

Financial Results FY2000



SMBC SUMITOMO MITSUI
BANKING CORPORATION

June 4, 2001

Agenda



Part I

1. Financial Highlights
2. Gross Banking Profits
3. Expenses / Progress in the Restructuring Plan
4. Credit Cost
5. Gains/Losses on Stocks
6. Extraordinary Profit/Loss
7. Outline of Consolidated Results
- Sumitomo
8. Outline of Consolidated Results
- Sakura
9. Merger Succession
10. Projections for FY2001 Earnings

Part II

1. Managerial Environment
2. Key Factors for Operation of the New Bank
 - (1) Balance sheet Management
 - (2) Consumer Banking
 - (3) Corporate Banking
 - (4) Integration of Group Companies

Appendix

Part I



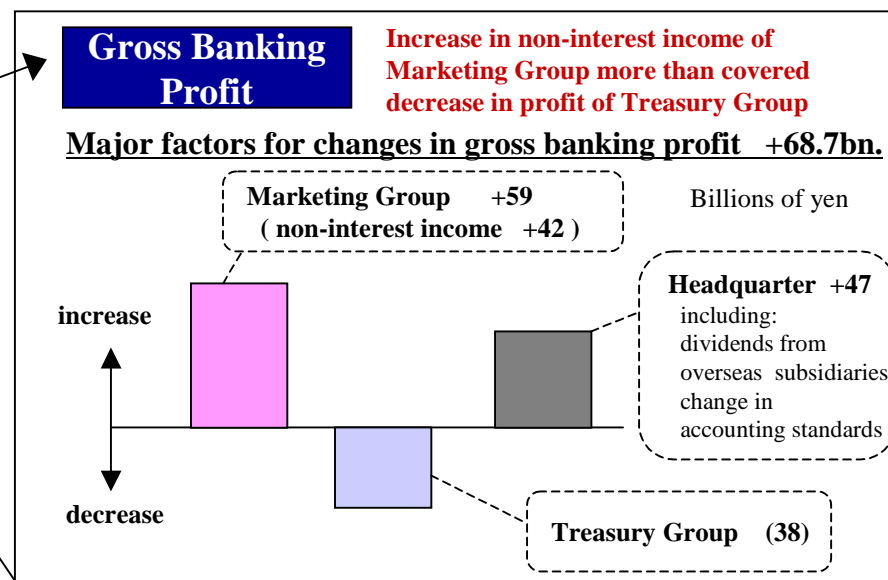
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7. Outline of Consolidated Results - Sumitomo
8. Outline of Consolidated Results - Sakura
9. Merger Succession
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Financial Highlights



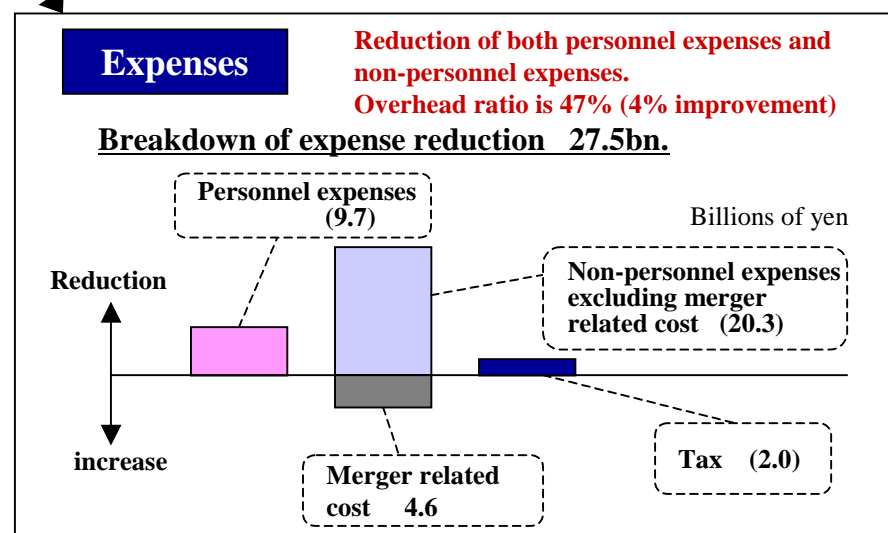
(Billions of yen)

Non-consolidated	FY2000	Year change	Change from projections
Gross banking profit	1,503.2	68.7	118.2
Expenses	700.1	(27.5)	(14.9)
Overhead ratio*	46.6%	(4.1%)	(5.0%)
Banking profit**	803.1	100.2	133.1
Credit cost	819.1	(311.5)	249.1
Operating profit	359.2	22.8	(145.8)
Net income	137.8	31.9	(74.2)



(Billions of yen)

Consolidated	FY2000	Year change	Change from projections
Banking profit	833.2	45.0	103.2
Operating profit	494.6	120.8	(120.4)
Net income	132.4	7.9	(64.6)
ROE***	3.2%	0.1%	---



* (Expenses) / (Gross banking profit)

** Excluding transfer to general reserve for possible loan losses

***Fully-diluted basis, including the effect of dilution caused by public funds and mandatorily exchangeable subordinated guaranteed notes, which was mandatorily exchanged this May

Gross Banking Profits



<Sumitomo>

(Billions of yen)

		FY1999	FY2000	Change
Gross domestic profit	1	565.2	583.0	17.8
<Excluding gains/losses on bonds>	2	<568.1>	<578.7>	<10.7>
Net interest income	3	515.3	519.1	3.9
Net fees and commissions	4	48.1	54.3	6.2
Net trading profit	5	4.2	5.8	1.6
Other operating income	6	(2.4)	3.7	6.1
<Gains and losses on bonds>	7	<(2.9)>	<4.2>	<7.1>
Gross international profit	8	157.4	189.9	32.5
<Excluding gains/losses on bonds>	9	<158.5>	<193.2>	<34.8>
Net interest income*	10	97.9	104.5	6.6
Net fees and commissions	11	21.1	27.1	5.9
Net trading profit*	12	17.1	30.6	13.5
Other operating income*	13	21.2	27.7	6.5
<Gains and losses on bonds>	14	<(1.1)>	<(3.4)>	<(2.3)>

*After adjustment related to foreign exchange transactions.
Adjustment for FY2000: Net interest income + 18.4 billion yen, Net trading income 38.2 billion yen, Other banking profit (56.6) billion yen
Same adjustment is made for FY1999.

Increase / Decrease Factors

- Domestic net interest income: +3.9
 - Decrease in loan volume, slight improvement of loan margins
 - Decrease in income related to ALM of Yen Funds
 - Changes in accounting standards
- Domestic fees & commissions: +6.2
 - Increase in domestic money transfer, EB, arrangement fees
- International interest income: +6.6
 - Dividend from overseas subsidiaries
 - Decrease in foreign money dealing
- International fees & commissions: +5.9
 - Increase in syndication in Europe & Asia
- International trading profit: +13.5
 - Customer derivatives transactions

<Sakura>

(Billions of yen)

		FY1999	FY2000	Change
Gross domestic profit	1	665.6	676.3	10.7
<Excluding gains/losses on bonds>	2	<664.9>	<672.1>	<7.2>
Net interest income	3	612.1	590.1	(22.0)
Net fees and commissions	4	52.0	58.7	6.7
Net trading profit	5	0.8	3.4	2.6
Other operating income	6	0.7	24.2	23.4
<Gains and losses on bonds>	7	<0.7>	<4.1>	<3.5>
Gross international profit	8	46.3	54.1	7.8
<Excluding gains/losses on bonds>	9	<44.5>	<50.3>	<5.8>
Net interest income*	10	12.7	(3.8)	(16.5)
Net fees and commissions	11	8.1	10.6	2.5
Net trading profit*	12	7.3	17.4	10.1
Other operating income*	13	18.2	29.9	11.7
<Gains and losses on bonds>	14	<1.8>	<3.8>	<2.0>

*After adjustment related to foreign exchange transactions.
Adjustment for FY2000: Net interest income + 12.4 billion yen, Net trading income (12.4) billion yen
Same adjustment is made for FY1999.

Increase / Decrease Factors

- Domestic net interest income: (22.0)
 - Decrease in loan volume, slight improvement of loan margins
 - Decrease in income related to ALM of Yen Funds
 - Changes in accounting standards
- Domestic fees & commissions: +6.7
 - Increase in sales of investment trust
- Domestic other operating income: +23.4
 - Changes in accounting standards
- International interest income: (16.5)
 - Decrease in foreign money dealing
- International trading profit: +10.1
 - Customer derivatives transactions
- International other operating income: +11.7
 - Increase in income of foreign exchange dealing

Expenses / Progress in the Restructuring Plan



<Sumitomo>

(Billions of yen, %)

		FY1999	FY2000	
				Change
Expenses	1	329.8	325.1	(4.6)
Personnel expenses	2	142.0	138.4	(3.6)
Non-personnel expenses	3	170.2	169.6	(0.6)
Taxes	4	17.6	17.2	(0.4)
Overhead ratio	5	45.6	42.1	(3.5)

<Sakura>

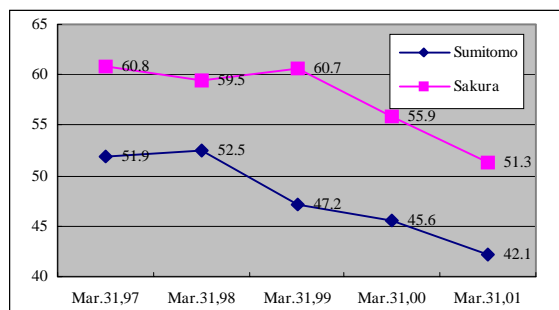
(Billions of yen, %)

		FY1999	FY2000	
				Change
Expenses	1	397.8	375.0	(22.8)
Personnel expenses	2	161.7	155.6	(6.1)
Non-personnel expenses	3	216.1	201.0	(15.1)
Taxes	4	19.9	18.3	(1.6)
Overhead ratio	5	55.9	51.3	(4.6)

<Note> Progress in Restructuring Plan for the past 5 years

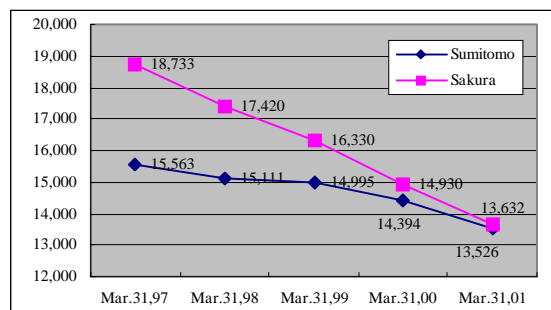
OHR (%)

- Declined approx. 10% for both banks



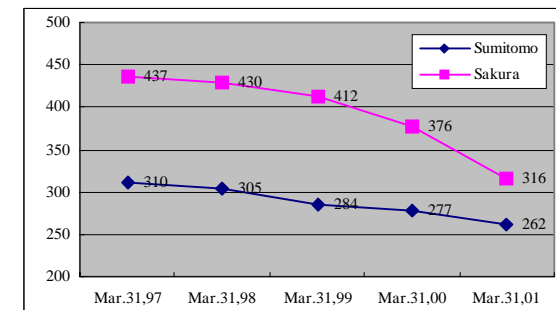
Number of Employees

- Sumitomo : Reduced by 2,037
- Sakura : Reduced by 5,101



Number of Domestic Offices

- Sumitomo : Reduced by 48
- Sakura : Reduced by 121



Other Operating Profit/Loss (1): Credit Cost



<Sumitomo>

(Billions of yen)

		FY1999	FY2000	
				Change
Total credit cost	1	680.7	558.0	(122.7)
Write-off of loans	2	347.4	500.9	153.5
Transfer to specific reserve	3	253.0	146.7	(106.3)
Transfer to reserve for losses on loans sold	4	17.3	19.1	1.8
Losses on loans sold to CCPC	5	7.7	11.4	3.7
Losses on sale of delinquent loans	6	19.6	16.5	(3.1)
Losses on financial support for associated companies	7	---	---	---
Transfer to loan loss reserve for specific overseas countries	8	(3.1)	(4.0)	(0.9)
Transfer to general reserve for possible loan losses	9	38.8	(132.6)	(171.4)

- **Write-off of loans : Y500.9 bn.**
Major instances of debt forgiveness
Kumagai Gumi Y259.6 bn.
Royal Hotel Y24.8 bn.
- **Transfer to general reserve for possible loan losses : (Y132.6 bn.)**
Mainly due to reversal from general reserve in relation to debt forgiveness to Kumagai Gumi

(Note) Balance of loans to CCPC : Y100.8 bn.

Amount of off-B/S by bulk sales : Y160.1 bn.

Problem Assets Based on Financial Reconstruction Law

(Billions of yen)

	Mar. 31, 00	Mar. 31, 01	
			Change
Total	1,917.0	1,561.6	(355.4)
Bankrupt and quasi-bankrupt assets	190.8	199.0	8.2
Doubtful assets	1,351.2	1,263.5	(87.7)
Substandard assets	375.0	99.1	(275.9)

<Sakura>

(Billions of yen)

		FY1999	FY2000	
				Change
Total credit cost	1	449.9	261.1	(188.8)
Write-off of loans	2	130.5	240.5	110.0
Transfer to specific reserve	3	194.7	9.8	(184.9)
Transfer to reserve for losses on loans sold	4	55.5	33.9	(21.6)
Losses on loans sold to CCPC	5	37.1	20.4	(16.7)
Losses on sale of delinquent loans	6	14.2	8.5	(5.6)
Losses on financial support for associated companies	7	35.2	---	(35.2)
Transfer to loan loss reserve for specific overseas countries	8	(2.6)	4.0	6.6
Transfer to general reserve for possible loan losses	9	(14.6)	(56.0)	(41.4)

- **Write-off of loans : Y240.5 bn.**
Major instance of debt forgiveness
Mitsui Construction Y87.4 bn.
- **Transfer to reserve for losses on loans sold to CCPC: Y33.9 bn.**
Additional reserve for possible losses on loans sold to CCPC in order to decrease potential risks in the following years

(Note) Balance of loans to CCPC : Y135.6 bn.

Amount of off-B/S by bulk sales : Y88.8 bn.

Problem Assets Based on Financial Reconstruction Law

(Billions of yen)

	Mar. 31, 00	Mar. 31, 01	
			Change
Total	1,723.6	1,260.9	(462.7)
Bankrupt and quasi-bankrupt assets	394.7	390.9	(3.8)
Doubtful assets	880.8	679.7	(201.1)
Substandard assets	448.0	190.3	(257.7)

Other Operating Profit/Loss (2): Gains/Losses on Stocks etc.



<Sumitomo>

(Billions of yen)

		FY1999	FY2000	Change
Gains/Losses on stocks	1	486.7	259.9	(226.7)
Gains on sale of stocks	2	551.2	335.5	(215.7)
Losses on sale of stocks	3	35.1	37.8	2.7
Losses on devaluation of stocks	4	29.4	37.8	8.4
Enterprise tax by Tokyo Metropolitan Government	5	---	8.1	8.1
Other	6	(18.9)	26.9	45.9

➤ Major factor in Others

- Gains on establishment of retirement benefit trust :Y23.3 bn.

(Note) Amount of sales of cross-shareholdings :Approx. Y310.0 bn.

<Sakura>

(Billions of yen)

		FY1999	FY2000	Change
Gains/Losses on stocks	1	341.8	51.5	(290.3)
Gains on sale of stocks	2	406.3	160.7	(245.6)
Losses on sale of stocks	3	29.9	28.9	(1.0)
Losses on devaluation of stocks	4	34.6	80.3	45.7
Enterprise tax by Tokyo Metropolitan Government	5	---	8.7	8.7
Other	6	(45.4)	53.7	99.1

➤ Losses on devaluation of stocks : Y80.3 bn.

- Wakashio Bank : Y19.2 bn.

➤ Major factors in Others

- Gains on establishment of retirement benefit trust :Y29.6 bn.
- Gain from equity related financial derivatives : Y43.7 bn.

(Note) Amount of sales of cross-shareholdings :Approx. Y90.0 bn.

Extraordinary Profit/Loss



<Sumitomo>

(Billions of yen)

		FY1999	FY2000	
				Change
Operating profit	1	176.5	168.4	(8.1)
Extraordinary profit (loss)	2	(28.0)	(34.4)	(6.4)
Gains/Losses on disposition of premises and equipment	3	(6.9)	(14.5)	(7.5)
Gains on disposition of premises and equipment	4	1.6	0.9	(0.7)
Losses on disposition of premises and equipment	5	8.5	15.4	6.9
Amortization of net obligation under new accounting standard for employees' retirement benefits	6	---	20.2	20.2
Income before income taxes	7	148.5	134.1	(14.4)
Income taxes, current	8	6.6	7.8	1.1
Income taxes, deferred	9	93.1	70.6	(22.5)
Effect of introduction of enterprise taxes to banking industries by Tokyo Metropolitan Government	10	34.3	---	(34.3)
Effect of introduction of enterprise taxes to banking industries by Osaka Prefectural Government	11	---	26.4	26.4
Net income	12	48.8	55.7	6.9

- Amortization of net obligation under new accounting standard for employees' retirement benefits : Y20.2 bn.
Equal amount of annual amortization until FY2004

<Sakura>

(Billions of yen)

		FY1999	FY2000	
				Change
Operating profit	1	159.9	190.7	30.8
Extraordinary profit (loss)	2	(5.9)	(51.7)	(45.8)
Gains/Losses on disposition of premises and equipment	3	(6.1)	(16.1)	(9.9)
Gains on disposition of premises and equipment	4	0.7	1.1	0.5
Losses on disposition of premises and equipment	5	6.8	17.2	10.4
Amortization of net obligation under new accounting standard for employees' retirement benefits	6	---	36.4	36.4
Income before income taxes	7	154.1	139.1	(15.0)
Income taxes, current	8	4.0	1.8	(2.2)
Income taxes, deferred	9	93.0	55.1	(37.8)
Effect of introduction of enterprise taxes to banking industries by Tokyo Metropolitan Government	10	35.8	---	(35.8)
Effect of introduction of enterprise taxes to banking industries by Osaka Prefectural Government	11	---	5.6	5.6
Net income	12	57.1	82.2	25.0

- Amortization of net obligation under new accounting standard for employees' retirement benefits : Y36.4 bn.
Remaining differences due to the change in accounting method, which amounts Y145.4 bn., has been fully reserved at the time of the merger

- Effect of introduction of enterprise taxes to banking industry by Osaka Prefecture Government

FY01 projection for the new merged bank : Approx Y8.0 bn.

Outline of Consolidated Results

- Differences between Parent and Consolidated Results (1): Sumitomo



<Sumitomo>

(Billions of yen)

		FY1999	FY2000	Change
Consolidated gross profit	1	925.7	951.6	25.9
General and administrative expenses	2	466.1	450.3	(15.9)
Total credit cost	3	733.5	646.3	(87.1)
Gains and losses on stocks	4	515.6	395.0	(120.6)
Net income/loss from unconsolidated entities by the equity method	5	(35.5)	36.5	72.0
Other operating profit	6	31.2	24.3	(6.9)
Operating profit	7	237.3	310.7	73.5
Extraordinary profit (loss)	8	(20.8)	(37.3)	(16.5)
Income before income taxes	9	216.5	273.5	57.0
Income taxes, current	10	50.8	57.4	6.6
Income taxes, deferred	11	96.4	128.3	31.9
Minority interests in net income	12	7.4	4.2	(3.2)
Net Income	13	61.9	83.5	21.6

(Note) Consolidated gross profit = (Interest income - Interest expenses) + (Fees and commissions (income) - Fees and commissions (expenses)) + (Trading profits - Trading losses) + (Other income - Other losses)

Consolidated banking profit	14	468.0	468.9	0.9
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(Note) Consolidated banking profit = (Non-consolidated banking profit (excl. transfer to general reserve)) + (Subsidiaries' operating profit) + (Affiliates' operating profit) * (Ownership ratio) - (Internal transaction (dividends, etc.))

(Note)

Differences between parent and consolidated results in net fees and commissions: Y87.5 bn.

Sumitomo Credit Service
Sumigin Guarantee

Difference from non-consolidated results	178.8
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88.3

→ Main factors: SB Leasing
Sumigin General Finance

142.3

→ Main factors: Gains from sales of Goldman Sachs' shares: Y133.3 bn.

Net income from Daiwa Securities SMBC by the equity method: Y28.3 bn.

27.8

Accounting treatment of gains on sales of Goldman Sachs' shares

Operating Profit	133.3 bn.
Net Income (subsidiary)	80.5 bn.
Income taxes, deferred	35.6 bn.
Contribution to Consolidated Net Income	44.9 bn.

Outline of Consolidated Results

- Differences between Parent and Consolidated Results (2): Sakura



<Sakura>

(Billions of yen)

		FY1999	FY2000	Change
Consolidated gross profit	1	821.1	886.3	65.3
General and administrative expenses	2	487.5	490.6	3.1
Total credit cost	3	526.7	346.6	(180.1)
Gains and losses on stocks	4	342.9	73.5	(269.5)
Net income/loss from unconsolidated entities by the equity method	5	(1.5)	7.9	9.4
Other operating profit	6	(11.9)	53.4	65.2
Operating profit	7	136.5	183.9	47.4
Extraordinary profit (loss)	8	(10.4)	(51.8)	(41.5)
Income before income taxes	9	126.1	132.0	5.9
Income taxes, current	10	7.8	8.1	0.3
Income taxes, deferred	11	74.2	69.9	(4.3)
Minority interests in net income	12	(18.5)	5.1	23.6
Net Income	13	62.6	48.9	(13.6)

Difference from non-consolidated results	156.0
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→ Main factors: Minato Bank, Sakura Card, Sakura Information Systems

	85.5
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→ Main factor: Sakura Mortgage

	(6.9)
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(Note)
Differences between parent and consolidated results in net fees and commissions: ¥78.1 bn.

- Sakura Friend Securities
- Sakura Guarantee
- Sakura Information Systems

	(33.2)
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(Note) Consolidated gross profit = (Interest income - Interest expenses) + (Fees and commissions (income) - Fees and commissions (expenses)) + (Trading profits - Trading losses) + (Other income - Other losses)

Consolidated banking profit	14	320.2	364.3	44.1
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(Note) Consolidated banking profit = (Non-consolidated banking profit (excl. transfer to general reserve)) + (Subsidiaries' operating profit) + (Affiliates' operating profit) * (Ownership ratio) - (Internal transaction (dividends, etc.))

Merger Succession



Key points

- In order to further strengthen the financial base of the new bank, “Merger Profit” was used to write off Sakura’s unrealized gross losses on AFS and other unrealized losses.
 - Stocks and Land
 - Reduction in potential risks
 - Unrecognized net obligation on employee retirement plan
 - Substantial decline of burden in the following years

Retained earnings were fully succeeded to the new bank.

Succession of “Other Securities” and money held in trust at market value: (¥456.3 bn.)

(Billions of yen)

"Other securities" and money held in trust (Non-consolidated)	Unrealized gains/losses		
		Gains	Losses
Sumitomo Bank, Mar. 31, 01	(8.3)	300.9	309.2
Sakura Bank, Mar. 31, 01	(251.2)	205.1	456.3



"Other securities" and money held in trust (Non-consolidated)	Unrealized gains/losses		
		Gains	Losses
SMBC, Apr. 2001	196.8	506.0	309.2
Bonds	105.0	107.6	2.6
Stocks	93.8	387.8	294.0
Others	(2.0)	10.6	12.6

Provision of unrecognized net obligation on retirement plan: (¥210.2 bn.)

(Billions of yen)

Sakura	Mar. 31, 01
Unrecognized net obligation on employee retirement benefit	210.2



	Apr. 1, 01
Unrecognized net obligation on employee retirement benefit	0

Disposition of unrealized loss on reevaluated land: (¥29.2 bn.)

(Billions of yen)

Sakura	Mar. 31, 01
Unrealized loss on reevaluated land	29.2



	Apr. 1, 01
Unrealized loss on reevaluated land	0

Effect on the Capital

(¥427.0 bn.)
(deferred tax accounting taken into consideration)

Effect to BIS capital ratio: (0.3%)

[The new Bank’s consolidated capital ratio : 10.8%]

(Note)
Increase in stockholders’ equity due to exchange of mandatorily exchangeable subordinated guaranteed notes at May 31:
¥100 bn.
(Upper Tier 2 → Tier 1)

Projections for FY2001 Earnings

(Billions of yen)

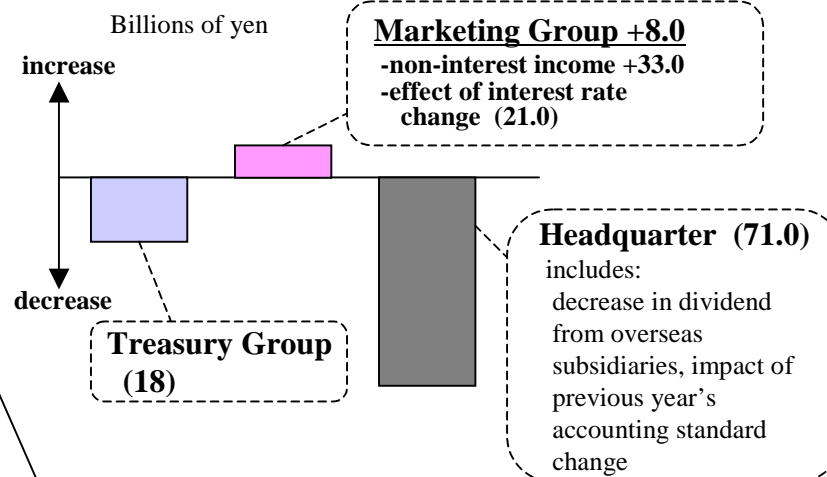
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Banking profit*	803.1	710.0	(93.1)
Credit cost	819.1	400.0	(419.1)
Operating profit	359.2	295.0	(64.2)
Net income	137.8	150.0	12.2

*Excluding transfer to general reserve for possible loan losses

(Billions of yen)

Consolidated	FY2000	FY2001	Change
Banking profit	833.2	790.0	(43.2)
Operating profit	494.6	410.0	(84.6)
Net income	132.4	180.0	47.6

Gross Banking Profit : boost from increase in non-interest income of Marketing Group



Expense : increase in merger related cost

Merger related cost : 23.0 bn. increase
Ordinary expense : 11.0 bn. reduction

Credit cost : includes costs associated with the acceleration of final resolutions

Includes further negative impact under sluggish economy and costs associated with the acceleration of final resolutions of problem assets.

Part II



1. Management Environment
2. Key Factors for Operation of the New Bank
 - (1) Balance sheet Management
 - (2) Consumer Banking
 - (3) Corporate Banking
 - (4) Integration of Group Companies

Managerial Environment



Managerial Environment

Japanese Economy/Interest Rates

- Economic correction becoming apparent
- Demand for funds remains sluggish
- Concern of worsening financial condition of companies
- Prolonged low interest rate environment
- Still falling land prices
- Unstable trends in stock prices

Advancing Industrial Reform

- Active industrial consolidation creates business opportunities (Example: solution business accompanying corporate realignment, restructuring, and IPOs)
- Asset deterioration from increasing pace of shakeouts

Diversified/Specialized Customer Demands

- New business such as insurance, trust banking, and defined contribution pensions
- Expansion of market for consumers' financial assets (mutual funds, etc.)
- Rapid development in remote banking

Balance Sheet Management

Issues for Management

Strengthen Earnings Base

- Focus on expansion of non-interest income
- Enhance consolidated profitability
- Further reduce costs through reform of cost structure

Rapid realization of merger benefits

Improve Asset Quality

- Accelerate final disposal of bad loans
- Prevent deterioration
 - Further strengthen the securing/control of assets
 - More conservative approach in dealing with Borrowers Requiring Caution

Reduce Exposure to Equity Volatility Risk

- Continue to reduce equity holdings

Key Factors for Operation of the New Bank

- Balance sheet Management



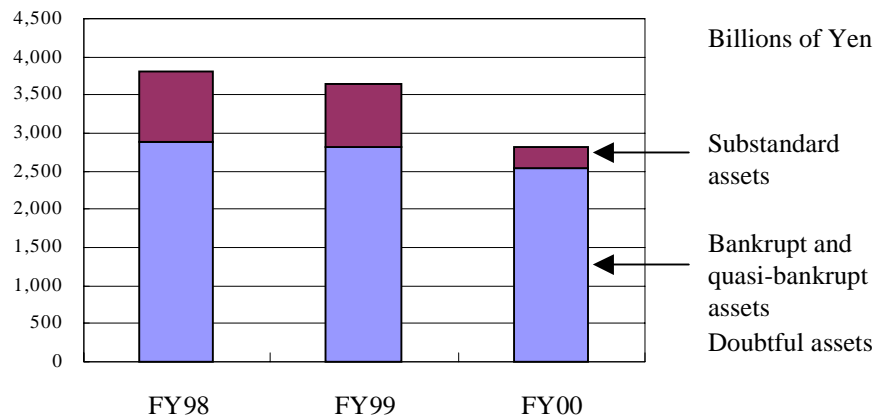
Enhancement of asset quality

- Acceleration of final disposal of problem assets
- Prevention of deterioration : Further enhancement of monitoring system, conservative approach for “Borrowers requiring caution”

Reduction of risk related to stock market fluctuations

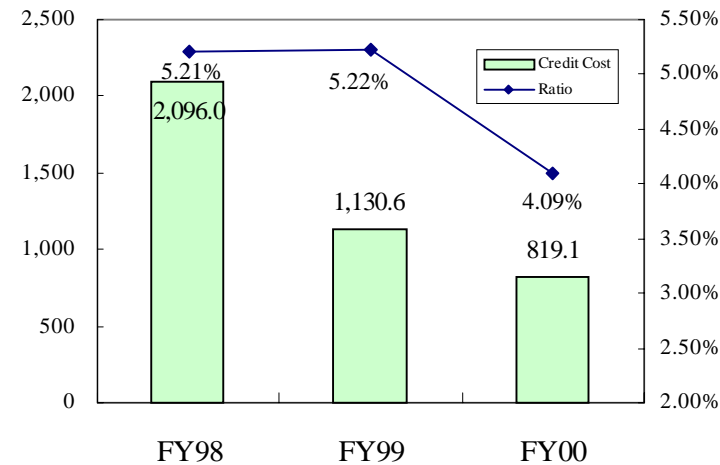
- Continuous reduction in cross-shareholding

Problem Assets based on Financial Reconstruction Law



Problem Assets Ratio Credit Cost

Problem assets based on Financial Reconstruction Law / Total Exposure



Breakdown of the changes in problem assets balance

	Outstanding Sep.30, 00	Increase (new Deterioration)	decrease	Outstanding Mar.31, 01	
	A	B	C	A+B-C	B-C
Bankrupt and Quasi-Bankrupt Assets	621.7	117.2	149.0	589.9	(31.8)
Doubtful Assets	2,567.9	590.1	1,214.8	1,943.2	(624.7)
Total	3,189.6	707.3	1,363.8	2,533.1	(656.5)

Key Factors for Operation of the New Bank - Consumer Banking



New Bank's Business Platform

Customer base (by segment)

High Net-worth customers	300
Investing Customers	150 thousand
Asset Building Customers	7,200 thousand
Mass Retail Customers	19,500 thousand

Investment Trust sales outstanding	Y1,192.3bn.
Housing Loan outstanding	Y11,791.3bn.

Delivery channels

“Remote-channel” : 3.74 million customers signed up
 Convenience Store ATM: Over 1000 CVS network
 Branches, “Call-center”

Sales-forces

Private banker	31
Financial Consultant	approx. 900
Money-Life Consultant	in 139 branches

Group companies

Sumitomo Mitsui Card (credit card)
 Japan Net Bank etc.

Establish the No. 1 Brand

Boost the value of the SMBC brand in retail financial services, to build a foundation for increasing earnings



Achieve the best mix of delivery channels / sales-forces for each customer segment

Private Banking, High Net Worth, Asset Building Customers

- Allocate resources to strengthen sales force, while maintaining efficiency
- Provide the most suitable products, based on consultations

Mass Retail Customers

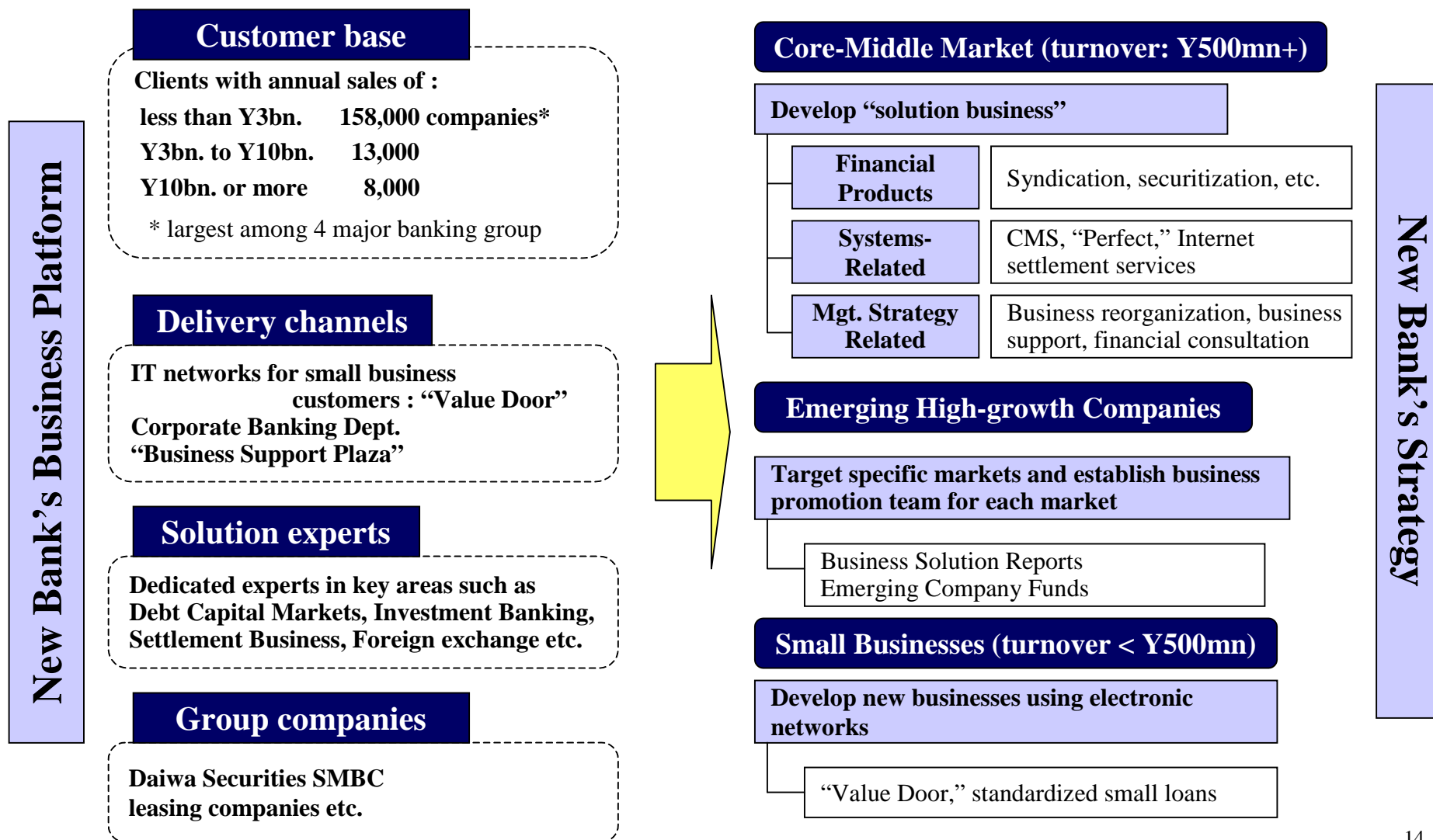
- Segment holds potential earnings for future growth
- Shift transactions to low-cost channels
- Increase competitiveness by improving customer convenience

Reform Cost Structures

- Further integration of manned channels and increased efficiency
- Comprehensive review of business process flow

New Bank's Strategy

Key Factors for Operation of the New Bank - Corporate Banking



Non-interest income ratio 17% (FY1999) → 25%(FY2001 plan)

Key Factors for Operation of the New Bank

- Integration of Group Companies



Enhance Consolidated Profitability

- Major strategic subsidiaries already integrated under the principal of “one business, one company”
- Pursue rapid realization of merger benefits on a group basis

Investment Banking

Daiwa Securities SMBC (Daiwa SBCM + Sakura Securities)

→ Business expansion by adding Sakura’s customer base

Credit Card

Sumitomo Mitsui Card (Sumitomo Credit Service + Sakura Card)

→ Top-tier player in the industry with 10.86 million cardholders

Leasing

SB Leasing + Sakura Leasing (Name of new company to be announced soon)

→ Second largest leasing company in Japan, after Orix

Venture Capital

SMBC Capital (SB Investment + Sakura Capital)

→ Strategic investments in growth companies
(an emerging customer segment which has been expanding)

Membership Services

SMBC Consulting (JRI Business Consulting + Sakura Institute of Research)

→ Membership-based consulting services aimed at small and medium-sized businesses (with 35,000 members, SMBC Consulting has more registered members than any other Japanese bank affiliate)

Appendix



1. Summary of Merger Succession (1)
2. Summary of Merger Succession (2)
3. FY2000 Performance by Business Units
4. Average Balance and Yield of Major Items (Domestic)
5. Consumer Banking
6. Debt Capital Markets
7. Daiwa Securities SMBC
8. Problem Assets Based on Financial Reconstruction Law and Coverage ratio
9. Evaluation Gains/Losses on Securities
10. Equity Portfolio - Composite Weight of Each Sector (Sumitomo)
11. Equity Portfolio - Composite Weight of Each Sector (Sakura)
12. BIS Capital Ratio
13. Organization Chart of SMBC

Appendix 1

Summary of Merger Succession (1)



Assets, liabilities and stockholders' equity succeeded by the merger <Non-consolidated>

(Billions of yen)

	Sakura Bank			Sumitomo Bank	After the merger
	Mar. 31, 2001	Change in book value by the accounting treatments	Succeeded book value	Mar. 31, 2001	Apr. 2001
Total assets	48,461.8	(216.8)	48,245.0	65,265.7	113,451.3
Securities	10,199.7	(456.3)	9,743.4	16,860.3	26,603.7
Premises and equipment	286.4	(29.2)	257.2	585.4	842.6
Deferred tax assets	524.1	268.7	792.8	550.5	1,343.3
Total liabilities	46,180.6	210.2	46,390.8	63,347.0	109,678.4
Reserve for employee retirement benefit	14.1	210.2	224.3	(59.4)	164.9
Stockholders' equity	2,281.2	(427.0)	1,854.2	1,918.7	3,772.9
Capital stock	1,042.7	(518.8)	523.9	752.8	1,276.7
Capital surplus	899.5	91.8	991.3	643.1	1,634.4
Earned reserve	131.3	---	131.3	107.9	239.2
Land revaluation excess	42.7	---	42.7	166.9	209.6
Retained earnings	165.0	---	165.0	248.0	413.0

Appendix 2

Summary of Merger Succession (2)



Unrealized gains/losses of the new Bank <Non-consolidated>

(Billions of yen)

	Sakura Bank, Mar. 31, 2001			Disposal of unrealized losses	Sumitomo Bank, Mar. 31, 2001			SMBC, Apr. 2001		
	Unrealized gains/losses	Gains	Losses		Unrealized gains/losses	Gains	Losses	Unrealized gains/losses	Gains	Losses
Held-to-maturity purpose	---	---	---		(0.1)	0.0	0.1	(0.1)	0.0	0.1
Stocks of subsidiaries and affiliates	4.2	5.7	1.5		(6.3)	0.5	6.8	(2.1)	6.2	8.3
Other securities	(251.7)	204.6	456.3	456.3	(4.2)	300.6	304.8	200.4	505.2	304.8
Stocks	(260.7)	177.1	437.8	437.8	(83.3)	210.7	294.0	93.8	387.8	294.0
Bonds	21.4	24.0	2.6	2.6	80.9	83.5	2.6	104.9	107.5	2.6
Others	(12.4)	3.5	15.9	15.9	(1.8)	6.4	8.2	1.7	9.9	8.2
Total	(247.5)	210.3	457.8	456.3	(10.6)	301.1	311.7	198.2	511.4	313.2
Money held in trust	0.5	0.5	0.0	0.0	(4.1)	0.3	4.4	(3.6)	0.8	4.4
Land	(29.2)			29.2	(71.4)			(71.4)		
Unrecognized net obligation on employee retirement benefit	(210.2)			210.2	(130.2)			(130.2)		
Net obligation from change of accounting standard	(145.4)			145.4	(80.7)			(80.7)		
Actuarial net gain or loss	(64.8)			64.8	(49.5)			(49.5)		

Appendix 3

FY2000 Performance by Business Units



(Billions of yen)

		FY2000 Actual
Consumer Banking Unit	Gross banking profit	327.5
	Expenses	285.4
	Banking profit	42.1
Middle Market Banking Unit	Gross banking profit	578.5
	Expenses	212.2
	Banking profit	366.3
Corporate Banking Unit	Gross banking profit	153.2
	Expenses	32.0
	Banking profit	121.2
International Banking Unit	Gross banking profit	84.5
	Expenses	54.6
	Banking profit	29.9
Treasury Unit	Gross banking profit	268.0
	Expenses	28.7
	Banking profit	239.3
Others	Gross banking profit	91.5
	Expenses	87.2
	Banking profit	4.3
Banking profit		803.1
	Gross banking profit	1,503.2
	Expenses	700.1

(Note) Profits and expenses based on the allocation rule of the new bank.
 FY2000 results of the two banks are simply combined, after reallocating the profit and expenses based on the allocation rule of the new bank.

Appendix 4

Average Balance and Yield of Major Items (Domestic)



<Sumitomo>

(Billions of yen)

	FY1999		FY2000		Change	
Income on interest earning assets	757.3		632.2		(125.1)	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Interest earning assets	35,397.5	2.13%	38,740.8	1.63%	3,343.4	(0.50%)
Loans and bills discounted	28,019.7	1.91%	27,384.9	1.92%	(634.9)	0.01%
Securities	7,199.3	1.24%	10,804.4	0.93%	3,605.1	(0.31%)
Yield on interest earning assets	2.13%		1.63%		(0.50%)	
Cost of interest bearing liabilities	242.0		113.1		(129.0)	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Interest bearing liabilities	32,504.9	0.74%	36,168.2	0.31%	3,663.3	(0.43%)
Deposits	21,958.4	0.20%	21,768.7	0.18%	(189.6)	(0.02%)
Negotiable certificates of deposits	5,651.3	0.15%	5,335.7	0.28%	(315.5)	0.13%
Call Money	3,297.6	0.10%	3,335.6	0.19%	37.9	0.09%
Expense ratio	0.86%		0.76%		(0.10%)	
Total cost of funding (including expenses)	1.60%		1.07%		(0.53%)	
Overall interest spread	0.53%		0.56%		0.03%	

<Sakura>

(Billions of yen)

	FY1999		FY2000		Change	
Income on interest earning assets	832.5		669.1		(163.4)	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Interest earning assets	34,852.6	2.38%	34,841.0	1.92%	(11.6)	(0.46%)
Loans and bills discounted	28,855.0	2.05%	27,921.2	2.07%	(933.9)	0.02%
Securities	5,883.0	1.21%	6,684.4	1.27%	801.4	0.06%
Yield on interest earning assets	2.38%		1.92%		(0.46%)	
Cost of interest bearing liabilities	220.4		79.0		(141.3)	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Interest bearing liabilities	33,884.3	0.65%	33,977.8	0.23%	93.6	(0.42%)
Deposits	27,660.2	0.17%	25,327.0	0.15%	(2,333.2)	(0.02%)
Negotiable certificates of deposits	2,690.9	0.15%	3,478.2	0.30%	787.3	0.15%
Call Money	2,106.5	0.15%	2,758.2	0.22%	651.7	0.07%
Expense ratio	1.02%		0.96%		(0.06%)	
Total cost of funding (including expenses)	1.67%		1.19%		(0.48%)	
Overall interest spread	0.71%		0.73%		0.02%	

(Note) Income and expense related to interest rate swap transactions are shown on “net” basis as for FY2000, which was changed from the “gross” basis used in FY1999 as a result of adoption of new accounting standard for financial instruments

Appendix 5

Consumer Banking



<Sumitomo>

Assets under SMBC account (Billions of yen)

		Mar. 31, 2000	Mar. 31, 2001	Change
Individual deposits	1	13,115.5	13,485.1	369.6
Liquid deposits	2	4,826.8	5,216.0	389.2
Time deposits	3	8,042.5	7,973.8	(68.7)
Foreign currency denominated deposits	4	246.2	295.3	49.1
Investment trust sales***	5	448.1	649.1	201.0
Investment trust related fees***	6	3.7	4.2	0.5

* Includes saving deposits

** Calculated at exchange rate of \$1 = 110 yen

***Outstanding balance, including sales to corporate customers

Loans (Billions of yen)

		Mar. 31, 2000	Mar. 31, 2001	Change
Housing loans	7	5,216.8	5,095.8	(121.0)
Housing loans (personal use)*	8	2,918.2	2,966.6	48.4

*Excluding apartment loans (rent use)

<Sakura>

Assets under SMBC account (Billions of yen)

		Mar. 31, 2000	Mar. 31, 2001	Change
Individual deposits	1	15,057.3	14,746.8	(310.5)
Liquid deposits	2	6,197.8	6,294.0	96.2
Time deposits	3	8,689.2	8,217.9	(471.3)
Foreign currency denominated deposits	4	170.3	234.9	64.6
Investment trust sales***	5	616.8	708.9	92.1
Investment trust related fees***	6	3.2	6.1	2.9

* Includes saving deposits

** Calculated at exchange rate of \$1 = 110 yen

***Outstanding balance, including sales to corporate customers

Loans (Billions of yen)

		Mar. 31, 2000	Mar. 31, 2001	Change
Housing loans	7	6,612.8	6,695.5	82.7
Housing loans (personal use)*	8	4,333.9	4,478.5	144.6

*Excluding apartment loans (rent use)

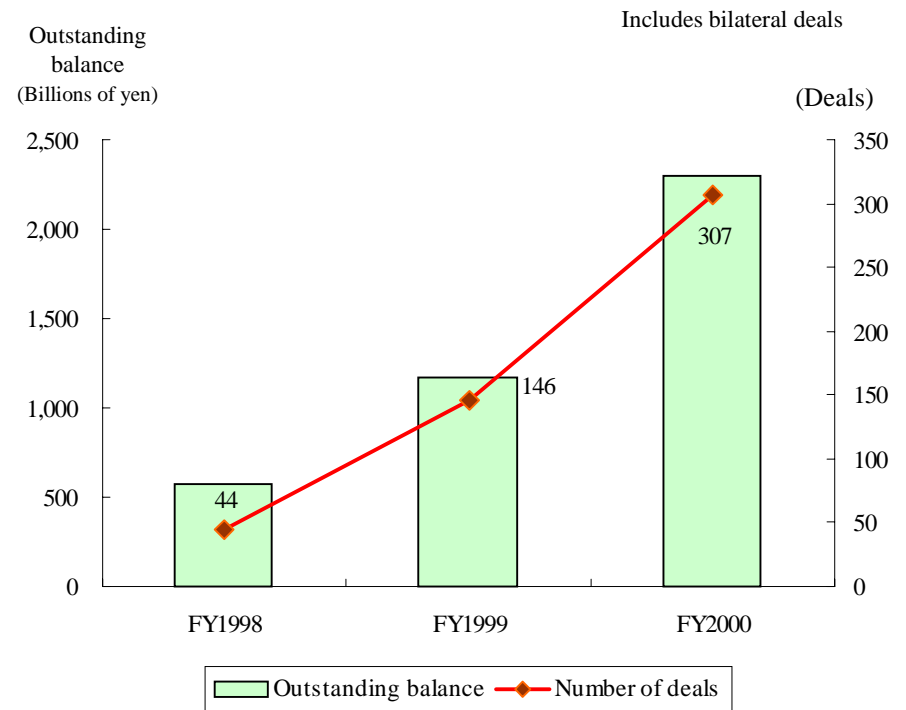
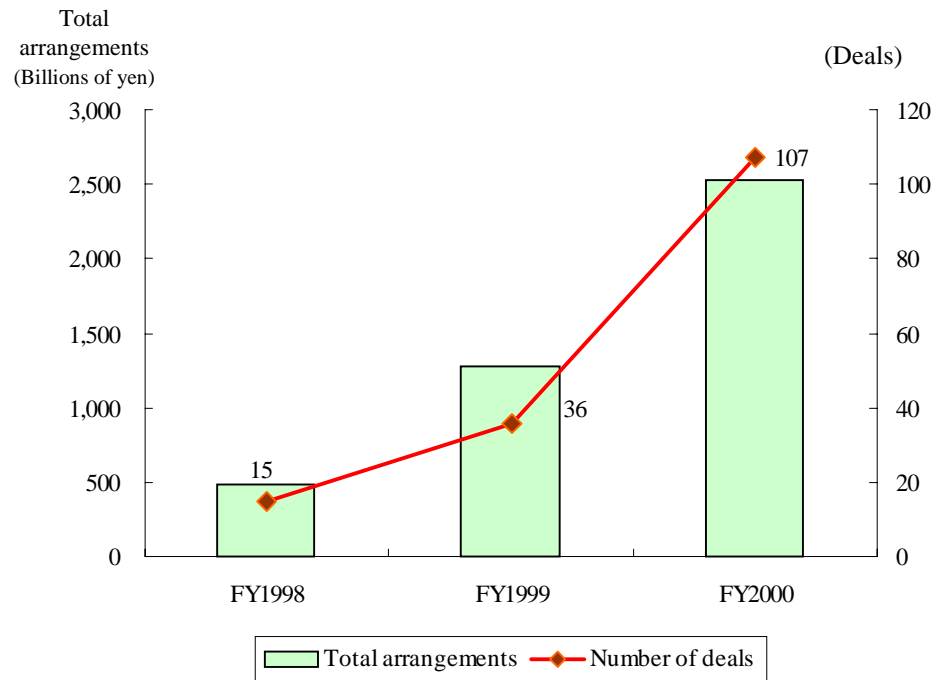
Appendix 6

Debt Capital Markets



Domestic Syndication
(Sumitomo and Sakura combined,
total arrangements)

Domestic Commitment Line
(Sumitomo and Sakura combined,
term-end outstanding balance)



Appendix 7 Daiwa Securities SMBC

(New corporate name after integration of Sakura Securities on April, 1st.)



Daiwa Securities SMBC, Financial Results for Fiscal 2000

(Billions of yen)

	FY1999	FY2000	
			year change
Operating Income	172.1	230.7	58.6
Operating Profit	73.0	123.6	50.6
Net Income	(85.1)	70.8	155.9

ROI*
17.4%

*Net Income basis

Contribution to the consolidated net income:
+28.3 billion yen (40%)

Synergy Effects (Fiscal 2000)

**IPO lead-manager nomination : Nearly 30% of nominations were obtained via Sumitomo network.
Some deals have already been lead-managed by Daiwa Securities SMBC**

M&A : Nearly 70% of fee income was generated by deals originated by Sumitomo

Structured Finance : Highly rated deals by the collaboration of Sumitomo and Daiwa Securities SMBC

Domestic Straight Bond League Table (Fiscal 2000)

		(share)
1. Nomura Securities	1,688.7 billion yen	(22.3%)
2. Daiwa Securities SMBC	1,405.8 billion yen	(18.6%)
3. Tokyo-Mitsubishi Securities	1,015.3 billion yen	(13.4%)
4. Nikko SSB	928.2 billion yen	(12.3%)
5. Mizuho Securities	807.9 billion yen	(10.7%)
6. Sakura Securities*	527.5 billion yen	(7.0%)

*Sakura Securities' assets were fully transferred to Daiwa Securities SMBC (April 1st.)

(source: Daiwa Securities SMBC) A-7

Appendix 8

Problem Assets Based on Financial Reconstruction Law



<Sumitomo>

(Billions of yen)

	Problem Assets Based on Financial Reconstruction Law (A)			Total Coverage (B)		
	Mar. 31, 00	Mar. 31, 01	Change	Mar. 31, 00	Mar. 31, 01	Change
Bankrupt and quasi-bankrupt assets	190.8	199.0	8.2	190.8	199.0	8.2
Doubtful assets	1,351.2	1,263.5	(87.7)	913.7	907.3	(6.4)
Substandard assets	375.0	99.1	(275.9)	89.7	61.4	(28.3)
Total	1,917.0	1,561.6	(355.4)	1,194.2	1,167.7	(26.5)

	Coverage Ratio (B/A)		
	Mar. 31, 00	Mar. 31, 01	Change
Bankrupt and quasi-bankrupt assets	100.0%	100.0%	0.0%
Doubtful assets	67.6%	71.8%	4.2%
Substandard assets	23.9%	62.0%	38.0%
Total	62.3%	74.8%	12.5%

<Reserve Ratio for uncovered portion>

Bankrupt and quasi-bankrupt assets : 100%
 Doubtful assets : 54.5%
 Substandard assets : 15.0%

<Sakura>

(Billions of yen)

	Problem Assets Based on Financial Reconstruction Law (A)			Total Coverage (B)		
	Mar. 31, 00	Mar. 31, 01	Change	Mar. 31, 00	Mar. 31, 01	Change
Bankrupt and quasi-bankrupt assets	394.7	390.9	(3.8)	394.7	390.9	(3.8)
Doubtful assets	880.8	679.7	(201.1)	720.6	576.0	(144.6)
Substandard assets	448.0	190.3	(257.7)	178.6	94.1	(84.5)
Total	1,723.6	1,260.9	(462.7)	1,293.9	1,061.0	(232.9)

	Coverage Ratio (B/A)		
	Mar. 31, 00	Mar. 31, 01	Change
Bankrupt and quasi-bankrupt assets	100.0%	100.0%	0.0%
Doubtful assets	81.8%	84.7%	2.9%
Substandard assets	39.9%	49.4%	9.6%
Total	75.1%	84.1%	9.1%

<Reserve Ratio for uncovered portion>

Bankrupt and quasi-bankrupt assets : 100%
 Doubtful assets : 71.3%
 Substandard assets : 15.0%

Appendix 9

Evaluation Gains/Losses on Securities



<Sumitomo>

<Non-consolidated> (Billions of yen)

	Mar. 31, 2001				Mar. 31, 2000		
	Evaluation gains/losses				Evaluation gains/losses		
	(a)	(a) - (b)	Gains	Losses	(b)	Gains	Losses
Held-to-maturity purpose	(0.1)		0.0	0.1			
Stocks of subsidiaries and affiliates	(6.3)		0.5	6.8			
Other securities	(83.2)		244.6	327.8			
Stocks	(162.3)		154.7	317.1			
Bonds	80.9		83.5	2.6			
Others	(1.9)		6.4	8.2			
Total	(89.6)	(991.0)	245.1	334.7	901.4	1259.3	357.9
Stocks	(168.6)	(1073.1)	155.2	323.9	904.5	1221.9	317.5
Bonds	80.9	81.5	83.5	2.6	(0.6)	33.7	34.3
Others	(1.9)	0.6	6.4	8.3	(2.5)	3.6	6.2

(Note) Evaluation gains/losses of stocks (excluding stocks of subsidiaries and affiliates) as at March 31, 2001 are calculated with the average market price during the final month of the fiscal year. Rest of the securities are evaluated with the market price at the balance sheet date.

<Sakura>

<Non-consolidated> (Billions of yen)

	Mar. 31, 2001				Mar. 31, 2000		
	Evaluation gains/losses				Evaluation gains/losses		
	(a)	(a) - (b)	Gains	Losses	(b)	Gains	Losses
Held-to-maturity purpose	-		-	-			
Stocks of subsidiaries and affiliates	4.2		5.8	1.5			
Other securities	(346.6)		157.8	504.4			
Stocks	(355.7)		130.3	486.0			
Bonds	21.4		24.0	2.6			
Others	(12.3)		3.5	15.8			
Total	(342.4)	(1005.2)	163.6	506.0	662.8	1103.9	441.1
Stocks	(351.5)	(1034.4)	136.0	487.5	682.9	1075.6	392.7
Bonds	21.4	49.3	24.0	2.6	(27.9)	7.3	35.1
Others	(12.3)	(20.1)	3.5	15.8	7.7	21.0	13.3

(Note) Evaluation gains/losses of stocks (excluding stocks of subsidiaries and affiliates) as at March 31, 2001 are calculated with the average market price during the final month of the fiscal year. Rest of the securities are evaluated with the market price at the balance sheet date.

<Consolidated> (Billions of yen)

	Mar. 31, 2001				Mar. 31, 2000		
	Evaluation gains/losses				Evaluation gains/losses		
	(a)	(a) - (b)	Gains	Losses	(b)	Gains	Losses
Held-to-maturity purpose	(0.1)		0.0	0.1			
Other securities	51.7		387.7	336.0			
Stocks	(156.5)		166.7	323.2			
Bonds	83.1		85.9	2.8			
Others	125.1		135.1	10.0			
Total	51.7	(1127.8)	387.8	336.1	1179.5	1553.7	374.3
Stocks	(156.5)	(1071.3)	166.7	323.2	914.7	1242.3	327.5
Bonds	83.1	83.9	85.9	2.8	(0.8)	34.2	35.0
Others	125.1	(140.5)	135.2	10.1	265.5	277.3	11.8

(Note) Evaluation gains/losses of stocks as at March 31, 2001 are calculated with the average market price during the final month of the fiscal year. Rest of the securities are evaluated with the market price at the balance sheet date.

<Consolidated> (Billions of yen)

	Mar. 31, 2001				Mar. 31, 2000		
	Evaluation gains/losses				Evaluation gains/losses		
	(a)	(a) - (b)	Gains	Losses	(b)	Gains	Losses
Held-to-maturity purpose	0.0		0.0	0.0			
Other securities	(352.8)		170.5	523.4			
Stocks	(361.2)		139.2	500.4			
Bonds	24.7		27.7	3.0			
Others	(16.4)		3.6	19.9			
Total	(352.8)	(1007.6)	170.5	523.4	654.8	1109.5	454.7
Stocks	(361.2)	(1041.7)	139.2	500.4	680.5	1083.3	402.8
Bonds	24.7	51.4	27.7	3.0	(26.7)	8.8	35.5
Others	(16.4)	(17.3)	3.6	19.9	1.0	17.3	16.3

(Note) Evaluation gains/losses of stocks as at March 31, 2001 are calculated with the average market price during the final month of the fiscal year. Rest of the securities are evaluated with the market price at the balance sheet date.

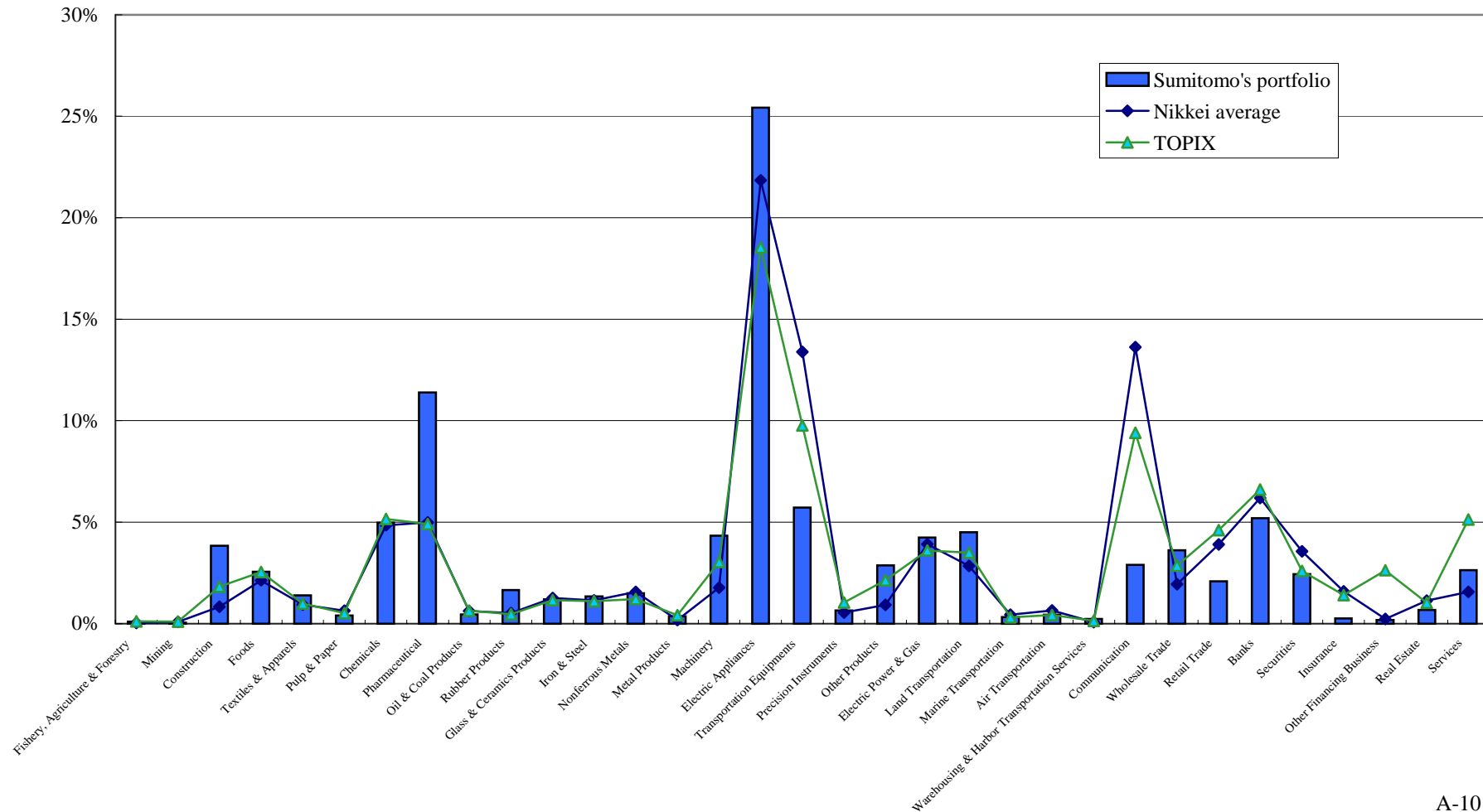
*Please refer to reference 2 for the unrealized gains/losses of securities evaluated with the market price at the balance sheet date.

Appendix 10 Equity Portfolio - Composite Weight of Each Sector (Sumitomo)



Composite weight of each sector as at Mar. 31, 2001

(Market value basis)



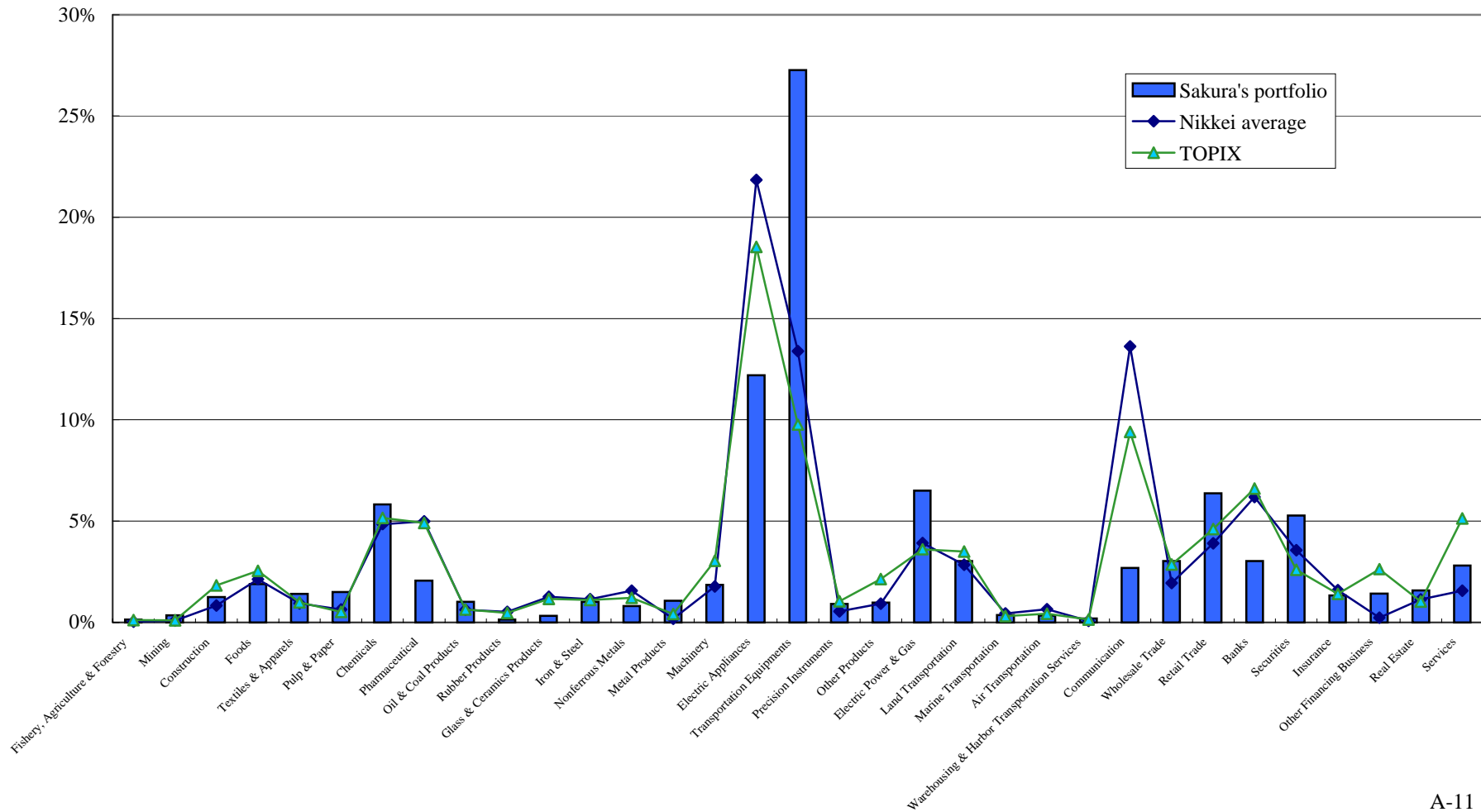
Appendix 11

Equity Portfolio - Composite Weight of Each Sector (Sakura)



Composite weight of each sector as at Mar. 31, 2001

(Market value basis)



Appendix 12

BIS Capital Ratio



<Sumitomo>

(Billions of yen)

	Mar. 31, 2000	Mar. 31, 2001	
		[Preliminary]	Change
(1) Capital ratio	11.60%	10.94%	(0.66%)
(2) Tier I	2,203.9	2,258.3	54.4
(3) Tier II	2,144.4	1,995.4	(149.0)
(a) 45% of unrealized gains on securities	---	---	---
(b) 45% of unrealized appreciation of land	126.1	122.2	(3.9)
(c) General reserve	365.4	232.7	(132.7)
(d) Subordinated debt	1,652.9	1,640.5	(12.4)
(4) Subtraction items	---	103.6	103.6
(5) Total capital (2)+(3)-(4)	4,348.3	4,150.0	(198.3)
(6) Risk-adjusted assets	37,476.7	37,925.2	448.5

- Major factor of the increase in risk-adjusted assets
 - Currency rate (Asset increase caused by depreciation of yen)
 - Domestic lending (Asset decrease)

- Major factor of the increase in subtraction items
 - Equity investment in Daiwa Securities SMBC
 - Equity investment in Japan Net Bank

<Sakura>

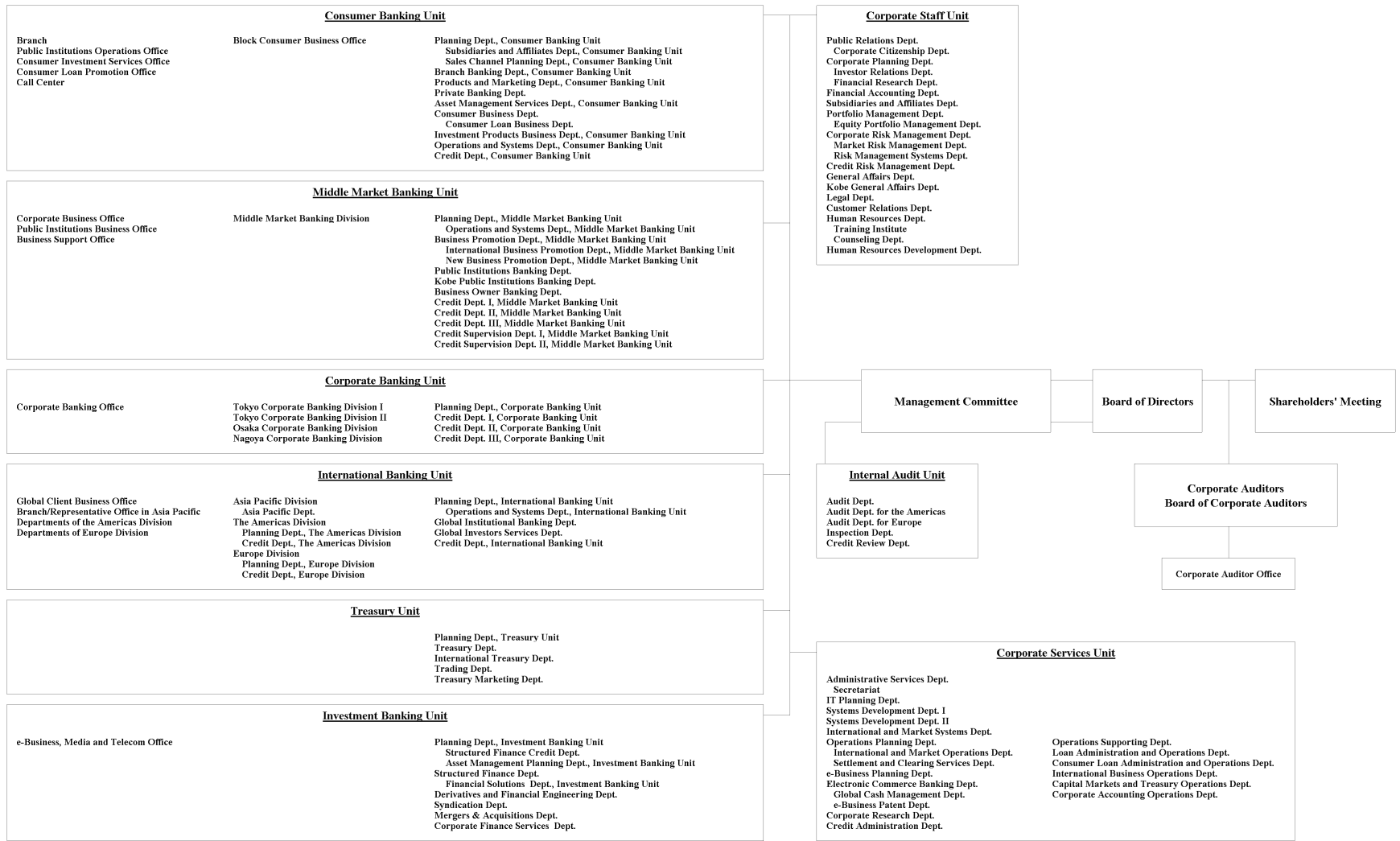
(Billions of yen)

	Mar. 31, 2000	Mar. 31, 2001	
		[Preliminary]	Change
(1) Capital ratio	12.53%	11.31%	(1.22%)
(2) Tier I	2,440.6	2,496.4	55.8
(3) Tier II	1,661.3	1,351.6	(309.7)
(a) 45% of unrealized gains on securities	---	---	---
(b) 45% of unrealized appreciation of land	51.7	46.7	(5.0)
(c) General reserve	227.3	163.1	(64.2)
(d) Subordinated debt	1,382.3	1,141.8	(240.5)
(4) Subtraction items	1.0	13.7	12.7
(5) Total capital (2)+(3)-(4)	4,100.9	3,834.3	(266.6)
(6) Risk-adjusted assets	32,721.6	33,891.4	1,169.8

- Major factor of the increase in risk-adjusted assets
 - Consolidation of Minato Bank
 - Currency rate (Asset increase caused by depreciation of yen)

Appendix 13

Organization Chart of SMBC





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.