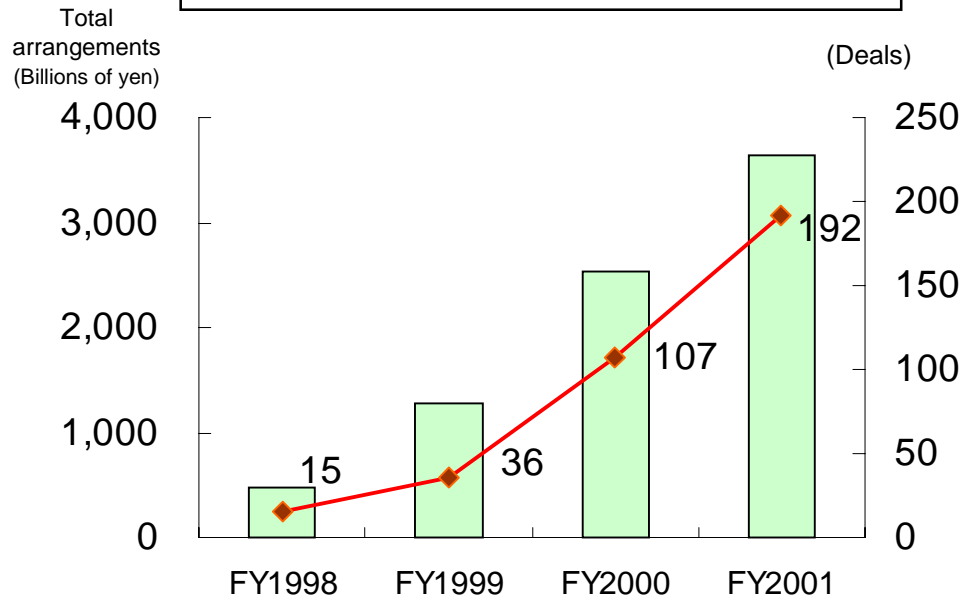


*Telephone banking + Mobile banking + Internet banking

(Appendix 4) Debt capital markets

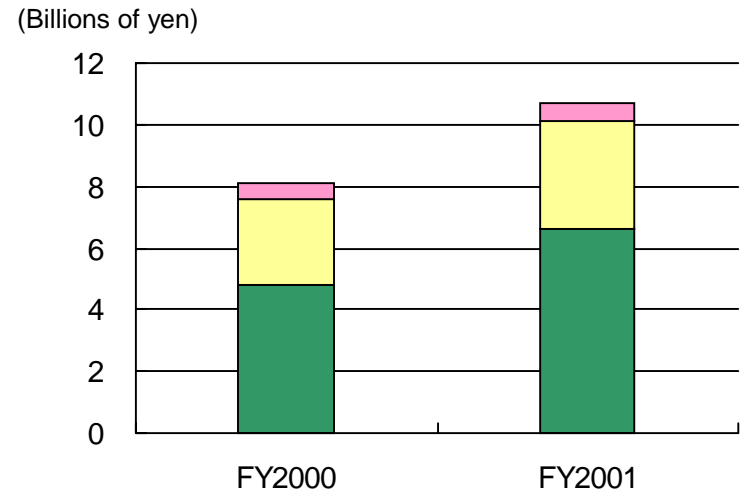


Domestic syndication



Total arrangements
 Number of deals

Dept capital markets related fees



Syndication
 Commitment line
 Negotiable loan

(Appendix 5) Daiwa Securities SMBC



FY2001 Earnings of Daiwa Securities SMBC

(Billions of Yen)

	FY2000	FY2001	
			Change
Operating revenue	230.7	109.5	(121.2)
Ordinary income	123.6	13.2	(110.4)
Net income	70.8	5.4	(65.4)

Contribution to the consolidated net income of SMBC: +Y2.1 bn.(40%)

Joint work with Daiwa Securities SMBC (FY2001)

- IPO-lead manager nomination: More than 30% of mandates were obtained via SMBC network
- Underwriting: Acquired the first place in the straight bond league table owing to the enlarged customer base after the merger of SMBC.
- M&A: More than 60% of fee income was generated by deals originated by SMBC.
- Structured finance: Generated the noteworthy deals in structured finance using respective expertise.

Domestic straight bond league table (FY2001)

	(share)
1. Daiwa Securities SMBC	Y2,046.3 bn. (23.7%)
2. Nomura Securities	Y1,852.4 bn. (21.4%)
3. Mizuho Securities	Y1,290.0 bn. (14.9%)
4. Nikko SSB	Y1,210.1 bn. (14.0%)
5. Tokyo-Mitsubishi Securities	Y 949.9 bn. (11.0%)
6. UFJCM	Y 573.8 bn. (6.6%)

(source: Thomson DealWatch)

(Appendix 6) Disclosure of problem assets

<As of Mar. 31, 2002>		(Billions of yen)						
Category of Borrowers under Self-Assessment	Disclosed Assets under 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 493.5 (Change from Mar. 31, 2001: -96.4)	Portion of claims secured by collateral or guarantees, 474.8	Fully reserved 18.7	Direct Write-offs (*1)	Specific Reserve	22.4 (*2)	100% (*3)	
Effectively Bankrupt Borrowers								
Potentially Bankrupt Borrowers	Doubtful Assets 2,970.2 (Change from Mar. 31, 2001: +1,027.1)	Portion of claims secured by collateral or guarantees, etc. 1,572.1	Necessary amount reserved 1,398.1		Specific Reserve	1,061.7 (*2)	75.9% (*3)	
Borrowers Requiring Caution	Substandard Loans 2,436.3 (Change from Mar. 31, 2001: +2,146.9)	Portion of Substandard Loans secured by collateral or guarantees, etc. 1,099.3			General Reserve for Substandard Loans	290.8	21.8% (*3)	
	Normal Assets 60,558.9	Claims to Borrowers Requiring Caution, excluding claims to Substandard Borrowers			General Reserve	872.3	[9.4%] 5.1% (*4)	12.9% (*3)
Normal Borrowers		Claims to Normal Borrowers					0.2% (*4)	

(*1) Includes amount of direct reduction totaling 1,405.1 billion yen.

(*2) Includes reserves for assets which are not subject to disclosure under the Financial Reconstruction Law disclosure standards.

(Bankrupt/effectively bankrupt borrowers: 3.7 billion yen, Potentially bankrupt borrowers: 11.9 billion yen)

(*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 square brackets indicates the proportion of the reserve to the claims excluding the portion secured by collateral or guarantees, etc.

(Appendix 7) Problem assets based on Financial Reconstruction Law & coverage ratio



(Billions of yen)

	Problem assets based on Financial Reconstruction Law (A)			Total coverage (B)			Coverage ratio (B/A)		
	Mar. 31, 2001	Mar. 31, 2002	Change	Mar. 31, 2001	Mar. 31, 2002	Change	Mar. 31, 2001	Mar. 31, 2002	Change
Bankrupt and quasi-bankrupt assets	589.9	493.5	(96.4)	589.9	493.5	(96.4)	100.0%	100.0%	--
Doubtful assets	1,943.1	2,970.2	1,027.1	1,483.3	2,633.8	1,150.5	76.3%	88.7%	12.3 %
Substandard loans	289.4	2,436.3	2,146.9	155.5	1,390.1	1,234.6	53.7%	57.1%	3.3 %
Total	2,822.5	5,900.0	3,077.5	2,228.7	4,517.4	2,288.7	79.0%	76.6%	(2.4)%

<Reserve ratio against unsecured portion>

Bankrupt and quasi-bankrupt assets: 100%

Doubtful assets: 75.9%

Substandard loans: 21.8%

(Appendix 8) Loan portfolio & problem assets, classified by industry



Non-consolidated

(Billions of yen)

	Total loans			Problem Assets Based on Financial Reconstruction Law			
	Mar. 31, 2002	Change	Mar. 31, 2001	Mar. 31, 2002	Reserve ratio	Change	Mar. 31, 2001
Domestic offices (excluding offshore banking account)	54,489.5	(1,061.7)	55,551.2	5,732.7	49.9%	3,030.7	2,702.0
Manufacturing	7,493.0	37.6	7,455.4	317.6	36.7%	153.2	164.4
Agriculture, forestry, fisheries, and mining	183.7	(5.1)	188.8	5.2	64.2%	(2.4)	7.6
Construction	2,841.6	(87.6)	2,929.2	1,035.5	53.9%	935.7	99.8
Transportation, communications and other public enterprises	2,838.9	(143.3)	2,982.2	66.3	49.7%	1.0	65.3
Wholesale and retail	7,161.7	(469.4)	7,631.1	736.6	60.3%	315.3	421.3
Finance and insurance	5,244.9	394.7	4,850.2	219.3	26.6%	104.4	114.9
Real estate	8,549.5	(672.7)	9,222.2	2,046.5	42.7%	1,189.7	856.8
Services	6,364.1	(356.3)	6,720.4	998.5	56.0%	218.2	780.3
Municipalities	337.5	33.4	304.1	--	--	(0.5)	0.5
Other	13,474.5	207.0	13,267.5	307.2	77.0%	116.0	191.2
Overseas offices and offshore banking accounts	5,438.9	(757.8)	6,196.7	167.3	51.1%	46.9	120.4
Public sector	182.4	(81.6)	264.0	13.6	21.8%	12.5	1.1
Financial institutions	372.2	(6.6)	378.8	3.0	65.1%	(2.0)	5.0
Commerce and industry	4,689.8	(798.4)	5,488.2	150.8	55.3%	36.6	114.2
Other	194.4	128.7	65.7	--	--	(0.2)	0.2
Total	59,928.4	(1,819.5)	61,747.9	5,900.0	49.9%	3,077.5	2,822.5

(*1) In addition to loans, "Problem Assets Based on 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) X 100
Reserve for possible loan losses is sum of general reserve for substandard loans and specific reserve.

(Appendix 9) Unrealized gains (losses) on securities



<Non-consolidated>

(Billions of yen)

	Mar. 31, 2002				Apr. 1, 2001 (after merger)		
	Net unrealized gains (losses)				Net unrealized gains (losses)		
	(a)	(a) - (b)	Gains	Losses	(b)	Gains	Losses
Held-to-maturity purpose	1.1	1.2	1.2	(0.0)	(0.1)	0.0	(0.1)
Stocks of subsidiaries and affiliates	(0.1)	2.0	12.7	(12.8)	(2.1)	6.2	(8.4)
Other securities	(481.7)	(682.1)	244.2	(725.9)	200.4	505.3	(304.8)
Stocks	(500.9)	(594.7)	180.9	(681.8)	93.8	387.8	294.1
Bonds	37.8	(67.2)	55.6	(17.8)	105.0	107.5	(2.6)
Others	(18.5)	(20.2)	7.7	(26.2)	1.7	9.9	(8.2)
Other money held in trust	(3.8)	(0.2)	0.1	(4.0)	(3.6)	0.8	(4.4)
Total	(484.4)	(679.1)	258.3	(742.7)	194.6	512.3	(317.7)
Stocks	(501.0)	(592.7)	193.7	(694.7)	91.7	394.1	(302.4)
Bonds	38.2	(66.8)	56.0	(17.8)	105.0	107.5	(2.6)
Others	(21.7)	(19.6)	8.6	(30.2)	(2.0)	10.7	(12.7)

- (Note) 1. The figures above include unrealized gains(losses) on negotiable certificates of deposit in 'deposits with banks' and commercial papers as well as claims on loan trust in 'commercial paper and other debt purchased.'
2. The values of stocks (excluding stocks of subsidiaries and affiliates) as of Mar. 31, 2002 are calculated using the average market price during the final month of the fiscal year ended March 31, 2002. The value of bonds and others are calculated using market prices at March 31, 2002.
3. Unrealized gains(losses) as of Apr. 1, 2001 (at the time of the merger) use market value as of March 31, 2001 as the basis for calculating unrealized gains(losses) on 'other securities' of the former Sakura Bank that had unrealized losses.
4. 'Other securities' as of Mar. 31, 2002 are valued at market price. Consequently, figures in the above table show the differences between the acquisition cost(or amortized cost) and the balance sheet amounts.

<Consolidated>

(Billions of yen)

	Mar. 31, 2002				Apr. 1, 2001 (after merger)		
	Net unrealized gains (losses)				Net unrealized gains (losses)		
	(a)	(a) - (b)	Gains	Losses	(b)	Gains	Losses
Held-to-maturity purpose	0.9	1.0	1.3	(0.4)	(0.1)	0.0	(0.1)
Other securities	(495.6)	(824.7)	260.0	(755.5)	329.2	661.1	(331.9)
Stocks	(509.4)	(603.5)	192.6	(701.9)	94.1	408.7	(314.6)
Bonds	36.5	(74.0)	58.8	(22.4)	110.5	113.7	(3.2)
Others	(22.7)	(147.3)	8.6	(31.3)	124.6	138.7	(14.1)
Other money held in trust	(3.8)	(0.2)	0.1	(4.0)	(3.6)	0.8	(4.4)
Total	(498.5)	(824.0)	261.4	(759.9)	325.5	661.9	(336.5)
Stocks	(509.4)	(603.5)	192.6	(701.9)	94.1	408.7	(314.6)
Bonds	36.6	(73.8)	59.3	(22.7)	110.5	113.7	(3.2)
Others	(25.8)	(146.7)	9.5	(35.3)	120.9	139.5	(18.6)

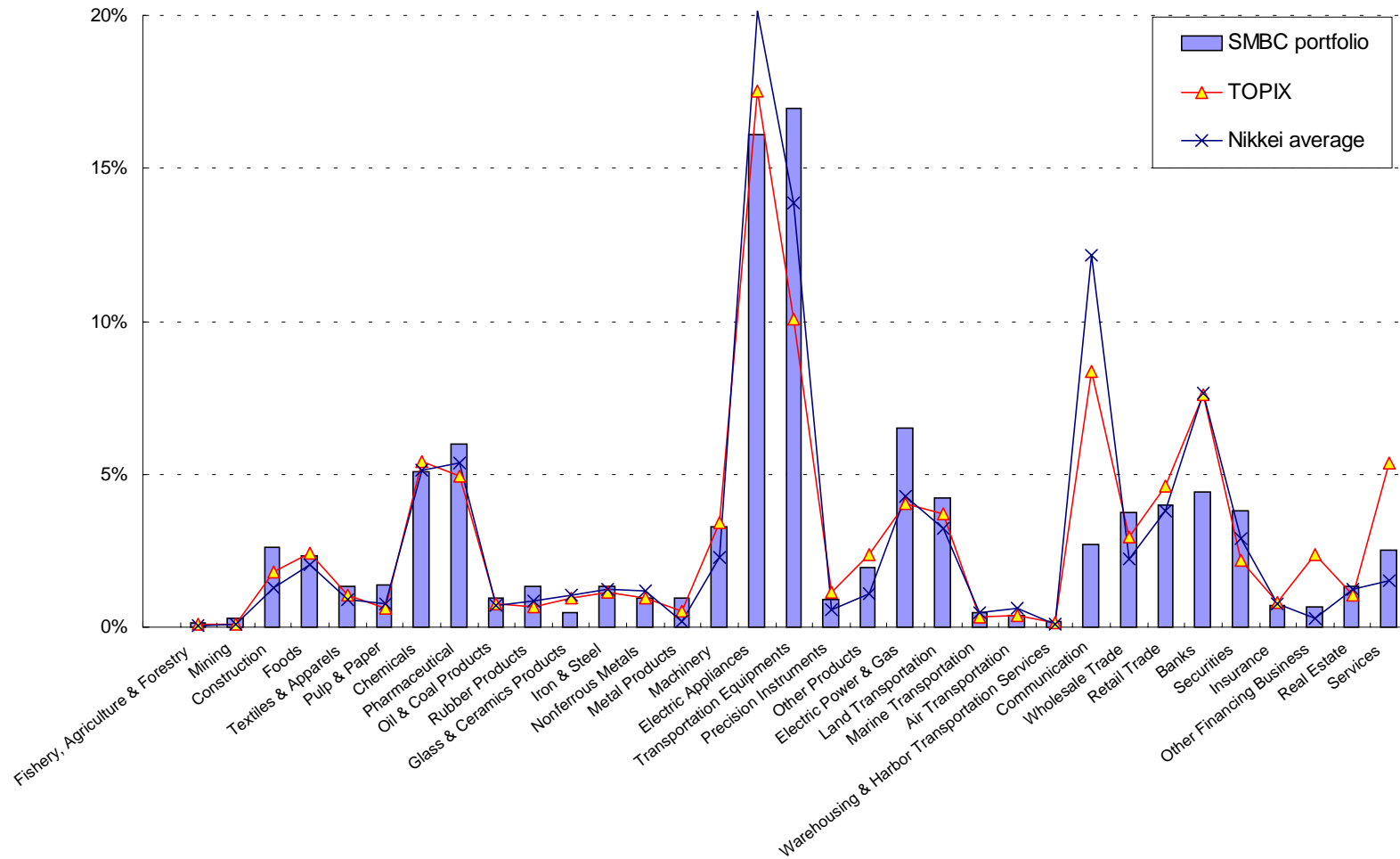
- (Note) 1. The figures above include unrealized gains(losses) on negotiable certificates of deposit in 'deposits with banks' and commercial paper as well as claims on loan trust in 'commercial paper and other debt purchased.'
2. The values of stocks as of Mar. 31, 2002 are calculated using the average market price during the final month of the fiscal year ended March 31, 2002. The value of bonds and others are calculated using market prices at March 31, 2002.
3. Unrealized gains(losses) as of Apr. 1, 2001 (at the time of the merger) use market value as of March 31, 2001 as the basis for calculating unrealized gains(losses) on 'other securities' of the former Sakura Bank that had unrealized losses.
4. 'Other securities' as of Mar. 31, 2002 are valued at market price. Consequently, figures in the above table show the differences between the acquisition cost (or amortized cost) and the consolidated balance sheet amounts.

(Appendix 10) Equity portfolio - composition by industry



As of Mar. 31, 2002 Composition by industry

(Market value basis)



(Appendix 11) Financial results of major group companies



Sumitomo Mitsui Card Company, Limited

(Billions of yen)

	FY2000	FY2001	
			Year change
Operating revenue	101.8	117.4	15.6
Interest payment	3.7	3.0	(0.7)
Gross profit	98.0	114.4	16.4
Expenses	82.3	103.6	21.3
Ordinary income	15.4	10.6	(4.8)
Income before income taxes	15.2	9.0	(6.2)
Net income	8.7	5.1	(3.6)

*Consolidated basis

Daiwa Securities SMBC Co., Ltd.

(Billions of yen)

	FY2000	FY2001	
			Year change
Operating revenues	230.7	109.5	(121.2)
Commissions	73.6	54.7	(18.9)
Net gains on trading securities	128.9	26.1	(102.8)
Interest and dividend income	28.2	28.7	0.5
Interest expenses	12.3	6.8	(5.5)
Net operating revenues	218.5	102.7	(115.8)
Selling, general and administrative expenses	95.0	90.3	(4.7)
Ordinary income	123.6	13.2	(110.4)
Net income	70.8	5.4	(65.4)



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.