

# Sumitomo Mitsui Banking Corporation

## Financial Results

### 1st Half, FY2002



**SMFG** SUMITOMO MITSUI  
FINANCIAL GROUP

December 3, 2002

# Agenda



## Part I

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8. Asset quality (2) Breakdown of the changes in problem assets
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# Part I



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  15. **BIS capital ratio**

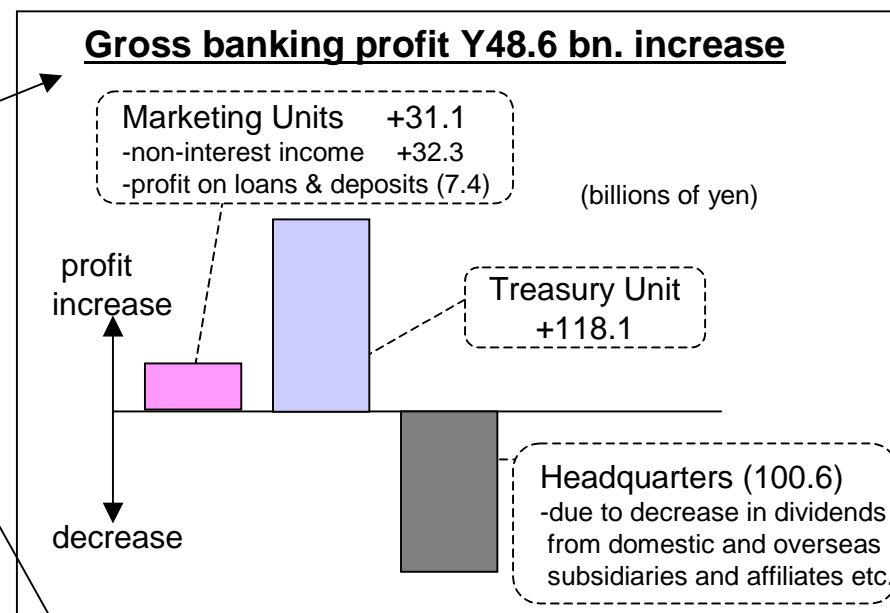
# 1. Financial highlights (P/L)



Billions of yen

Non-consolidated	FY2002		Change from original forecast
	1st half	Year Change	
Gross banking profit	897.9	48.6	147.9
Expenses	(321.2)	12.3	8.8
Banking profit*	576.7	60.9	156.7
Credit cost	(266.3)	39.1	(16.3)
Gains(losses) on stocks	(191.8)	(139.2)	---
Operating profit(loss)	99.7	(27.4)	(10.3)
Net income(loss)	44.9	(34.9)	4.9

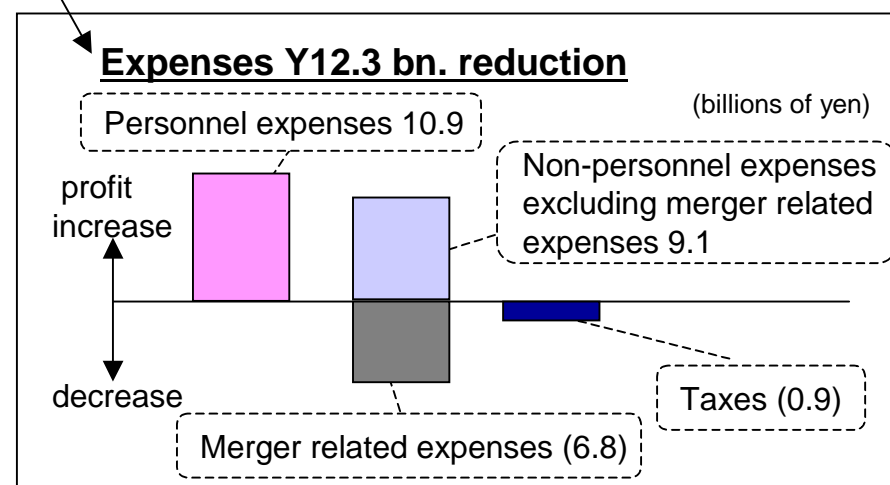
(\*) excluding transfer to general reserve for possible loan losses



Billions of yen

Consolidated	FY2002		Change from original forecast
	1st half	Year Change	
Consolidated banking profit	608.6	160.8	---
Operating profit(loss)	149.9	35.4	(0.1)
Net income(loss)	55.1	20.9	5.1
ROE*	3.9%	2.0%	---

\*Fully-diluted basis, including convertible preferred stocks and mandatorily exchangeable subordinated notes



## 2. Financial highlights (B/S)



Non-consolidated

(Billions of yen)

	Mar 31, 2002	Sep 30, 2002	Change
<b>Assets</b>	<b>102,082.6</b>	<b>98,900.9</b>	(3,181.7)
Loans and bills discounted	59,928.4	58,902.6	(1,025.8)
Securities	20,443.0	22,377.4	1,934.4
<b>Liabilities</b>	<b>98,886.1</b>	<b>95,902.0</b>	(2,984.1)
Deposits	61,051.8	57,311.1	(3,740.7)
NCDs	6,577.5	4,856.7	(1,720.8)
*Market Funding	16,260.5	17,630.0	1,369.5
<b>Stockholders' equity</b>	<b>3,196.5</b>	<b>2,998.9</b>	(197.6)
Capital stock	1,326.7	1,326.7	-
Capital surplus	1,684.4	1,684.4	-
Retained earnings	383.3	392.9	9.6
Land revaluation excess	100.4	98.2	(2.2)
Net unrealized losses on other securities	(298.0)	(502.7)	(204.7)

\*Call Money + Payables under repurchase agreements + Bills sold + Commercial paper + Borrowed money

### Major factors affecting balance sheet

#### Loans:

Overseas: Y700 bn. decrease: reduction of assets with low profitability  
 Domestic: Y300 bn. decrease: decrease in loans to corporations, etc.  
 <Loans to government >: Y2.4 tr. increase  
 <Loans to others>: Y2.7 tr. decrease

#### Securities:

Increased JGBs, mainly in short-term JGBs.

#### Deposits:

International: Y2.1 tr. decrease: decrease in funding in overseas markets  
 (Overseas: Y1.3 tr. decrease)  
 Domestic: Y1.6 tr. decrease: <individual clients' deposits> +Y300 bn.  
 <corporate clients' deposits> (Y1.9 tr.)  
 < 2H FY01 : +Y3.9tr.>

#### Stockholders' equity: (Billions of yen)

Net unrealized losses on securities:  
 Other securities: (818.6)  
 Other money held in trust: (0.4)  
 Deferred tax assets: +316.3  
 Net unrealized losses on securities: (502.7)

\* Figures in Stockholders' equity as of Mar 31, 2002 are reclassified to the items newly set in FY2002.

### 3. Gross banking profit



Non-consolidated		(Billions of yen)	
	FY2001 1st Half	FY2002 1st Half	Change
Gross domestic profit	616.0	620.3	4.3
<Excluding gains( losses) on bonds>	<589.9>	<581.5>	<(8.5)>
Net interest income	537.2	517.5	(19.7)
<Gains on interest rate sw aps>	<3.7>	<22.7>	<19.0>
Net fees and commissions	52.8	63.3	10.5
Net trading income	1.1	0.8	(0.3)
Net other operating income	24.9	38.7	13.8
<Gains (losses) on bonds>	<26.0>	<38.8>	<12.8>
Gross international profit	233.3	277.6	44.3
<Excluding gains( losses) on bonds>	<229.2>	<240.0>	<10.8>
Net interest income	139.9	126.6	(13.3)
<Gains on interest rate sw aps>	<39.0>	<99.7>	<60.7>
Net fees and commissions	20.5	22.5	2.0
Net trading income	36.6	55.3	18.7
Net other operating income	36.3	73.2	36.9
<Gains (losses) on bonds>	<4.1>	<37.6>	<33.5>

+12.5

#### Major factors in increase/decrease

(Billions of yen)

- Domestic net interest income: (19.7)
  - Decrease in loan volume
  - Decrease in dividends from subsidiaries
  - Increase in profit of domestic ALM operations
- Domestic & international net fees & commissions: +12.5
  - Increase in fees related to loan syndication, securities business, etc.
  - Increase in fees related to investment trusts
- International net interest income: (13.3)
  - Increase in profit related to foreign currency-denominated ALM operations
  - Decrease in dividends from overseas subsidiaries
- International net trading income: +18.7
  - Increase due to good performance of sales of derivatives products to customers

(Reference)

Adjustments related to items within gross international profit  
(Billions of yen)

	FY2001 1st Half	FY2002 1st Half	Change
Net interest income	2.5	8.0	5.5
Net trading income	(33.2)	(47.4)	(14.2)
Net other operating income	30.7	39.4	8.7

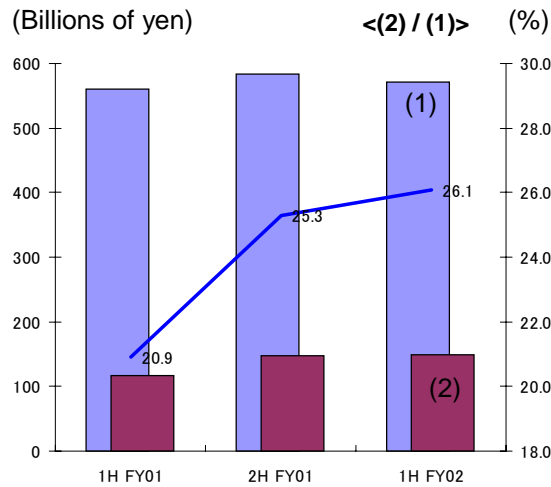
# 4. Non-interest income



## Non-interest income

1st half of FY2001 actual: total Y117.0 bn.  
 2nd half of FY2001 actual: total Y147.5 bn.  
**1st half of FY2002 actual: total Y149.3 bn.**  
 (Year-over-year change: +Y32.3 bn.)

Ratio occupied by marketing units:



### Gross banking profit of marketing units (1)

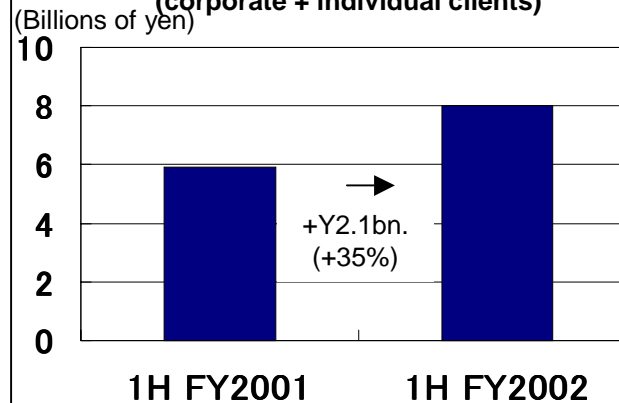
Gross banking profit of Consumer banking unit, Middle market banking unit, Corporate banking unit and International banking unit

### Non-interest income (2)

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

## 1. Investment trusts

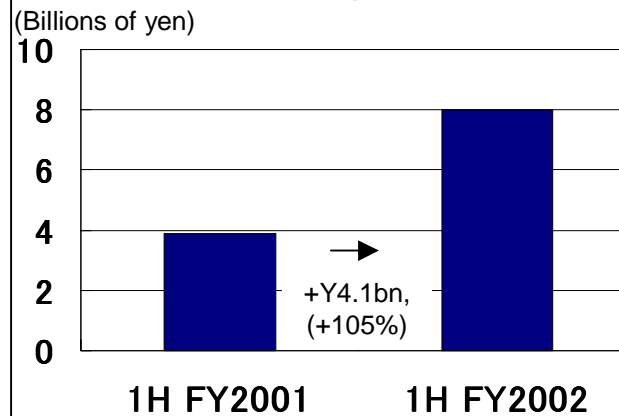
(corporate + individual clients)



Investment trust sales( to consumer clients)

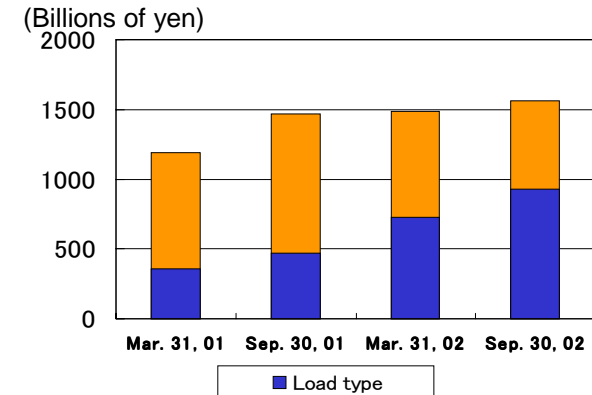
-Outstanding balance:  
 Sep. 30, 2001 Y1,464.0 bn. → Sep. 30, 2002 Y1,563.8 bn.  
 -Income: 1st half of FY2001 Y5.6 bn. → 1st half of FY2002 7.6 bn.

## 2. Loan arrange



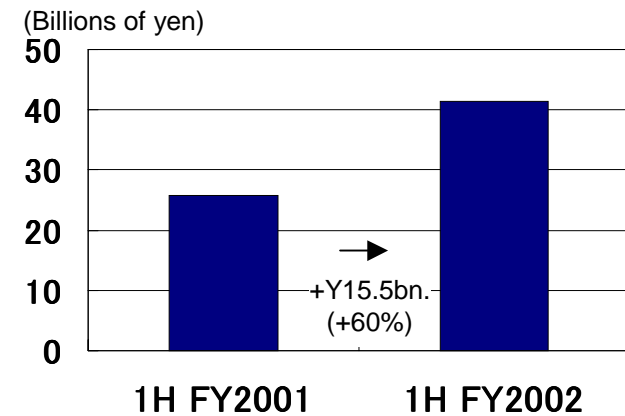
Domestic loan syndication number / yen amount  
 1st half of FY2001 57 / Y1,320.0 bn.  
 → 1st half of FY2002 128/ Y1,905.0 bn.

## Balance of investment trust sold to individual clients



Percentage of load-type investment trusts:  
 Sep 30, 2002 60% (Year-over-year change +28%)

## 3. Sales of derivative products



In addition to interest rate derivatives, such as interest swaps, foreign exchange derivatives, such as currency swaps, pushed up the increase in profit.

# 5. Expense reduction



## Non-consolidated

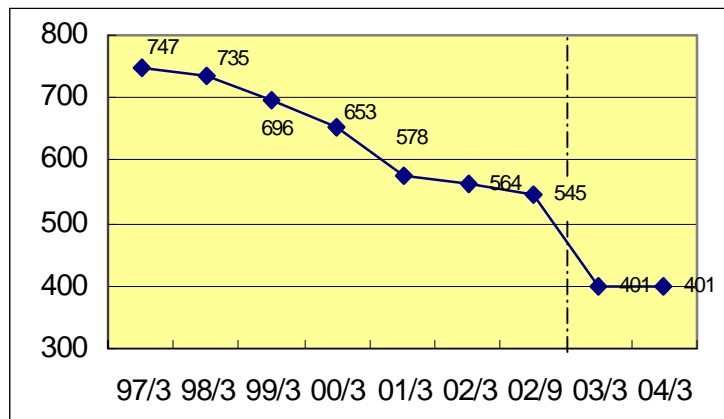
(Billions of yen)

	FY2001 1st half	FY2002 1st half	Change
Expenses*	(333.5)	(321.2)	12.3
Personnel expenses	(140.1)	(129.2)	10.9
Non-personnel expenses	(177.7)	(175.4)	2.3
Merger related expenses	(8.2)	(15.0)	(6.8)
Taxes	(15.7)	(16.6)	(0.9)

Expense ratio	39.2%	35.8%	(3.4%)
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(\* ) excluding non-recurring losses

## Number of domestic branches



Projection Target

## Major factors in increase/decrease

(Billions of yen)

### ➤ Personnel expenses: (10.9)

Decreased by the reduction of headcount of 2,152

-Number of employees: Sep. 30, 2001 26,802

→ Mar. 31, 2002 25,027 (reduction of 1,775 employees)

→ Sep. 30, 2002 24,650 (reduction of 2,152 employees)

### ➤ Non-personnel expenses: (9.1)

Integration of branch network: reduction of 32 branches

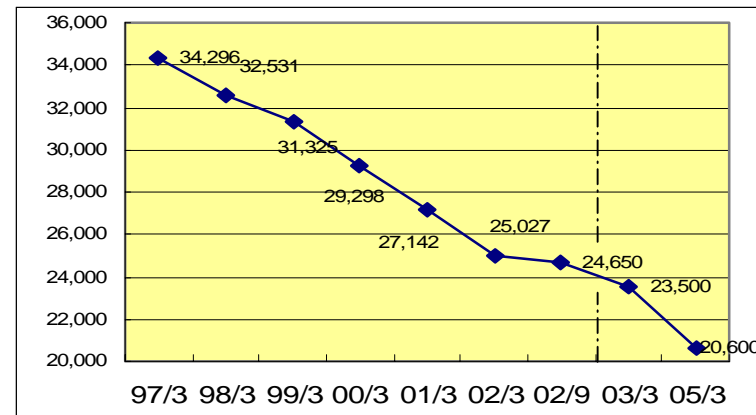
-Number of branches: Sep. 30, 2001 577

→ Mar. 31, 2002 564 (reduction of 13 branches)

→ Sep. 30, 2002 545\* (reduction of 32 branches)

\*including 77 combined branches (2branches located at the same place)

## Number of employees



Projection Target

## 6. Performance by business unit



		(Billions of yen)	
		FY2002	Year change
		1st half	(Note2)
Consumer Banking Unit	Gross banking profit	151.0	0.6
	Expenses	(133.2)	6.2
	Banking profit	17.8	6.8
Middle Market Banking Unit	Gross banking profit	290.8	19.5
	Expenses	(100.4)	5.6
	Banking profit	190.4	25.1
Corporate Banking Unit	Gross banking profit	86.9	8.6
	Expenses	(16.8)	0.4
	Banking profit	70.1	9.0
International Banking Unit	Gross banking profit	43.4	2.4
	Expenses	(23.7)	1.2
	Banking profit	19.7	3.6
Marketing Units	Gross banking profit	572.1	31.1
	Expenses	(274.1)	13.4
	Banking profit	298.0	44.5
Treasury Unit	Gross banking profit	335.5	118.1
	Expenses	(12.3)	0
	Banking profit	323.2	118.1
Others (Note2)	Gross banking profit	(9.7)	(100.6)
	Expenses	(34.8)	(1.1)
	Banking profit	(44.5)	(101.7)
Total	Gross banking profit	897.9	48.6
	Expenses	(321.2)	12.3
	Banking profit	576.7	60.9

(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 (Note1)

(Billions of yen)

- (1) Consumer: +0.6 -Investment trust related fees +1.8
- (2) Middle Market: +19.5 -Profit on loans & deposits (10.9)  
-Non-interest income +28.9  
(including derivatives products sales related +13.9)
- (3) Corporate: +8.6 -Profit on loans & deposits +1.4  
-Non-interest income +5.8  
(including loan syndication related +2.6)
- (4) International: +2.4 -Profit from marketing business +2.2
- (5) Treasury: +118.1 -Yen banking account (ALM operation)  
+29.5  
-Foreign currency banking account  
(ALM operation) +88.0
- (6) Others: (100.6) -Decrease in dividend income from subsidiaries & affiliates

### (Reference) Loan volume and interest spread

	FY2002 1st half		Change from FY2001 1st half		Change from FY2001 2nd half	
	Average balance	Interest spread	Average balance	Interest spread	Average balance	Interest spread
Small and medium sized companies (Middle market)	¥24.0 tr.	1.47%	(¥1.3 tr.)	0.00%	(¥0.7 tr.)	0.01%
Large companies (Adjusted) (Corporate)	¥9.9 tr.	0.84%	¥0.3 tr.	0.06%	¥0.3 tr.	0.03%

# 7. Asset quality (1) Credit cost

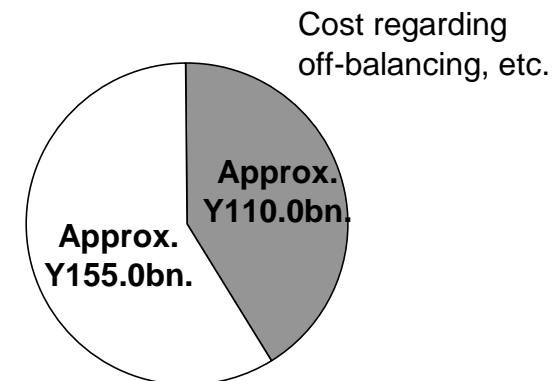


## Non-consolidated

(Billions of yen)

	FY2001	FY2002	
	1st half	1st half	change
Total Credit Cost	(305.4)	(266.3)	39.1
Write-off of loans	(138.7)	(88.9)	49.8
Transfer to specific reserve	(98.3)	(140.6)	(42.3)
Transfer to reserve for losses on loans sold	(23.6)	(7.1)	16.5
Losses on loans sold to CCPC	(2.2)	(3.0)	(0.8)
Losses on sale of delinquent loans	(13.5)	(10.0)	3.5
Transfer to loan loss reserve for specific overseas countries	8.3	3.9	(4.4)
Transfer to general reserve for possible loans losses	(37.4)	(20.6)	16.8

## Breakdown of Credit Cost



Deterioration of borrowers above Borrowers Requiring Caution, etc.

(Reference)

Balance of loans to CCPC: Approx. Y70.0bn

Amount of bulk sales, etc.: Approx. Y200.0bn.

Debt forgiveness : For 3 corporations Y92.5bn.

## 8. Asset quality (2)

# Breakdown of the changes in problem assets



### Disclosure of problem assets under the Financial Reconstruction Law

(Billions of yen, %)

	Sep. 30, 2001	Mar. 31, 2002	Sep. 30, 2002	
				Change from Mar. 31, 2002
Bankrupt and quasi-bankrupt assets	574.0	493.5	514.8	21.3
Doubtful assets	1,645.7	2,970.2	2,541.4	(428.8)
Substandard loans	1,107.2	2,436.3	2,646.9	210.6
Total	3,326.9	5,900.0	5,703.1	(196.9)
Problem asset ratio	4.94%	8.88%	8.74%	(0.14%)

Reserve Ratio	Coverage Ratio
100%	100%
72.6%	86.0%
21.8%	57.6%
46.5%	74.1%

Reserve ratio indicates the proportion of the reserve to the claims excluding the portion secured by collateral or guarantees, etc.

### Reserve ratio for assets to Borrowers Requiring Caution

	Mar. 31, 2002	Sep. 30, 2002
Borrowers requiring caution	12.9%	13.9%
Substandard loans	21.8%	21.8%
Borrowers requiring caution excluding claims to substandard loans	9.4%	10.1%

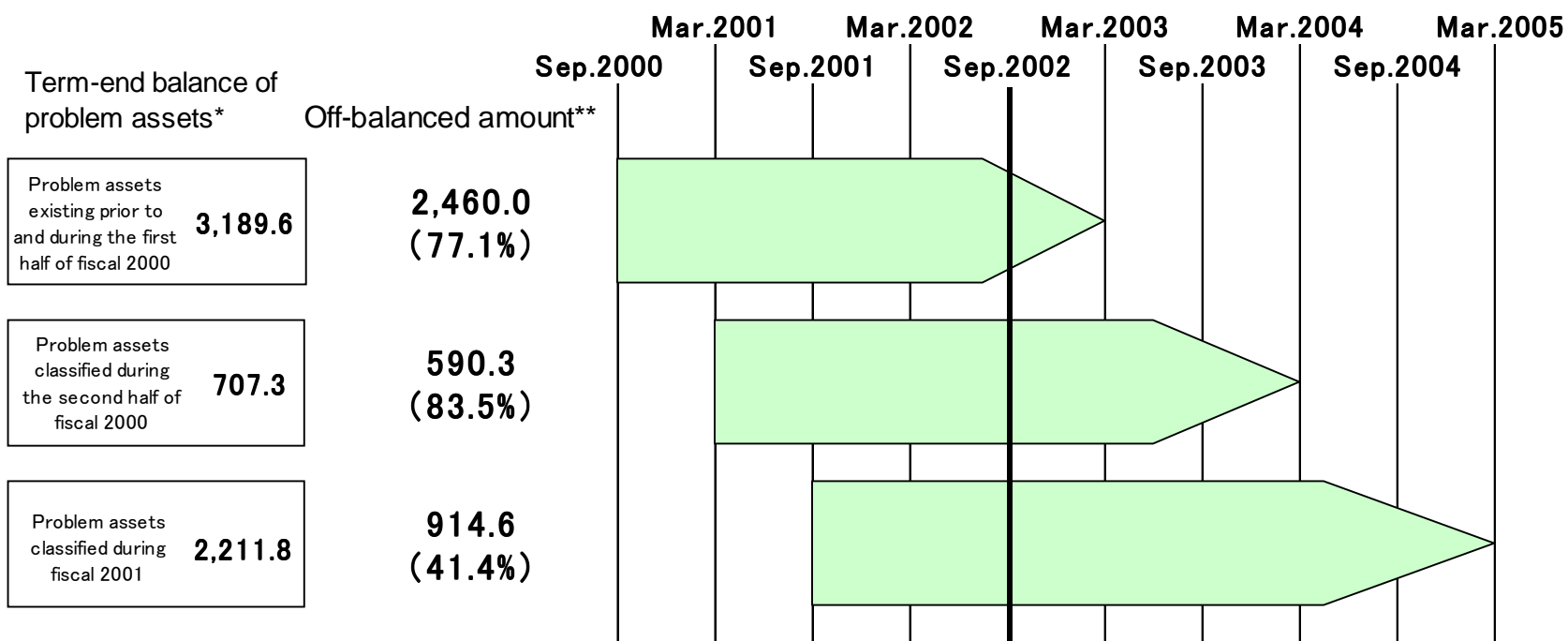
# 9. Asset quality (3)

## Off-balancing of problem assets



### Progress in off-balancing of problem assets

(Billions of yen)



\* Balance of classification below doubtful assets in Disclosed Assets under Financial Reconstruction Law.

\*\* Off-balanced amount includes 1)Disposition by borrowers' liquidation, 2)Re-constructive disposition, 3)Improvement in debtors' performance due to re-constructive disposition, 4)Loan sales to secondary market, 5)Write-offs, 6)Others (Collection/repayment, etc. and Improvement in debtors' performance). The amount include the result of measures connected to off-balancing.

# 10. Securities portfolio & derivatives



## Unrealized gains(losses) on “other securities”

<Non-consolidated>

<As of Sep.30, 2002>

(Billions of yen)

	Net unrealized gains(losses)			
		Change from Mar.2002	Gains	Losses
Total	(818.6)	(336.9)	228.5	(1,047.1)
Stocks	(933.1)	(432.3)	97.5	(1,030.6)
Bonds	62.3	24.6	68.6	(6.2)
Others	52.2	70.7	62.4	(10.2)

## Hedging purpose derivative transactions

<Non-consolidated>

<As of Sep.30, 2002>

(Billions of yen)

	Net evaluation gains(losses)			Deferred gains(losses) (3)
	Assets (1)	Liabilities (2)	(1)-(2)	
Interest rate swaps	731.4	238.8	492.6	153.1
Currency swaps	420.6	405.4	15.2	13.2
Other	74.7	78.1	(3.4)	(12.2)
Total	1,226.7	722.3	504.4	154.1

## Balance of securities held, classified by maturity

<Non-consolidated>

<As of Sep.30, 2002>

(Billions of yen)

	One year or less	One-five years	Five-10 Years	More than 10 years	Total	Change from Mar.31, 2002
Bonds	4,825.8	5,899.3	2,090.3	229.4	13,044.7	1,832.6
JGBs	4,707.4	4,769.3	1,601.3	191.0	11,269.0	1,669.9
Japanese local gov. bonds	19.9	125.7	162.1	8.5	316.2	(113.2)
Japanese corporate bonds	98.4	1,004.2	326.9	29.9	1,459.5	275.9
Other	175.5	2,842.2	632.8	362.7	4,013.2	1,116.4
Total	5,001.3	8,741.4	2,723.1	592.1	17,057.9	2,949.0

# 11. Gains (losses) on stocks, etc.



Non-consolidated

( Billions of yen )

	FY2001	FY2002	
	1st half	1st half	change
Gains (losses) on stocks	(52.6)	(191.8)	(139.2)
Gains on sale of stocks	28.2	35.2	6.9
Losses on sale of stocks	(12.0)	(51.5)	(39.6)
Losses on devaluation of stocks	(68.9)	(175.5)	(106.5)

(Reference)

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

(Billions of yen)

	Sep.30, 2001	Mar.31, 2002	Sep.30, 2002	year change
	Balance in market value*	4,905.1	4,733.9	3,662.6
Balance in book value (before devaluation)	5,703.8	5,234.8	4,595.7	(1,108.1)

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

## Criteria for the impairment of stocks

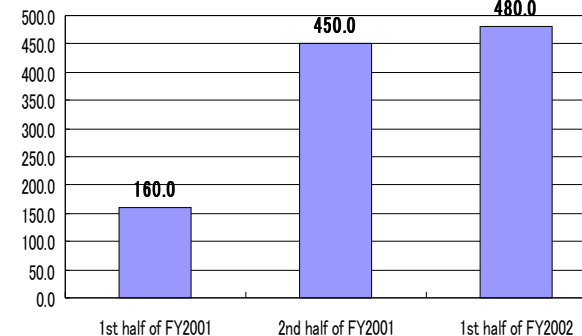
Impairment rules:

- 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'.

Category of borrowers	Percentage of decline in stock prices		
	down 0 to 30%	down 30% to 50%	down 50% or more
Normal borrowers			
Borrowers requiring caution			<b>Impaired</b>
Potentially bankrupt/ Effectively bankrupt/ Bankrupt borrowers			

## Amount of sales of cross-shareholdings

(Billions of yen)



## 12. Non-recurring gains (losses) & extraordinary gains (losses)



Non-consolidated

(Billions of yen)

	FY2001	FY2002	
	1st half	1st half	Change
Non-recurring gains (losses)	(351.3)	(456.4)	(105.1)
<Total credit cost>	<(305.4)>	<(266.3)>	<39.1>
Gains (losses) on stocks	(52.6)	(191.8)	(139.2)
Enterprise taxes by Local Governments	(14.0)	(3.5)	10.5
Others	(16.6)	(15.3)	1.3
Operating profit (loss)	127.1	99.7	(27.4)
Extraordinary gains (losses)	(16.1)	(38.7)	(22.6)
Gains (losses) on disposition of premises and equipment	(4.6)	(9.6)	(5.0)
Gains on dispositions of premises and equipment	0.1	1.6	1.5
Losses on dispositions of premises and equipment	(4.7)	(11.2)	(6.5)
Amortization of net transition obligation from initial application of the new accounting standard for employee retirement benefits	(10.1)	(10.1)	-
Income (loss) before income taxes	111.0	61.0	(50.0)
Income taxes, current	(9.7)	(6.8)	2.9
Income taxes, deferred	(21.5)	(9.3)	12.2
Net income (loss)	79.8	44.9	(34.9)

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

Losses on disposition of software concerning systems integration included the items below Y(12.0)bn.

Losses on disposition of branches concurrent with branch integration and closure

Straight-line amortization for five years from FY2000

# 13. Financial highlights of consolidated results



	FY2001		FY2002		(Billions of yen) Difference from non-consolidated results
	1st half	1st half	1st half	Change	
Consolidated gross profit	974.7	1,116.4	141.7		218.5
Net interest income	677.2	741.9	64.7		97.8
Net fees and commissions	153.5	162.4	8.9		76.6
Net trading profit	40.5	62.4	21.9		6.3
Net other operating income	103.5	149.6	46.1		37.7
General and administrative expenses	(468.4)	(446.1)	22.3		(113.8)
Total credit cost	(356.7)	(318.6)	38.1		(52.3)
Gains (losses) on stocks	(18.9)	(197.9)	(179.0)		(6.1)
Equity in earnings of affiliates	(0.4)	2.8	3.2		2.8
Operating profit (loss)	114.5	149.9	35.4		50.2
Extraordinary gains (losses)	(15.8)	(39.5)	(23.7)		(0.8)
Net income (losses)	34.2	55.1	20.9		10.2
Consolidated banking profit	447.8	608.6	160.8		

Three subsidiary banks (45% of the difference)  
 Sumitomo Mitsui Card (15% of the difference), etc.  
 Sumitomo Mitsui Card (56% of the difference), etc.  
 SMBC Leasing (81%), The Japan Research Institute, etc.  
 SMBC Guarantee, three subsidiary banks, etc.  
 Daiwa Securities SMBC

**Financial results of major subsidiaries (Billions of yen)**

	Operating profit	Net income
Sumitomo Mitsui Card	4.9	2.8
SMBC Leasing	5.2	2.7
The Japan Research Institute	4.3	3.5

(Note1) Consolidated gross profit reflects adjustments of items in non-consolidated basis  
 (Note2) Consolidated banking profit = Non-consolidated banking profit (excluding transfer to general reserve) + Subsidiaries' operating profit (excluding temporary factors) + (Affiliates' operating profit) \* (Ownership ratio) - Internal transaction (dividends, etc.)

(Reference)  
 "Unrealized gains (losses) on "other securities"  
 Consolidated Y(835.0) bn.  
 Non-consolidated Y(818.5) bn.  
 Difference Y(16.5) bn.  
 \*Rules for subsidiaries regarding the impairment are same as SMBC's rules

# 14. Earnings forecast for FY2002



## Sumitomo Mitsui Banking Corporation

(Billions of yen)

Non-consolidated	FY2001	FY2002 1st half	FY2002 forecast	year change
<b>Gross banking profit</b>	1,853.5	897.9	<b>1,725.0</b>	(128.5)
<b>Expenses</b>	(670.1)	(321.2)	<b>(645.0)</b>	25.1
<b>Banking profit*</b>	1,183.4	576.7	<b>1,080.0</b>	(103.4)
<b>Credit Cost</b>	(1,543.1)	(266.3)	<b>(700.0)</b>	(843.1)
<b>Operating profit</b>	(522.1)	99.7	<b>125.0</b>	647.1
<b>Net Income</b>	(322.9)	44.9	<b>30.0</b>	352.9

\* Excluding transfer to general reserve for possible loan losses

## Sumitomo Mitsui Financial Group, Inc.

<Non-consolidated>

(Billions of yen)

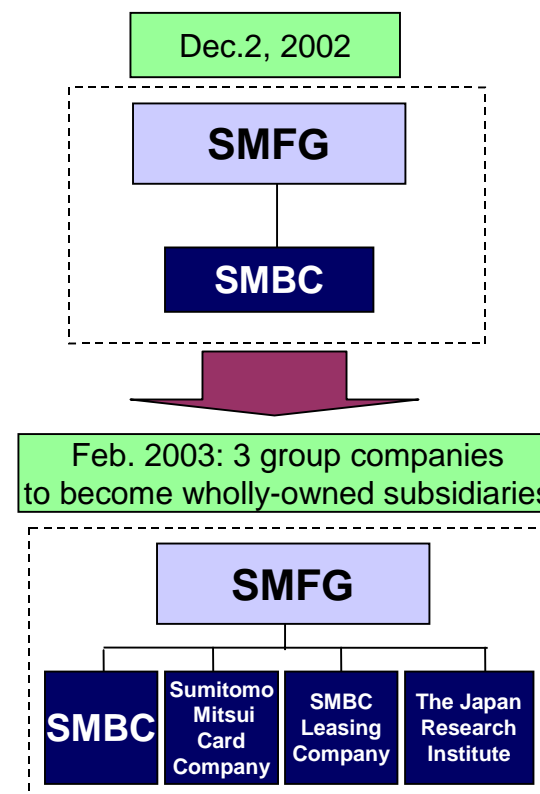
	FY2002 forecast
Operating income	130.0
Operating profit	125.0
Net income	125.0

<Consolidated>

(Billions of yen)

	FY2002 forecast	change from FY2001	FY2001 result
Operating income	3,400.0	(379.7)	3,779.7
Operating profit	200.0	780.6	(580.6)
Net income	30.0	493.9	(463.9)

(Note) Figures for FY2001 are consolidated results of Sumitomo Mitsui Banking Corporation.



# 15. BIS capital ratio



(Billions of yen)

	Mar.31,2002	Sep.30, 2002 Preliminary	change	
<b>TIER1</b>	<b>3,719.4</b>	<b>3,381.3</b>	<b>(338.1)</b>	→ <TIER1> The maximum planned amount for interim dividend payment to the holding company Y124bn.
Net unrealized losses on other securities	(304.8)	(512.4)	(207.6)	
Preferred stock	1,301.0	1,301.0	—	
Preferred securities issued by SPCs	863.6	844.5	(19.1)	
<b>TIER2*</b>	<b>3,504.8</b>	<b>3,316.2</b>	<b>(188.6)</b>	<TIER2> Subordinated notes on public offering in June 2002 • Domestic Y40bn. • Overseas US\$750m. (=Y92bn.)
45% of unrealized gains on securities	—	—	—	
45% of unrealized appreciation on land	82.9	80.9	(2.0)	
General reserve	844.4	787.3	(57.1)	
Perpetual subordinated debt	796.9	757.4	(39.5)	
Dated subordinated debt	1,780.6	1,690.7	(89.9)	<Risk-adjusted assets> Decrease in domestic loans, reduction of overseas assets with low profitability Approx. Y3.0tr. Disposition of problem assets, sales of cross-shareholdings etc. Approx. Y0.9tr. Market influence (Foreign exchange, stocks) Approx. Y0.7tr.
Subtraction items	163.3	164.1	+ 0.8	
<b>BIS capital</b>	<b>7,060.8</b>	<b>6,533.5</b>	<b>(527.3)</b>	
Risk-adjusted assets	67,548.0	62,981.2	(4,566.8)	
<b>BIS capital ratio</b>	<b>10.45%</b>	<b>10.37%</b>	<b>(0.08%)</b>	→ <BIS capital ratio> Without deducting Y124bn., the maximum planned amount for interim dividend payment to the holding company = <b>10.58%</b> (preliminary)
Tier1 ratio	5.50%	5.36%	(0.14%)	

\*Tier2 included as qualifying capital

# Part II

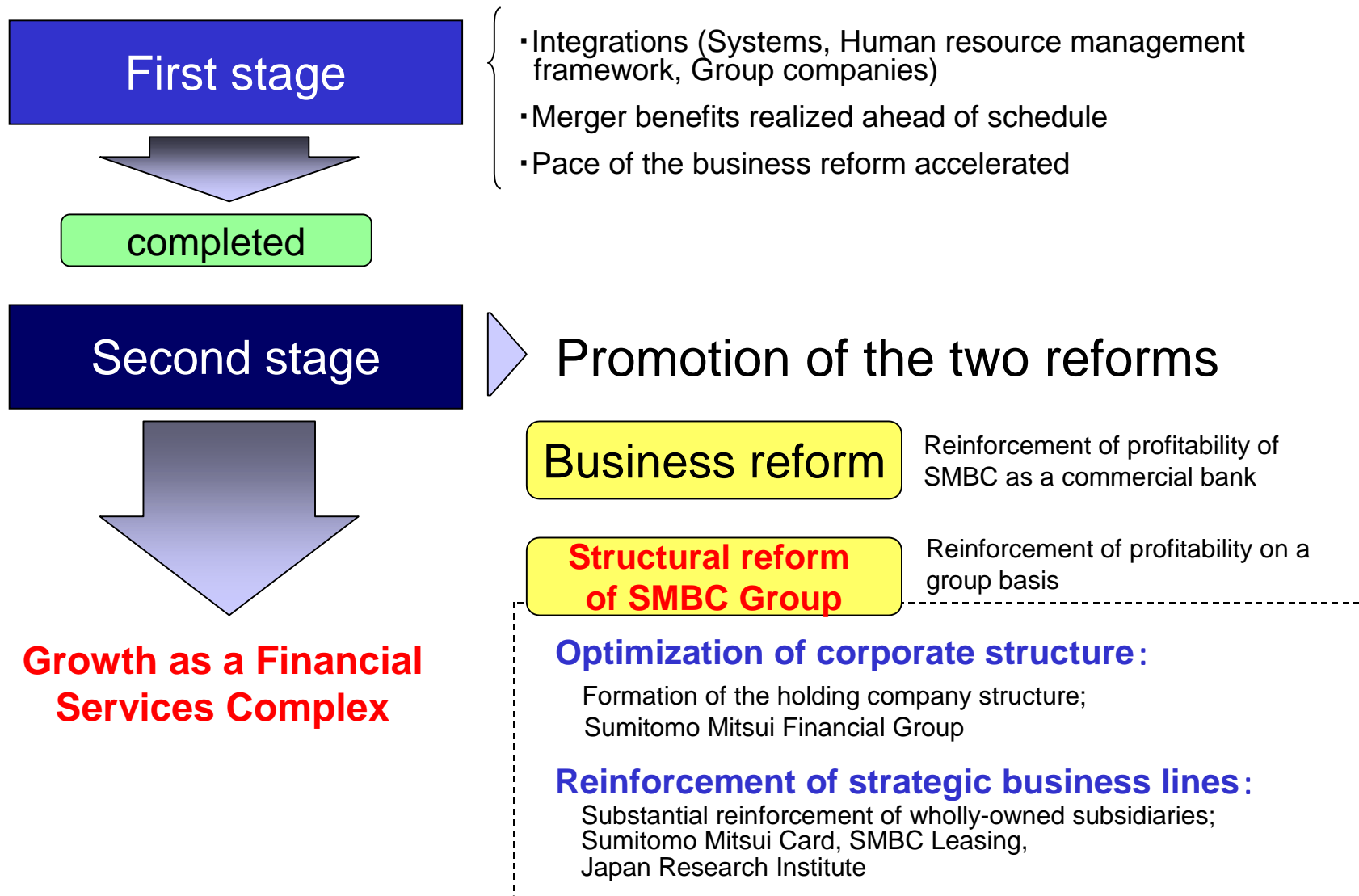
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1. New Group Strategy
2. Progress in strategies
  - (1) Reinforcement of the profitability
  - (2) Improvement of the asset quality
3. About earnings forecast for FY2002
4. To solve the issues outstanding

# 1. New Group Strategy

## Formation of Sumitomo Mitsui Financial Group



## 2. Progress in strategies

### (1) “Reinforcement of the profitability” Overview



#### Targets in FY2002

#### Results in 1<sup>st</sup> Half of FY2002

#### Business reform

##### Reexamination of domestic lending practices

- For loans in the Middle Market Banking Unit amount to Y25 tr. : +50bp improvement of loan spread as of Mar. 31, 2003

##### Enhancement of the capacity to take greater risks

- Introduction of new loan products: “Business Select Loans” etc.

##### Change of “mass-retail” business into bigger profit center

##### Enhancement of non-interest income

##### Achievement of greater efficiency

- Reduction of expenses in FY2002  
Y20.1bn. (Annual expenses: Y650bn.)

##### Improvement of loan spread

- For loans in the Middle Market Banking Unit amount to Y24 tr.: +12bp

##### Increase in unsecured loans to SMEs

- Newly initiated loans: Y545.3bn.

##### Services to gain clients’ main account status

- Introduction of new product :  
“One’s plus” (Nov. 2002~)

##### Increase in non-interest income

- Y149.3bn. (year change Y32.3bn. increase)

##### Excess achievement of the cost reduction target

- Y321.2bn. (year change Y8.8bn. reduction)

## 2. Progress in strategies

### (1) "Reinforcement of the profitability"

#### Reexamination of domestic lending practices (i)



#### Improvement of loan spreads

Started negotiation with clients as a part of the reexamination of domestic lending practices in the 1<sup>st</sup> half of FY2002

→ Sharing our evaluation of their credit risk and providing financial solutions.

#### Middle Market Banking Unit

Loans to the clients in middle market

**Balance as of Sep. 30, 2002: Y23.6 tr.**

Loan spread as of  
Mar. 31, 2002: 1.44%

▼  
Loan spread as of  
Sep. 30, 2002: 1.56%

+12bp

#### Non-targeted Loans

- Loans guaranteed with public credit guarantee
- Loans with long term fixed rate
- Loans fulfilling standard interest rate, etc.

Balance as of Sep. 30, 2002:  
Y12.7 tr.

Loan spread as of  
Mar. 31, 2002: 1.47%

▼  
Loan spread as of  
Sep. 30, 2002: 1.68%

+21bp

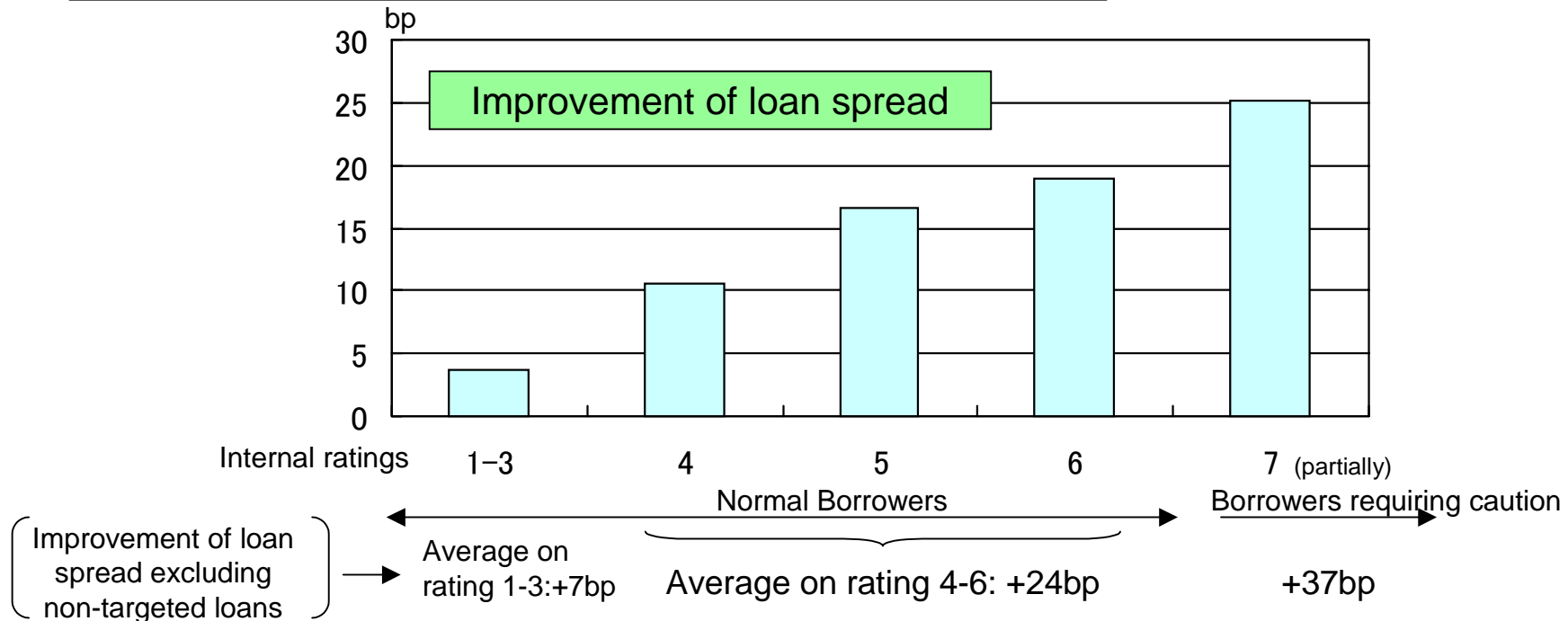
## 2. Progress in strategies

### (1) "Reinforcement of the profitability"

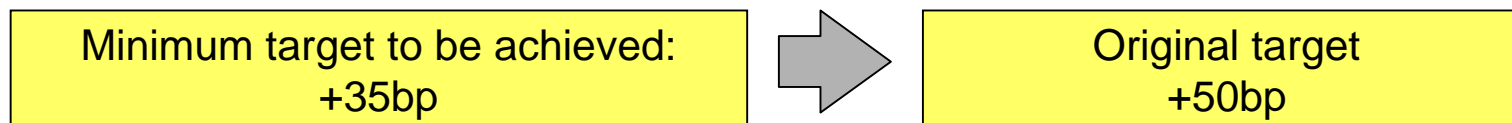
#### Reexamination of domestic lending practices (ii)



#### The improvement of loan spread by internal ratings (Middle Market Banking Unit)



#### Target in FY2002 (term end loan spread)



## 2. Progress in strategies

### (1) “Reinforcement of the profitability”

Enhancement of the capacity to take greater risks (i)



#### Increase in unsecured loans to small and medium-sized enterprises

Penetration of the market with new business model

Big potential in the market (Newly initiated loans: +Y545.3bn.)

→ Quick establishment of competitive advantages

“New business model of unsecured loans to small and medium-sized enterprises ”

Target Segments	Annual Sales	Strategic Products	
Small	Under Y1bn.	Business Select Loan	
Middle II	Y1bn to under Y3bn.	Middle II Fund	SMBC-CLO
Middle I	Y3bn to under Y10bn.		
Core	Over Y10bn.		

#### Business Select Loan (BSL):

Loans targeting corporations whose annual sales under Y1bn.

- Credit scoring model
- Efficient marketing utilizing specific channels.

#### Middle II Fund:

Strategic fund targeting prime corporations whose annual sales under Y3bn.

#### SMBC-CLO:

Loans targeting corporations whose annual sales over Y1bn.

- Securitization. Capacity to take wide range of risks
- SMBC has track record of CLO associated with local governments.

## 2. Progress in strategies

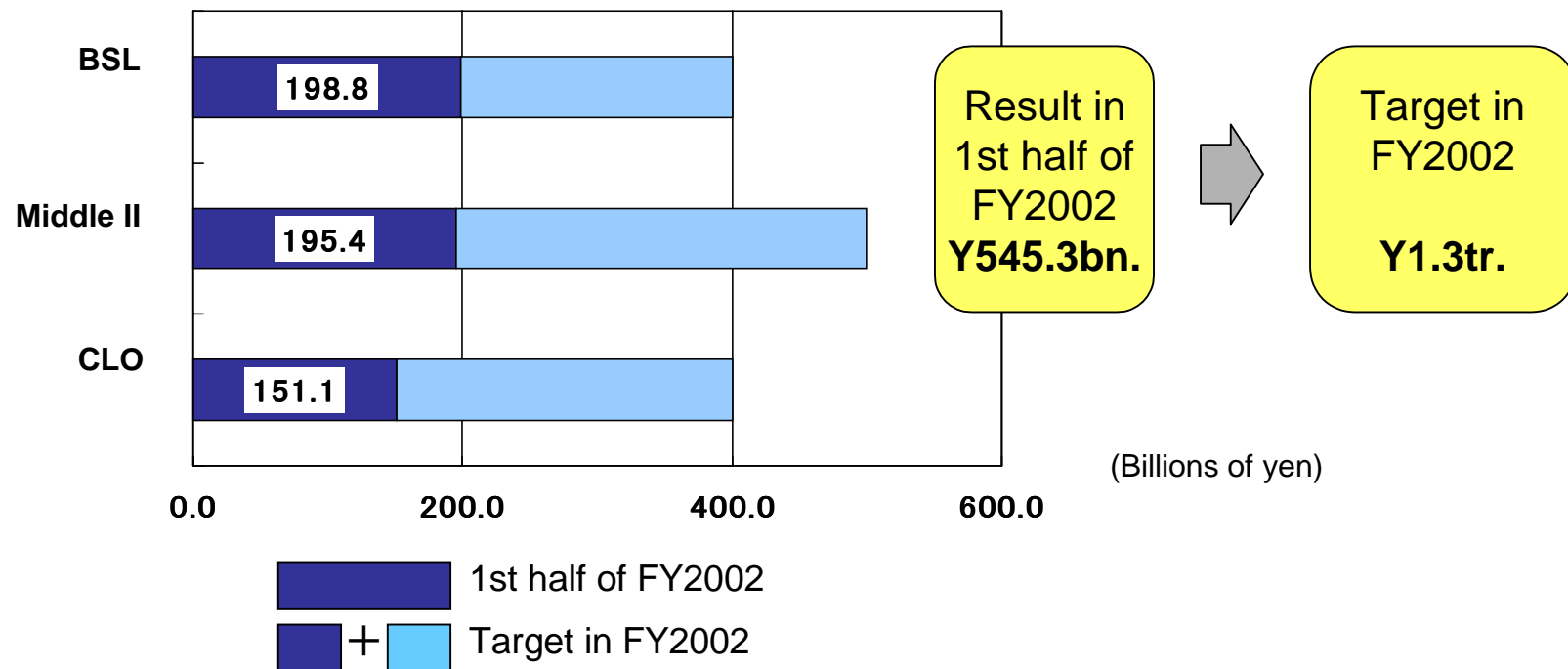
### (1) "Reinforcement of the profitability"

#### Enhancement of the capacity to take greater risks (ii)



Amount of newly initiated loans to small and medium-sized enterprises

(3 types of unsecured loans)



## 2. Progress in strategies

### (1) "Reinforcement of the profitability"

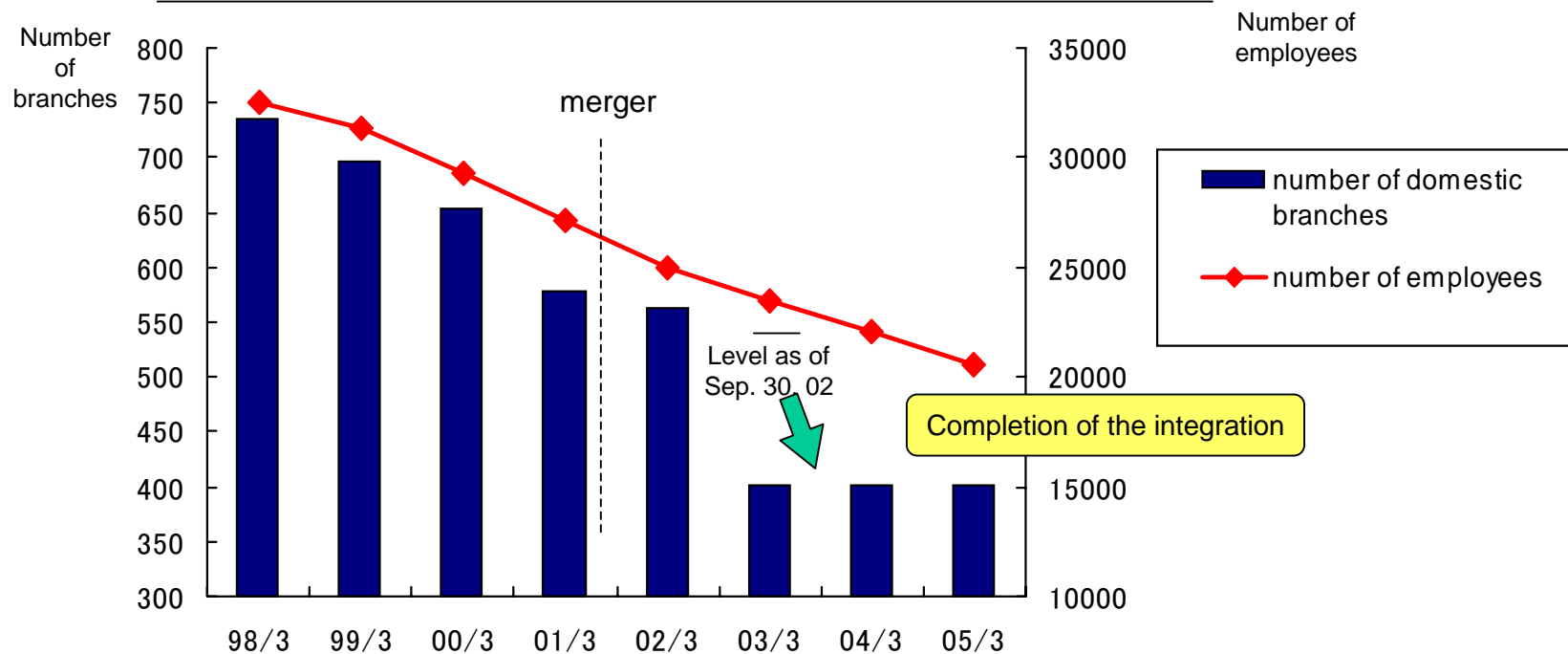
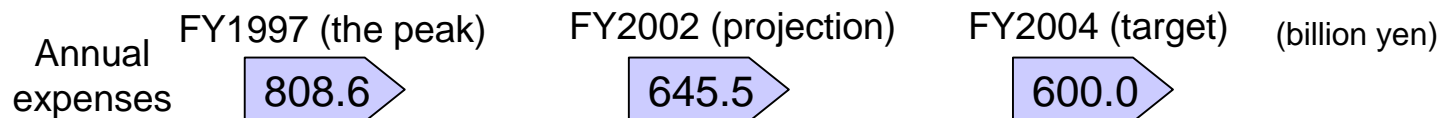
Achievement of greater efficiency



### Achievement of greater efficiency

Smooth progress in achieving operational efficiency

Completion of the branch network integration in the 2<sup>nd</sup> half of FY2002: 401 branches in total



## 2. Progress in strategies

### (2) “Improvement of the asset quality”



#### Targets in FY2002

#### Results in 1<sup>st</sup> half of FY2002

##### Loan portfolio

- Minimizing the occurrence of new problem assets
- Promotion of off-balancing
- Control of credit costs:  
Y500bn. / year



Problem assets based on the Financial Reconstruction Law: decreased by Y196.9bn.

- New occurrence: still at high level
- Progress in off-balancing: Y953.2bn.

Credit costs → Mostly in line with original expectation

1st half of FY2002: Y266bn.

##### Equity portfolio

- Acceleration of the pace of reduction
- Acceleration of the pace for receipt of the approval from issuers



Decrease in cross share-holdings

1st half of FY2002 : Approx. Y480bn.

Acceleration of the pace for receipt of the approval from issuers

Already received the approval from the issuers to sell the amount enough to meet the regulation

## 2. Progress in strategies

### (2) "Improvement of the asset quality"

#### Establishment of "Asset Restructuring Unit"

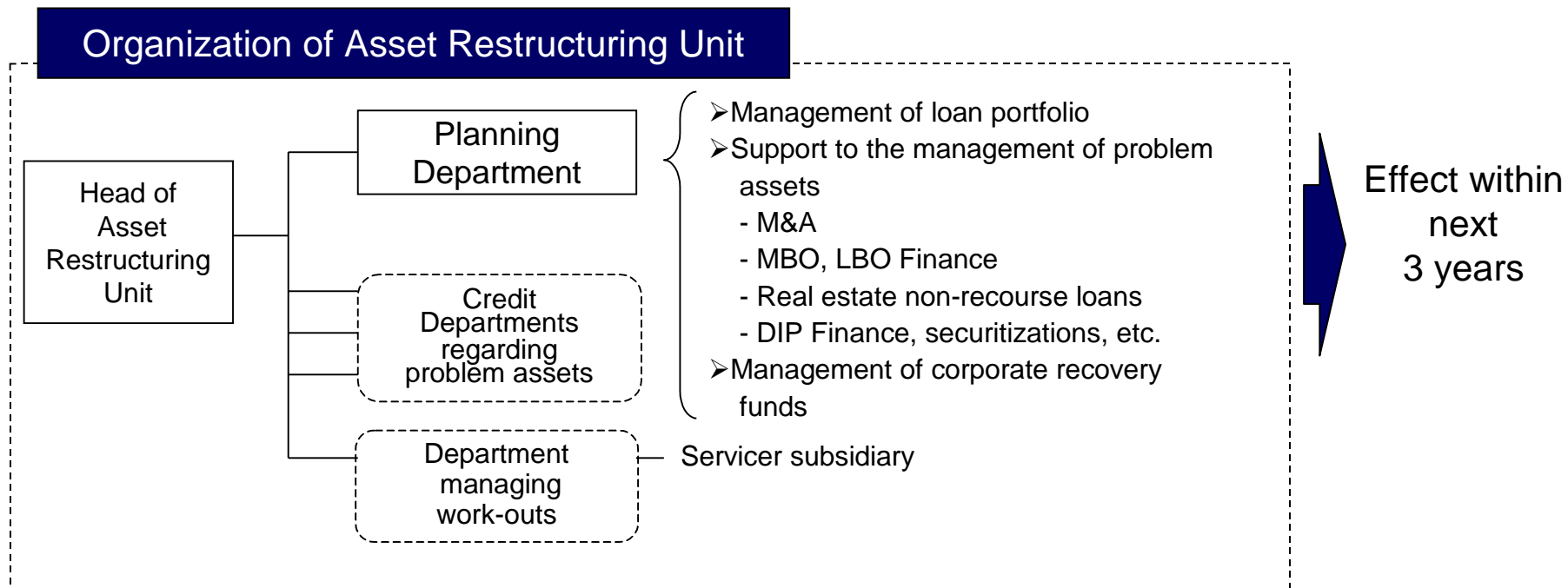


### Asset Restructuring Unit

Newly established to manage corporate recoveries (restructuring, reengineering) and to effect work-outs of low-credit rated corporate clients intensively within the next 3 years.

⇒ Integrating Credit Departments managing problem assets, "Planning Department", the specific department which supports management of problem assets with various measures, and department which manages off-balancing.

### Organization of Asset Restructuring Unit



### 3. About earnings forecast for FY2002



(Billions of yen)		FY2002 forecast	Year change	Comments regarding the forecast
Gross Banking Profit		1,725.0	(128.5)	
Marketing Units		1,188.0	78.0	Non-interest income + Effect of the improvement of loan spreads
Treasury Unit		540.0	32.0	Projection based upon the current results
Others		(3.0)	(238.5)	Dividend income from subsidiaries (220.0)
Expenses		(645.0)	25.1	
Banking profit*		1,080.0	(103.4)	Excluding the decrease of dividend income from subsidiaries: year-over-year change +116.0
Credit Cost		(700.0)	843.1	Compared with original forecast (200.0): Promotion of off-balancing, increase in reserves for substandard loans, etc.

\*excluding transfer to general reserve for possible loan losses

## 4. To solve the issues outstanding

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- Improvement in asset quality
  - Resolution of problem assets
  - Reduction of the risks from equity exposures
- Further enhancement of earnings
- Enhancement of risk management

# Appendix



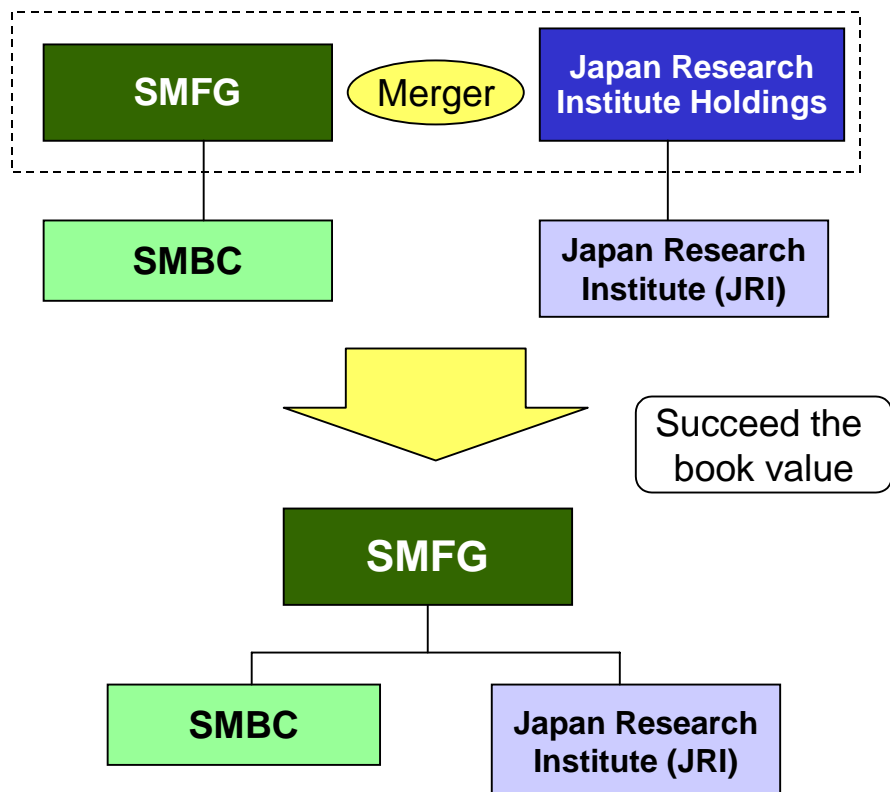
- 
1. **Process for forming the holding company structure (1)**
  2. **Process for forming the holding company structure (2)**
  3. **Organization of SMFG**
  4. **Financial highlights of group companies (1)**
  5. **Financial highlights of group companies (2)**
  6. **Financial highlights of group companies (3)**
  7. **Financial highlights of group companies (4)**
  8. **Daiwa Securities SMBC**
  9. **Financial highlights in recent years**
  10. **Average balance and yield of major items (domestic)**
  11. **Loan balance and interest ratio**
  12. **Consumer banking**
  13. **Debt capital markets**
  14. **Disclosure of problem assets**
  15. **Problem assets based on the Financial Reconstruction Law & coverage ratio**
  16. **Loan portfolio & problem assets, classified by industry**
  17. **Unrealized gains (losses) on securities**
  18. **Equity portfolio – composition by industry**

# (Appendix 1) Process for forming the holding company structure (1)



## a) Merger between SMFG and The Japan Research Institute Holdings, Ltd. (Tax-qualified merger)

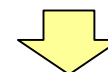
- SMFG will be the surviving entity.
- Share exchange ratio (SMFG : Japan Research Institute Holdings = 1 : 0.021)
- Date of Merger: Scheduled on February 1, 2003



### Capital Stock of SMFG

#### Before merger:

Capital Stock	One trillion yen
Ordinary Shares	5,709 thousand



#### After Merger:

Capital Stock	One trillion yen
Ordinary Shares	5,796 thousand

## (Appendix 2) Process for forming the holding company structure (2)

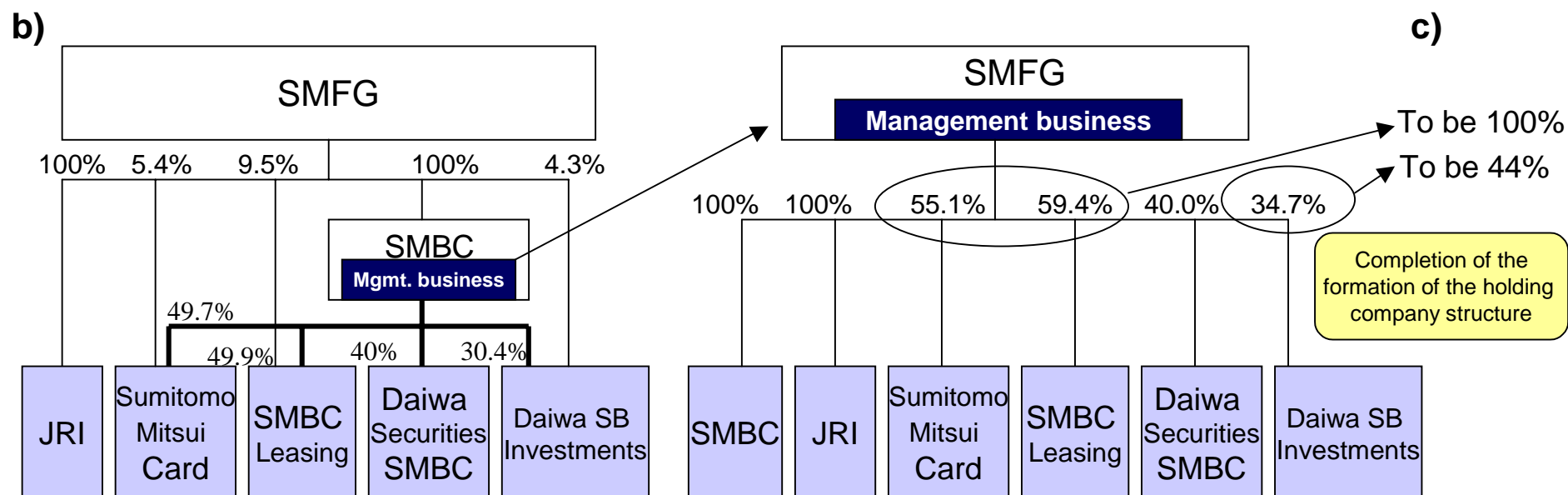


### b) SMBC's business divided through corporate split (Tax-qualified split)

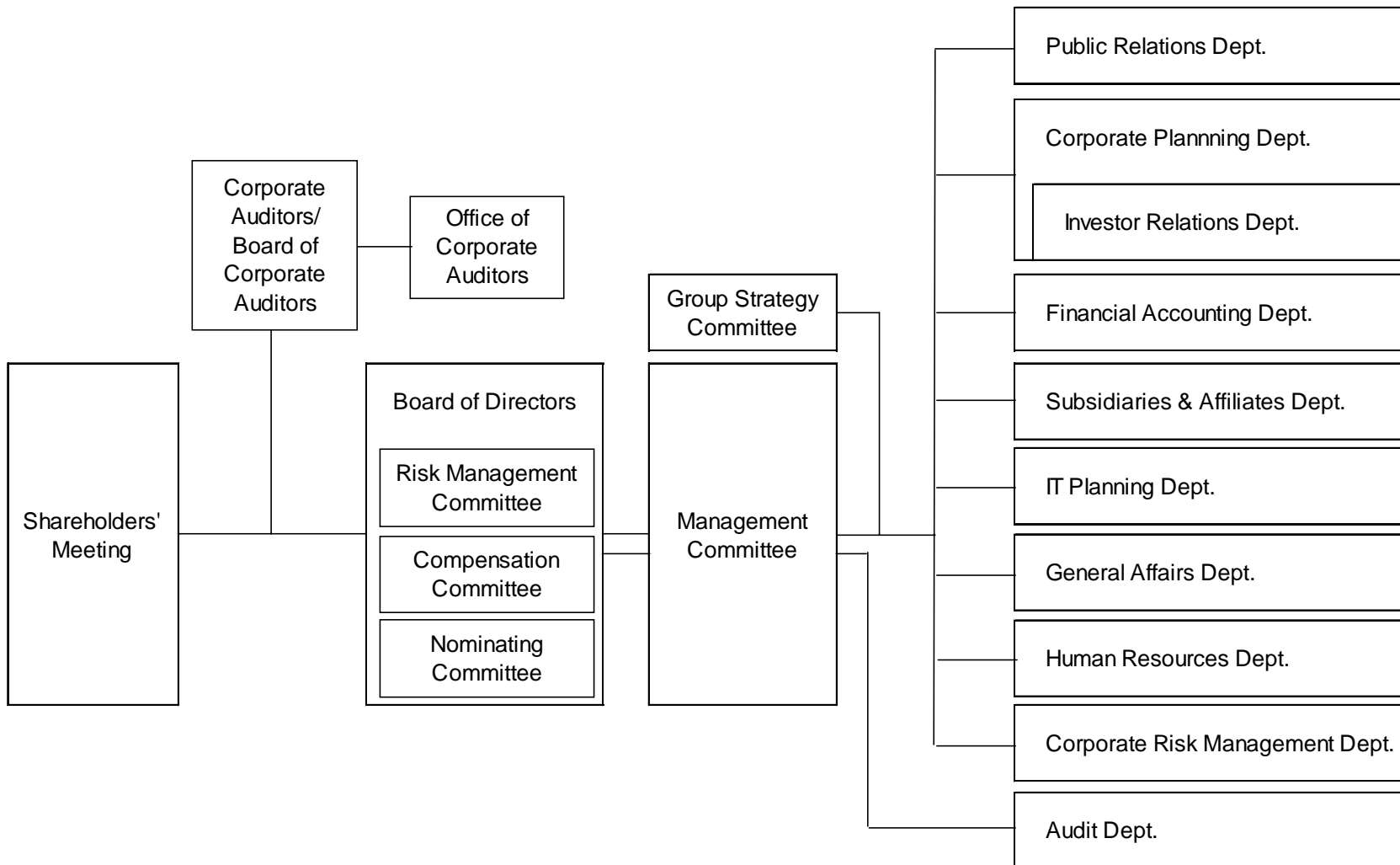
- Split of subsidiary management business: SMFG will succeed assets divided from SMBC in charge of subsidiary management business concerning Sumitomo Mitsui Card Company, SMBC Leasing Company, Daiwa Securities SMBC and Daiwa SB Investments
- Date of the corporate split scheduled on February 1, 2003

### c) SMFG's purchase of the three subsidiaries' shares held by Group companies and other investors; shares of Sumitomo Mitsui Card Company, of SMBC Leasing Company, and of Daiwa SB Investments (at market price)

- Date of the purchase scheduled on February 3, 2003



# (Appendix 3) Organization of SMFG



# (Appendix 4) Financial highlights of group companies (1)



## Sumitomo Mitsui Card Company, Limited

(As of September 30, 2002)

Total assets	714.6 billion yen
Capital stock	79.1 billion yen
Number of employees	1,755

	FY1999	FY2000	FY2001
Card sales volume	2,264.3	2,469.5	2,813.1
Operating revenue	96.2	101.6	116.5
Operating profit	13.6	14.9	9.6
Ordinary income	14.5	14.9	9.6
Net income	7.9	8.5	4.5
Number of card holders (in ten thousands)	790	846	1,171
Number of merchant outlets (in ten thousands)	224	238	253

(Billions of yen)

FY2002	
1st half	year change
1,471.5	109.2
59.6	4.4
4.8	0.2
4.9	0.3
2.8	0.3
1,197	74
262	17

## (Appendix 5) Financial highlights of group companies (2)



### SMBC Leasing Company, Limited

(As of September 30, 2002)

Total assets	1,634.8 billion yen
Lease assets	788.2 billion yen
Capital stock	57.6 billion yen
Number of employees	1,072

	FY1999	FY2000	FY2001
Lease amount	429.4	409.5	443.6
Operating revenue	501.7	469.7	479.1
Operating profit	17.6	16.1	17.2
Ordinary income	6.6	(14.6)	3.8
Net income	1.6	0.2	2.1

(Billions of yen)

FY2002	
1st half	year change
217.1	12.9
243.0	9.7
9.8	1.0
5.2	2.3
2.7	0.9

# (Appendix 6) Financial highlights of group companies (3)



## The Japan Research Institute, Limited

(As of September 30, 2002)

Total assets	88.9 billion yen
Capital stock	3.0 billion yen
Number of employees	2,493

	FY1999	FY2000	FY2001
Operating revenue	60.7	63.7	67.4
Operating profit	7.3	8.0	7.5
Ordinary income	7.0	7.6	9.7
Net income	3.9	5.0	13.0

(Billions of yen)

FY2002	
1st half	year change
28.8	0.2
1.8	(1.1)
4.3	1.3
3.5	1.9

## (Appendix 7) Financial highlights of group companies (4)



### Daiwa Securities SMBC Co., Ltd.

(Billions of yen)

	FY2001	FY2002	year change
	1st half	1st half	
Operating revenues	47.9	56.6	8.7
Commissions	27.6	25.0	(2.6)
Net gains on trading securities	9.1	22.2	13.1
Interest and dividend income	11.3	9.4	(1.9)
Interest expenses	3.8	3.4	(0.4)
Net operating revenues	44.2	53.2	9.0
Selling, general and administrative expenses	46.8	46.3	(0.5)
Ordinary income	(2.5)	8.0	10.5
Net income	(3.1)	4.3	7.4

# (Appendix 8) Daiwa Securities SMBC



## First half of FY2002 Earnings of Daiwa Securities SMBC

(Billions of Yen)

	FY2001 1st half	FY2002 1st half	year change	FY2001
Operating revenue	47.9	56.6	8.7	109.5
Ordinary income	(2.5)	8.0	10.5	13.2
Net income	(3.1)	4.3	7.4	5.4

▲ Contribution to the consolidated net income of SMBC: +Y1.7 bn.( 40%)

## Joint work with Daiwa Securities SMBC (First half of FY2002)

- IPO-lead manager nomination: More than 40% of mandates were obtained via SMBC network. Acquired the first place in the IPO-lead manager league table owing to the large-scale deal via SMBC.
- Underwriting: Acquired the first place in the straight bond league table continuing on from FY2001.
- M&A: Fee income of M&A increased Y2.7 bn. to Y3.7 bn. compared with first half of FY2001, more than 80% of which was generated by deals originated by SMBC.

### Domestic straight bond league table (First half of FY2002)

	(share)
1. Daiwa Securities SMBC	Y768.7 bn. (22.4%)
2. Nomura Securities	Y712.2 bn. (20.8%)
3. Mizuho Securities	Y535.4 bn. (15.6%)
4. Mitsubishi Securities	Y433.2 bn. (12.6%)
5. Nikko SSB	Y370.0 bn. (10.8%)

### IPO-lead manager nomination league table (First half of FY2002)

	(share)
1. Daiwa Securities SMBC	Y63.7 bn. (39.3%)
2. Nomura Securities	Y21.5 bn. (13.3%)
3. Mitsubishi Securities	Y21.4 bn. (13.2%)
4. Merrill Lynch	Y12.9 bn. ( 7.9%)
5. Nikko SSB	Y 9.9 bn. ( 6.1%)

(source: Daiwa Securities SMBC)

## (Appendix 9) Financial highlights in recent years



Non-consolidated							(Billions of yen)
		FY1997	FY1998	FY1999	FY2000	FY2001	FY2002 1st half
	Gross banking profit	1,441.8	1,449.5	1,434.5	1,503.2	1,853.5	897.9
	Expenses	(808.7)	(778.9)	(727.6)	(700.1)	(670.1)	(321.2)
	Banking Profit*	633.1	670.6	702.9	803.1	1,183.4	576.7
	Credit Cost	(2,254.0)	(2,095.9)	(1,130.6)	(819.1)	(1,543.1)	(266.3)
	Transfer to general reserve for possible loan losses	(31.2)	(277.4)	(24.2)	188.6	(504.5)	(20.6)
	Other credit cost	(2,222.8)	(1,818.5)	(1,106.4)	(1,007.7)	(1,038.6)	(245.7)
	Operating Profit	(1,034.6)	(1,495.2)	336.4	359.2	(522.1)	99.7
	Net Income	(842.2)	(749.4)	105.9	137.8	(322.9)	44.9

\*excluding transfer to general reserve for possible loan losses

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

(As of September 30, 2002)

Ordinary Shares

-Issued and outstanding 5,709 million shares

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

-Type 1: 167 million shares

-Type 5: 800 million shares

# (Appendix 10) Average balance and yield of major items (domestic)



Non-consolidated

(Billions of yen)

	FY2001 1st half		FY2002 1st half		Change	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Interest earning assets	77,863.6	1.54%	76,114.8	1.46%	(1,748.8)	(0.08%)
Loans and bills	53,552.7	1.88%	53,677.9	1.72%	125.2	(0.16%)
Securities	21,343.7	0.85%	19,976.5	0.70%	(1,367.2)	(0.15%)
Yield on interest earning assets		1.54%		1.46%		(0.08%)

(Billions of yen)

	FY2001 1st half		FY2002 1st half		Change	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Interest bearing liabilities	74,222.0	0.18%	75,371.7	0.10%	1,149.7	(0.08%)
Deposits	46,268.0	0.11%	51,087.6	0.04%	4,819.6	(0.07%)
Negotiable certificates of deposit	11,565.2	0.07%	5,977.0	0.04%	(5,588.2)	(0.03%)
Call money	3,833.4	0.04%	3,408.4	0.01%	(425.0)	(0.03%)
Expense ratio		0.78%		0.76%		(0.02%)
Total cost of funding (including expenses)		0.96%		0.86%		(0.10%)

	FY2001 1st half	FY2002 1st half	Change
Overall interest spread	<b>0.58%</b>	<b>0.60%</b>	0.02%
Interest spread	<b>1.78%</b>	<b>1.68%</b>	(0.10%)

# (Appendix11) Loan balance and interest ratio



## Loan balance and interest ratio in domestic marketing units

(Billions of yen, %)

	1st half of FY2002		Change		1st half of FY2001	
	Average balance	Average yeilds	Average balance	Average yeilds	Average balance	Average yeilds
	Loans	53,677.9	1.72	78.3	(0.06)	125.2
Loans to National Treasury	2,194.5	0.09	522.2	0.02	1,250.1	(0.01)
Others	51,483.4	1.80	(443.9)	(0.05)	(1,124.9)	(0.11)

# (Appendix 12) Consumer banking



## Assets under SMBC account (Billions of yen)

	Sep.30, 2001	Sep.30, 2002	Change
Individual deposits	28,752.5	30,412.6	1,660.1
Liqud deposits	12,338.6	15,833.9	3,495.3
Time deposits	15,864.0	14,043.6	(1,820.4)
Foreign currency denominated deposits	549.9	535.1	(14.8)
Investment trust sales	1,464.0	1,563.8	99.8

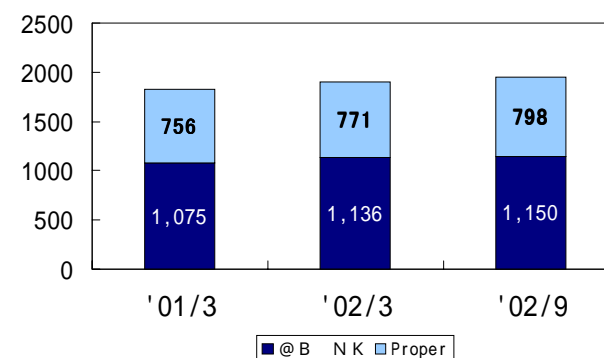
	FY2001 1st half	FY2002 1st half	Change
Investment trust related fees	5.6	7.6	2.0

(Figures of Consumer Banking Unit)

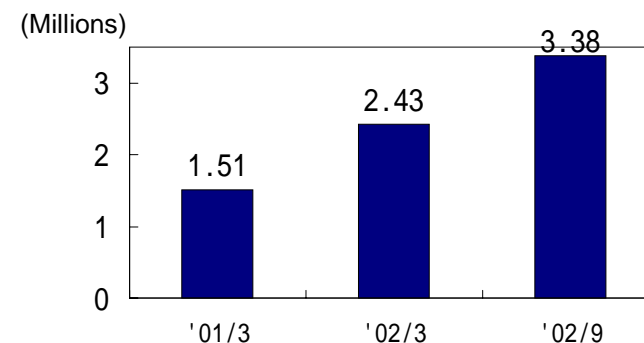
## Loans (Billions of yen)

	Sep.30, 2001	Sep.30, 2002	Change
Housing loans	11,842.7	11,925.4	82.7
Residential purpose	7,612.0	7,906.8	294.8

## Number of automated service centers



## Number of monthly transactions through remote channels\*

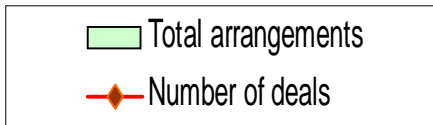
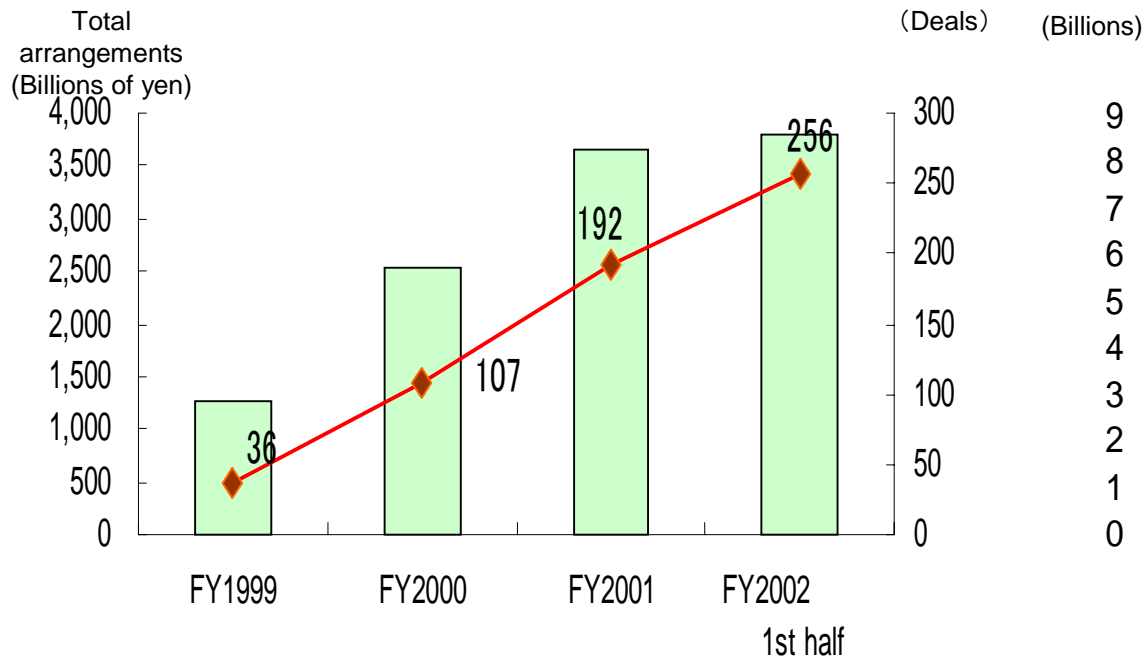


\*Telephone banking + Mobile banking + Internet banking

# (Appendix 13) Debt capital markets

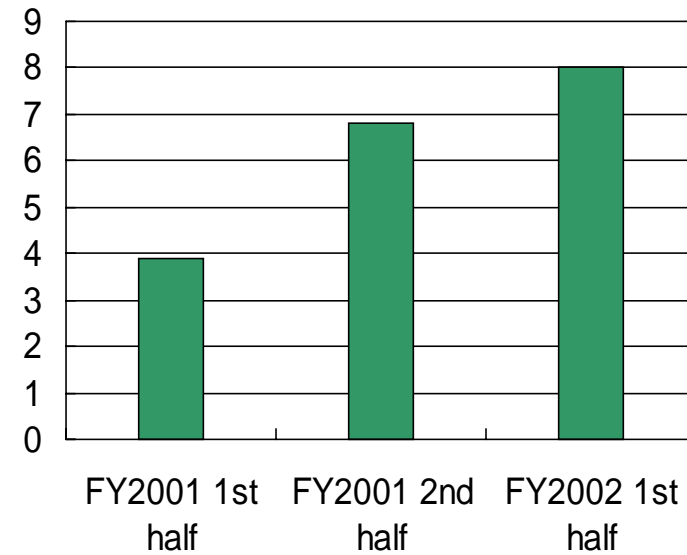


## Domestic syndication



Annualized:  
1st half  
result × 2

## Syndication-related fees



# (Appendix 14) Disclosure of problem assets



Category of Borrowers under Self-Assessment	<As of Sep. 30, 2002>				(Billions of yen)			
	Disclosed Assets under Financial Reconstruction Law	Classification under Self-Assessment				Reserve for Possible Loan Losses	Reserve Ratio	
		Classification I	Classification II	Classification III	Classification IV			
Bankrupt Borrower	Bankrupt and Quasi-Bankrupt Assets 514.8 (Change from Mar. 31, 2002: +21.3)	Portion of claims secured by collateral or guarantees, etc. 494.9	Fully reserved 19.9	Direct Write-offs (*1)	Specific Reserve 24.0 (*2)	100% (*3)		
Effectively Bankrupt Borrowers						Potentially Bankrupt Borrowers	Doubtful Assets 2,541.4 (Change from Mar. 31, 2002: -428.8)	Portion of claims secured by collateral or guarantees, etc. 1,241.2
Borrowers Requiring Caution	Substandard Loans 2,646.9 (Change from Mar. 31, 2002: +210.6) (Claims to Substandard Borrowers)	Portion of Substandard Loans secured by collateral or guarantees, etc. 1,213.6			General Reserve for Substandard Loans 311.8			
	Normal Assets	Claims to Borrowers Requiring Caution, excluding claims to Substandard Borrowers			892.9	5.3% [10.1%] (*4)		
Normal Borrowers	59,534.5	Claims to Normal Borrowers			General Reserve	0.2% (*4)		

(\*1) Includes amount of direct reduction totaling 1,398.8 billion yen.

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

(Bankrupt/effectively bankrupt borrowers: 4.1 billion yen, Potentially bankrupt borrowers: 12.5 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 to borrowers requiring caution, excluding claims to substandard borrowers, excluding the portion secured by collateral or guarantees, etc.

# (Appendix 15) Problem assets based on the 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, 2002	Sep.30, 2002	Change	Mar. 31, 2002	Sep.30, 2002	Change	Mar. 31, 2002	Sep.30, 2002	Change
Bankrupt and quasi- bankrupt assets	493.5	514.8	21.3	493.5	514.8	21.3	100.0%	100.0%	--
Doubtful assets	2,970.2	2,541.4	(428.8)	2,633.8	2,185.4	(448.4)	88.7%	86.0%	(2.7%)
Substandard loans	2,436.3	2,646.9	210.6	1,390.1	1,525.4	135.3	57.1%	57.6%	0.5%
Total	5,900.0	5,703.1	(196.9)	4,517.4	4,225.6	(291.8)	76.6%	74.1%	(2.5%)

## < Reserve ratio against unsecured portion >

Bankrupt and quasi-bankrupt assets	: 100%
Doubtful assets	: 72.6%
Substandard loans	: 21.8%

# (Appendix 16) Loan portfolio & problem assets, classified by industry



Non-consolidated

(Billions of yen)

	Total loans			Problem Assets Based on Financial Reconstruction Law			
	Sep.30, 2002	Change	Mar.31, 2002	Sep.30, 2002	Reserve ratio	Change	Mar.31, 2002
Domestic offices (excluding offshore banking account)	54,181.3	(308.2)	54,489.5	5,508.4	46.2	(224.4)	5,732.7
Manufacturing	6,698.7	(794.3)	7,493.0	285.5	32.5	(32.1)	317.6
Agriculture, forestry, fisheries, and mining	165.2	(18.4)	183.7	5.7	60.2	0.4	5.2
Construction	2,771.7	(69.9)	2,841.6	1,100.2	53.9	64.7	1,035.5
Transportation, communications and other public enterprises	2,688.4	(150.5)	2,838.9	61.0	54.0	(5.3)	66.3
Wholesale and retail	6,519.5	(642.2)	7,161.7	653.3	39.5	(83.4)	736.6
Finance and insurance	5,071.8	(173.1)	5,244.9	154.2	38.5	(65.2)	219.3
Real estate	8,343.1	(206.4)	8,549.5	1,988.8	43.2	(57.6)	2,046.5
Services	5,983.6	(380.5)	6,364.1	970.2	48.6	(28.3)	998.5
Municipalities	474.9	137.4	337.5	-	-	-	-
Other	15,464.3	1,989.8	13,474.5	289.5	71.4	(17.6)	307.2
Overseas offices and offshore banking accounts	4,721.4	(717.5)	5,438.9	194.7	53.8	27.4	167.3
Public sector	221.3	38.9	182.4	11.6	21.8	(2.0)	13.6
Financial institutions	292.2	(80.1)	372.2	2.3	65.2	(0.6)	3.0
Commerce and industry	4,086.6	(603.2)	4,689.8	180.8	58.2	30.0	150.8
Other	121.3	(73.1)	194.4	-	-	-	-
<b>Total</b>	<b>58,902.6</b>	<b>(1,025.7)</b>	<b>59,928.4</b>	<b>5,703.1</b>	<b>46.5</b>	<b>(197.0)</b>	<b>5,900.0</b>

(\*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) \* 100

Reserve for possible loan losses is sum of general reserve for substandard loans and specific reserve.

# (Appendix 17) Unrealized gains (losses) on securities



<Non-consolidated>

(Billions of yen)

	Sep.30, 2002				Mar.31, 2002		
	Net unrealized gains (losses)				Net unrealized gains (losses)		
	(a)	(a) - (b)	Gains	Losses	(b)	Gains	losses
Held-to-maturity purpose	3.6	2.4	3.7	(0.1)	1.1	1.2	0.0
Stocks of subsidiaries and affiliates	(12.8)	(12.7)	5.8	(18.6)	(0.1)	12.7	(12.8)
Other securities	(818.6)	(336.9)	228.5	(1,047.1)	(481.7)	244.2	(725.9)
Stocks	(933.1)	(432.3)	97.5	(1,030.6)	(500.9)	180.9	(681.8)
Bonds	62.3	24.6	68.6	(6.2)	37.8	55.6	(17.8)
Others	52.2	70.7	62.4	(10.2)	(18.5)	7.7	(26.2)
Other money held in trust	(0.5)	3.4	0.4	(0.8)	(3.8)	0.1	(4.0)
Total	(828.3)	(343.8)	238.3	(1,066.6)	(484.4)	258.3	(742.7)
Stocks	(945.9)	(444.9)	103.3	(1,049.2)	(501.0)	193.7	(694.7)
Bonds	64.9	26.6	71.1	(6.2)	38.2	56.0	(17.8)
Others	52.8	74.4	63.9	(11.1)	(21.7)	8.6	(30.2)

- (Notes) 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. Unrealized gains(losses) of stocks (excluding stocks of subsidiaries and affiliates) are calculated with the average market price during the final month of the interim period. Rest of the securities are evaluated with the market price at the balance sheet date.
3. The book value of other securities and other money held in trust are evaluated by fair value method, so their unrealized gains(losses) in the above talare calculated as book value less historical cost (or amortized cost).

<Consolidated>

(Billions of yen)

	Sep.30, 2002				Mar.31, 2002		
	Net unrealized gains (losses)				Net unrealized gains (losses)		
	(a)	(a) - (b)	Gains	Losses	(b)	Gains	losses
Held-to-maturity purpose	4.7	3.8	4.8	(0.1)	0.9	1.3	(0.4)
Other securities	(835.0)	(339.5)	243.8	(1,078.8)	(495.5)	260.0	(755.5)
Stocks	(947.3)	(438.0)	106.5	(1,053.8)	(509.3)	192.6	(701.9)
Bonds	65.5	29.1	73.5	(8.0)	36.5	58.8	(22.4)
Others	46.7	69.3	63.7	(17.0)	(22.7)	8.6	(31.3)
Other money held in trust	(0.5)	3.4	0.4	(0.8)	(3.8)	0.1	(4.0)
Total	(830.9)	(332.4)	248.9	(1,079.7)	(498.4)	261.4	(759.9)
Stocks	(947.3)	(438.0)	106.5	(1,053.8)	(509.3)	192.6	(701.9)
Bonds	69.1	32.5	77.1	(8.0)	36.6	59.3	(22.7)
Others	47.3	73.1	65.2	(17.9)	(25.8)	9.5	(35.3)

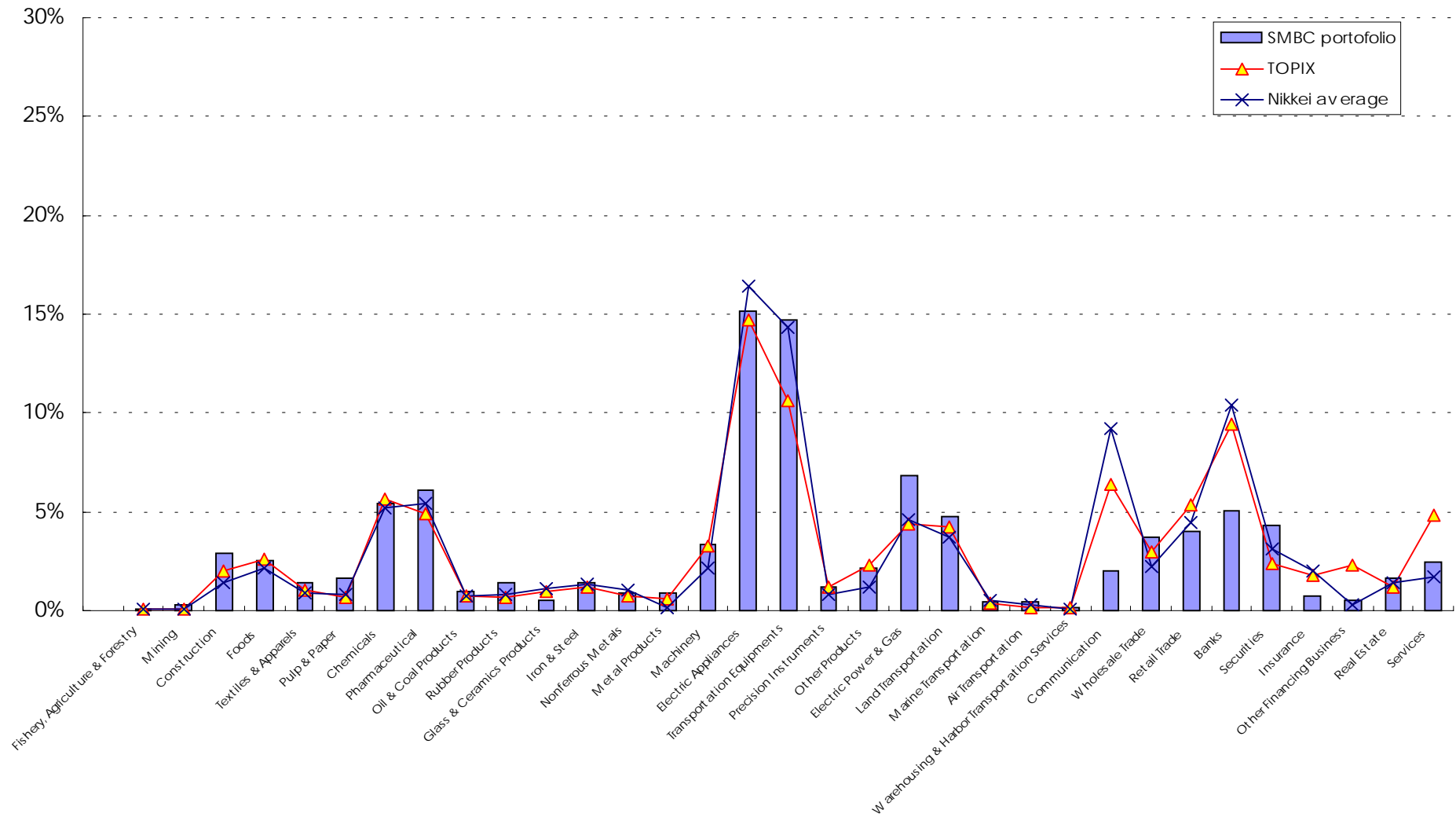
- (Notes) 1. The figures above include unrealized gains(losses) on negotiable certificates of deposit in 'deposits with banks' and commercial paper as well as claims on loan trust in 'commercial paper and other debt purchased.'
2. Unrealized gains(losses) of stocks are calculated with the average market price during the final month of the interim period. Rest of the securities are evaluated with the market price at the balance sheet date.
3. The book value of other securities and other money held in trust are evaluated by fair value method, so their unrealized gains(losses) in the above talare calculated as book value less historical cost (or amortized cost).

# (Appendix 18) Equity portfolio – composition by industry



As of Sep. 30, 2002 Composition by industry

(Market value basis)





**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.