

Financial Results

1st Half, FY2001



SMBC SUMITOMO MITSUI
BANKING CORPORATION

December 5, 2001

Agenda



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9. **Other operating profit/loss & Extraordinary profit/loss**
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Part I



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Financial highlights (P/L)

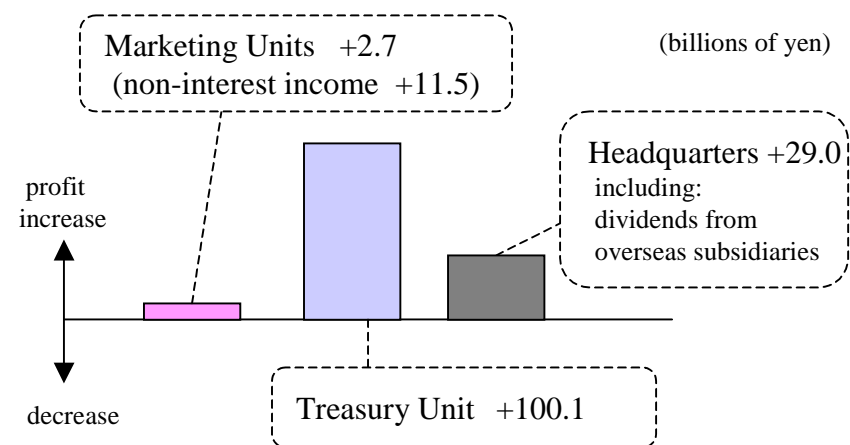


Billions of yen

Non-consolidated	FY2001		Change from original forecast
	1st half	Year change	
Gross banking profit	849.3	131.8	132.3
Expenses	(333.5)	13.5	23.5
Banking Profit	515.8	145.3	155.8
Credit Cost	(305.4)	(7.5)	(105.4)
Gains/Losses on stocks	(52.6)	(175.6)	---
Operating profit	127.1	(128.0)	(17.9)
Net income	79.8	(20.5)	4.8

Gross Banking Profit Y131.8 bn. increase

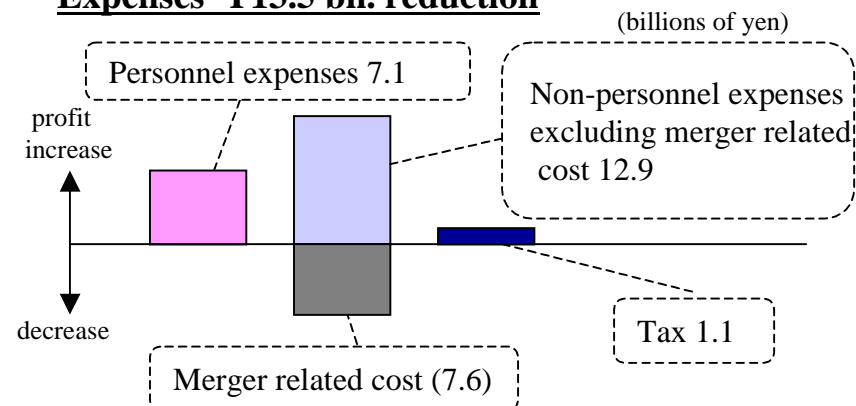
Increase in non-interest income covered the decline in interest income. Large increase in profit of Treasury Unit.



Consolidated

Gross profit	447.8	35.9	---
Operating profit	114.5	(253.9)	(65.5)
Net income	34.2	(73.0)	(40.8)
BIS capital ratio<Preliminary>	10.79%	---	---
ROE (numerator:Net income)*	1.90%	---	---

Expenses Y13.5 bn. reduction



*Fully-diluted basis, including convertible preferred stocks (public funds)

Financial highlights (B/S)



Non-consolidated

		(Billions of yen)	
	Mar. 31, 2001	Sep. 30, 2001	Change from Mar. 31
Assets	113,727.5	101,342.1	(12,385.4)
Loans and bills discounted	61,747.9	61,071.6	(676.3)
Securities	27,060.0	19,988.2	(7,071.8)
Liabilities	109,527.6	97,827.5	(11,700.1)
Deposits	59,041.3	56,611.3	(2,430.0)
NCDs	11,688.5	11,152.5	(536.0)
Call money	5,898.5	3,802.7	(2,095.8)
Stockholders' equity	4,199.9	3,514.6	(685.3)
Capital stock	1,795.6	1,326.7	(468.9)
Capital surplus	1,542.6	1,684.4	141.8
Earned surplus reserve	239.2	241.4	2.2
Land revaluation excess	209.6	208.9	(0.7)
Retained earnings	413.0	479.0	66.0
Net unrealized losses on securities	—	(425.7)	(425.7)

Merger Accounting

➔

Major factors affecting the balance sheet

Loans:

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

Securities:

Decreased position, mainly in short-term JGBs.

Deposits:

Decreased due to the decline of funding from overseas money markets. On the other hand, domestic individual deposits increased.

Stockholders' equity:

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

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

-Decreased by 425.7 billion yen as net unrealized losses on 'other securities' were directly charged to capital from this fiscal year.

Gross banking profit



Non-consolidated (Billions of yen)

	FY2000 1st Half	FY2001 1st Half	Change
Gross domestic profit	632.1	616.0	(16.1)
<Excluding gains/losses on bonds>	<630.3>	<589.9>	<(40.4)>
Net interest income	554.0	537.2	(16.8)
<Gains on interest rate swaps>	<5.1>	<3.7>	<(1.4)>
Net fees and commissions	56.7	52.8	(3.9)
Net trading profit	1.5	1.1	(0.4)
Other operating income	19.8	24.9	5.1
<Gains and losses on bonds>	<1.8>	<26.0>	<24.2>
Gross international profit	85.4	233.3	147.9
<Excluding gains/losses on bonds>	<89.4>	<229.2>	<139.8>
Net interest income	34.5	139.9	105.4
<Gains on interest rate swaps>	<(34.5)>	<39.0>	<73.5>
Net fees and commissions	17.8	20.5	2.7
Net trading profit	16.3	36.6	20.3
Other operating income	16.8	36.3	19.5
<Gains and losses on bonds>	<(4.0)>	<4.1>	<8.1>

Increase/decrease factors
in 1st half of FY2001

- Domestic net interest income: (16.8)
 - Decrease in loan volume
- Domestic & international fees & commissions: (1.2)
 - Decrease in fees related to group credit life insurance, etc.
- International net interest income: +105.4
 - Increase in dividends from overseas subsidiaries
 - Increase in income related to foreign currency-denominated ALM
- International net trading profit: +20.3
 - Increase due to good performance of sales of derivatives products to domestic customers

(Note)

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

(Billions of yen)

	FY2000 1st Half	FY2001 1st Half
Net interest income	2.7	2.5
Net trading profit	(16.3)	(33.2)

*Adjustments are made between Other operating income and above items

Non-interest income

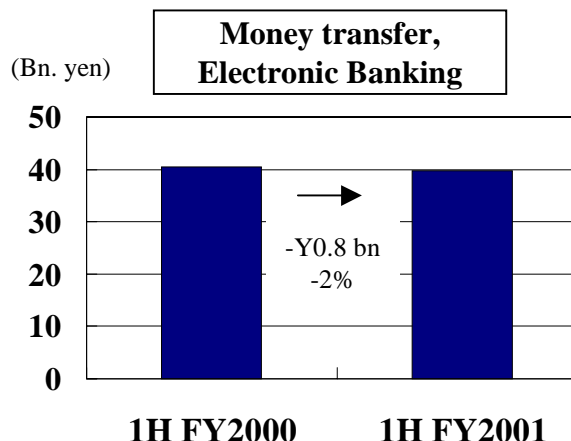


Non-consolidated

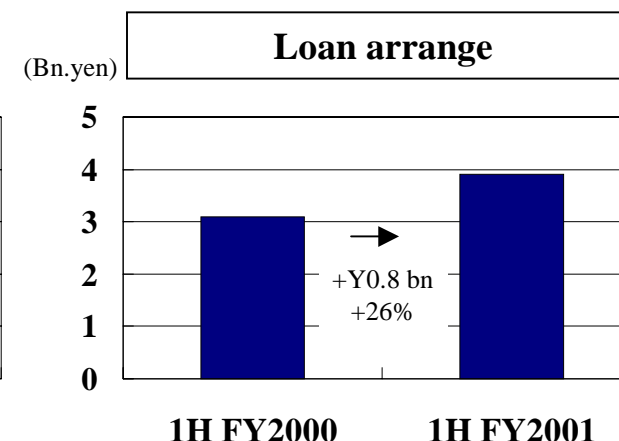
Non-interest income*

1H FY2000 actual : total Y105.5 bn
 2H FY2000 actual : total Y112.3 bn
1H FY2001 actual : total Y117.0 bn
 (+Y11.5 bn from 1H FY2000)

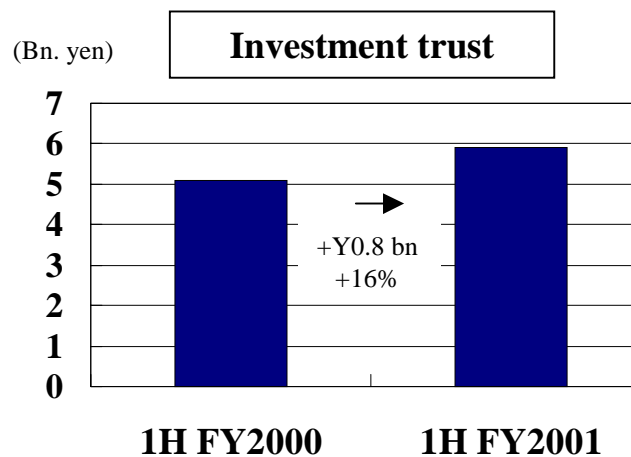
*Fees & commissions + profit related to the sales of derivative products



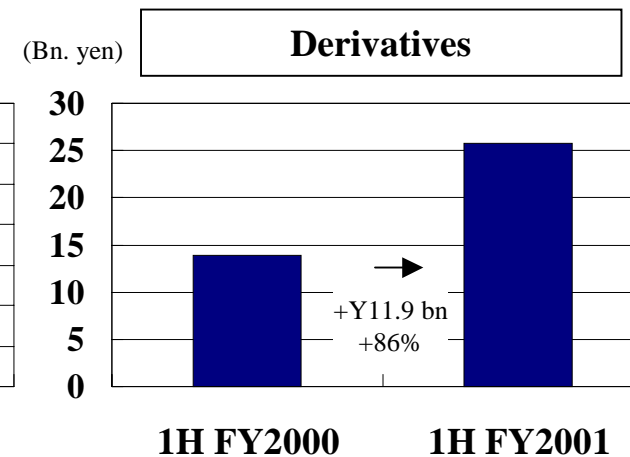
Money transfer -Y0.9 bn
 Electronic Banking +Y0.1 bn



Domestic loan syndication #/Yen amount
 1H FY2000 36/Y860.0 bn → 1H FY2001 57/Y1,320.0 bn



Investment trust sales outstanding (to consumer clients)
 Sep. 30, 2000: Y967.8 bn → Sep.30, 2001: Y1,464.0 bn



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

Expense reduction

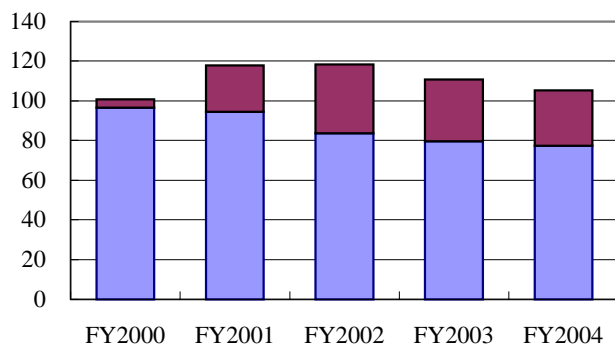
Non-consolidated

(Billions of yen)

	FY2000	FY2001	year change
	1st half	1st half	
Expenses	347.0	333.5	(13.5)
Personnel expenses	147.2	140.1	(7.1)
Non-personnel expenses	183.0	177.7	(5.3)
Merger related cost	0.6	8.2	7.6
Taxes	16.8	15.7	(1.1)
Overhead ratio	48.3%	39.2%	(9.1%)

IT expenditure

(Billions of yen)



■ Ordinary expenses ■ Merger related

* FY2000 : combined figure of former two banks

* FY2001-2004 : forecast

Major factors in increase/decrease

➤ Personnel expenses:

Decreased by the reduction of headcount of more than 1,700.

Sep. 30, 2000: 28,537

Sep. 30, 2001: 26,802

➤ Non-personnel expenses:

Decreased by the reduction of the facility-related expenses due to the integration of the redundant branches (both domestic and overseas).

*Number of branches:

	Sep. 30, 2000	Sep. 30, 2001
Domestic branches:	612	577
Overseas branches:	33	21

Performance by Business Unit



Non-consolidated (Billions of yen)

		FY2001 1st half	Change from FY2000 1st half (Note 1)
Consumer Banking Unit	Gross banking profit	156.1	5.5
	Expenses	(140.7)	2.8
	Banking profit	15.4	8.3
Middle Market Banking Unit	Gross banking profit	288.3	2.1
	Expenses	(102.8)	3.3
	Banking profit	185.5	5.4
Corporate Banking Unit	Gross banking profit	77.8	1.7
	Expenses	(15.5)	0.3
	Banking profit	62.3	2.0
International Banking Unit	Gross banking profit	38.6	(6.6)
	Expenses	(26.4)	0.8
	Banking profit	12.2	(5.8)
Marketing Units	Gross banking profit	560.8	2.7
	Expenses	(285.4)	7.2
	Banking profit	275.4	9.9
Treasury Unit	Gross banking profit	217.3	100.1
	Expenses	(12.5)	1.8
	Banking profit	204.8	101.9
Others (Note 2)	Gross banking profit	71.2	29.0
	Expenses	(35.6)	4.5
	Banking profit	35.6	33.5
Total	Gross banking profit	849.3	131.8
	Expenses	(333.5)	13.5
	Banking profit	515.8	145.3

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

(Note 2) Including 1) financing costs on preferred securities and subordinated debt, 2) dividend income from overseas subsidiaries, 3) profit earned from investing the Bank's own capital, 4) adjustment of inter-group transactions, 5) headquarter expenses, etc.

Key factors affecting the change in gross banking profit compared to the 1st half of FY2000

- Consumer: Increase in assets under SMBC a/c +6.3 (incl. investment trust related fees +1.5)
Profit on housing loans +1.8
- Middle Market: Profit on loans (13.3)
Profit on deposits +2.4
Non-interest income +12.1
- Corporate: Profit on loans (2.2)
Profit on deposits +1.1
Non-interest income +1.6
- International: Fee income (2.0)
(Decrease in the number of large-scale deals)
Treasury operations of overseas branches, etc. (2.6)
- Treasury: Increase in ALM related profit
- Others: Increase in dividend income from overseas subsidiaries

Loan volume and interest spread

	FY2001 1st half		Change from FY2000 1st half	
	Average balance	Interest spread	Average balance	Interest spread
Small and medium-sized companies (Middle market)	26.7 trillion yen	1.47%	(1.4 trillion yen)	(0.02%)
Large companies (Corporate)	13.2 trillion yen	0.73%	(0.6 trillion yen)	0.00%

Securities portfolio & derivatives



Evaluation gains/losses on securities (non-consolidated) (Billions of yen)

	Evaluation gains/losses			
		Change from April, 2001*	Gains	Losses
Total	(689.5)	(890.0)	327.4	(1,017.0)
Stocks	(798.7)	(892.5)	196.5	(995.2)
Bonds	79.1	(25.8)	87.3	(8.1)
Others	30.0	28.3	43.7	(13.7)

*After merger basis

Hedging purpose derivative transactions (non-consolidated) (Billions of yen)

	Sep. 30, 2001			
	Net evaluation		Deferred gains/losses (3)	
	Assets (1)	Liabilities (2)		gains/losses (1) - (2)
Interest rate swaps	875.1	387.8	487.3	204.2
Currency swaps	134.1	118.2	15.9	15.7
Other	114.9	152.5	(37.6)	(46.0)
Total	1,124.1	658.5	465.6	173.9

Balance of securities held, classified by maturity (consolidated) (As of Sep. 30, 2001) (Billions of yen)

	One year or less	One-five years	Five-10 years	More than 10 years	Total	Change from Mar. 31, 2001
Bonds	1,387.8	7,018.9	2,357.9	183.2	10,947.8	(6,244.7)
JGBs	1,186.7	6,011.9	1,740.3	168.8	9,107.8	(6,486.7)
Japanese local gov. bonds	26.6	115.5	310.4	9.0	461.5	74.0
Japanese corporate bonds	174.5	891.5	307.3	5.4	1,378.6	168.0
Other	393.1	2,556.4	363.1	476.7	3,789.4	780.8
Total	1,780.9	9,575.4	2,721.1	659.9	14,737.2	(5,463.9)

Asset quality (1) : Credit cost



Non-consolidated

(Billions of yen)

	FY2000	FY2001	
	1st half	1st half	year change
Total Credit Cost	(297.9)	(305.4)	(7.5)
Write-off of loans	(129.3)	(138.7)	(9.4)
Transfer to specific reserve	(279.6)	(98.4)	181.2
Transfer to reserve for losses on loans sold	(22.2)	(23.6)	(1.4)
Losses on loans sold to CCPC	(5.6)	(2.2)	3.4
Losses on sale of delinquent loans	(3.3)	(13.5)	(10.2)
Losses on financial support for associated companies	---	---	---
Transfer to loan loss reserve for specific overseas countries	(2.5)	8.3	10.8
Transfer to general reserve for possible loans losses	144.6	(37.4)	(182.0)

➤ Transfer to general reserve for possible loan losses: (Y37.4 bn.)

Mainly due to applying stringent standard in defining substandard loans.

(Note)

Balance of loans to CCPC : Y186.5 bn.

Amount of bulk sales, etc. : Y202.5 bn.

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



Disclosure of problem assets based on Financial Reconstruction Law (non-consolidated)

(Billions of yen)

	Sep. 30, 2000	Mar. 31, 2001	Sep. 30, 2001	Change
Bankrupt and quasi-bankrupt assets	621.7	589.9	574.0	(15.9)
Doubtful assets	2,567.8	1,943.1	1,645.7	(297.4)
Substandard loans	359.0	289.4	1,107.2	817.8
Total	3,548.6	2,822.5	3,326.9	504.4

(Note)

Problem asset ratio

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

- As of Sep. 30, 2000 : 5.12%

- As of Mar. 31, 2001 : 4.09%

- As of Sep. 30, 2001 : 4.94%

Progress in decreasing problem assets at end of 2nd half of FY2000 (gross basis)

(Billions of yen)

	FY2001 1st half
Disposition by borrower's liquidation	(9.5)
Re-constructive disposition --- (a)	(48.1)
Improvement in debtors' performance due to (a)	---
Loan sales to secondary market	(200.2)
Write-off	(82.2)
Others	(356.7)
Collection/repayment, etc.	(290.8)
Improvement in debtors' performance	(65.9)
Total	(696.7)

Newly occurred problem assets during first half of FY2001

(Billions of yen)

	FY2001 1st half
Bankrupt and Quasi-Bankrupt Assets	55.5
Doubtful Assets	327.8
Total	383.3

Asset quality (3) : Classification of assets and reserves

Non-consolidated

<As of Sep. 30, 2001>

(Billions of yen)

Category of Borrowers under Self-Assessment	Disclosure of Problem Assets Based on Financial Reconstruction Law	Classification under Self-Assessment				Reserve for Possible Loan Losses	Reserve Ratio (*3)	
		Classification I	Classification II	Classification III	Classification IV			
Bankrupt Borrowers	Bankrupt and Quasi-Bankrupt Assets 574.0 (Change from Mar. 2001: -15.9)	Claims secured by collateral and guarantees, etc. 535.3	Fully reserved 38.7	Direct Write-offs (*1)	Specific Reserve 42.9 (*2)	100%		
Effectively Bankrupt Borrowers								
Potentially Bankrupt Borrowers	Doubtful Assets 1,645.7 (Change from Mar. 2001: -297.4)	Claims secured by collateral and guarantees, etc. 730.8	Necessary amount reserved 914.9		Specific Reserve 548.7 (*2)	60.0%		
Borrowers Requiring Caution	Substandard Loans 1,107.2 (Change from Mar. 2001: +817.8) (Claims to Substandard Borrowers)	Substandard Loans secured by collateral and guarantees, etc. 391.5			Specific Reserve 0.5 General Reserve for Substandard Loans 106.9	15.0% (*3)		
	Normal Assets	Claims to Borrowers Requiring Caution excluding Claims to Substandard Borrowers			General Reserve 405.2	3.1%	4.8%	
Normal Borrowers	64,039.9	Claims to Normal Borrowers					0.2%	

(*1) Including direct reduction of 1,580.8 billion yen.

(*2) Includes reserves for assets which do not fall under the Financial Reconstruction Law disclosure standards.
(Bankrupt/Effectively Bankrupt Borrowers: 4.2 billion yen, Potentially Bankrupt Borrowers: 8.2 billion yen)

(*3) Reserve ratio to normal borrowers is the proportion of the reserve to the total claims to normal borrowers. Reserve ratios to other borrowers are the proportion of the reserve to the claims of each category excluding the portion secured by collateral and guarantees, etc.

(*3') The proportion of the reserve to the unsecured claims to substandard borrowers (excluding the claims to borrowers with specific reserves).

Gains/losses on stocks, etc.

Non-consolidated

(Billions of yen)

	FY2000	FY2001	Change
	1st half	1st half	
Gains/Losses on stocks	123.0	(52.6)	(175.6)
Gains on sale of stocks	180.1	28.2	(151.9)
Losses on sale of stocks	(14.0)	(12.0)	2.0
Losses on devaluation of stocks	(43.1)	(68.9)	(25.8)

Former Sakura Bank's unrealized gross losses (Y437.8 bn.) were written off based on the merger accounting

Amount of impairment: (Y61.9 bn.)

Impairment rules

Evaluation loss of:

- More than 50% (of book value): Impaired, except for those that are expected to recover
- 30 to 50% : Impairment applied only to those that have no possibility of recovery

*Stocks of potentially bankrupt borrowers were impaired regardless of the percentage of devaluation.

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

(Billions of yen)

	Sep. 30, 2001	
		Change from Mar. 31, 2001 (Note 2)
Balance in market value (Note 1)	4,905.1	(1,106.6)
Balance in book value (before devaluation)	5,703.8	(214.1)

Amount of sales of cross-shareholdings: approx. Y160.0 bn.

(Note 1) Amount of listed stocks and over-the-counter stocks except for the stocks of subsidiaries and affiliated companies (after devaluation basis).

(Note 2) Combined figures of former Sumitomo and former Sakura

Other operating profit/loss & extraordinary profit/loss



Non-consolidated

(Billions of yen)

	FY2000	FY2001	year change
	1st half	1st half	
Other operating profit	(260.0)	(351.3)	(91.3)
(Total credit cost)	(297.9)	(305.4)	(7.5)
Gains/Losses on stocks	123.0	(52.6)	(175.6)
Enterprise tax	(8.0)	(14.0)	(6.0)
Other	67.5	(16.6)	(84.1)
Operating profit	255.1	127.1	(128.0)
Extraordinary profit	(38.3)	(16.1)	22.2
Gains/Losses on disposition of premises and equipment	(10.2)	(4.6)	5.6
Gains on disposition of premises and equipment	1.1	0.1	(1.0)
Losses on disposition of premises and equipment	(11.3)	(4.7)	6.6
Amortization of net obligation under new accounting standard for employess' retirement	(28.3)	(10.1)	18.2
Income before income taxes	216.9	111.1	(105.8)
Income taxes, current	(22.7)	(9.8)	12.9
Income taxes, deferred	(93.9)	(21.5)	72.4
Effect of introduction of enterprise taxes to banking industries by Osaka Prefectural Government	(32.4)	---	32.4
Net income	100.3	79.8	(20.5)

Enterprise tax (Y14.0 bn.):

Tokyo Metropolitan Gov. (Y9.3 bn.)

Osaka Prefectural Gov. (Y4.7 bn.)

One-time merger related cost (Y11.3 bn.):

Registration fee,

Cost for the integration of branch network, etc.

Amortization of obligation for employees' retirement plan (Y10.1 bn.):

Only former Sumitomo Bank's portion remained and being amortized using the straight-line method over 5 years, beginning with the last fiscal year.

(Former Sakura Bank's unrecognized net obligation for the employees' retirement plan was reserved based on the merger accounting.)

Financial highlights of consolidated results



	(Billions of yen)		Change	Difference from non-consolidated results	
	FY2000 1st half	FY2001 1st half			
Consolidated gross profit	862.3	974.7	112.4	125.4	
Net interest income	610.5	674.7	64.2	(2.4)	Canceling out of dividends b/w subsidiaries and the parent (a)
Net fees and commissions	154.0	153.5	(0.5)	80.2	Sumitomo Mitsui Card Company, Limited, etc.
Net trading profit	43.3	73.7	30.4	36.0	
Other operating income	54.5	72.8	18.3	11.6	SMBC Leasing Company, Limited, etc.
General and administrative expenses	(448.6)	(468.4)	(19.8)	(119.9)	
Total credit cost	(384.0)	(356.7)	27.3	(51.3)	
Gains and losses on stocks	243.2	(18.9)	(262.1)	33.7	Profits on sales of stock of The Goldman Sachs Group, Inc. (Effect on operating profit: +36.6 billion yen)
Net income/loss from non-consolidated entities by equity method	24.1	(0.4)	(24.5)	(0.4)	
Operating profit	368.3	114.5	(253.8)	(12.6)	Canceling out of dividends b/w subsidiaries and the parent (a), etc.
Extraordinary profit (loss)	(37.1)	(15.8)	21.3	0.3	
Net income	107.2	34.2	(73.0)	(45.6)	

Consolidated banking profit	411.9	447.8	35.9
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(Note) Consolidated banking profit = (Non-consolidated banking profit (excl. transfer to general reserve)) + (Subsidiaries' operating profit (excluding temporary factors) + (Affiliates' operating profit) X (Ownership ratio) - (Internal transaction (dividends, etc.)))

(a) Accounting treatment of <u>dividends from SMBC Capital Markets, Inc.* to the parent</u>	
<u>Non-consolidated basis</u>	
Gross banking profit (Net interest income) :	+65.7 billion yen
<u>Adjustment for consolidation</u>	
Gross banking profit (Net interest income) :	(65.7) billion yen
Operating profit:	(65.7) billion yen
Net income:	(36.3) billion yen

*The consolidated subsidiary which owns common stock of The Goldman Sachs Group, Inc.

Projections for FY2001



(Billions of yen)

Non-consolidated	FY2000	FY2001 Original forecast	FY2001		
			FY2001 1st half	Revised forecast	Year change
Gross banking profit	1,503.2	1,422.0	849.3	1,737.0	233.8
Expenses	(700.1)	(712.0)	(333.5)	(687.0)	13.1
Banking profit*	803.1	710.0	515.8	1,050.0	246.9
Credit cost	(819.1)	(400.0)	(305.4)	(1,000.0)	(180.9)
Operating profit	359.2	295.0	127.1	(45.0)	(404.2)
Net income	137.8	150.0	79.8	(55.0)	(192.8)

*Excluding transfer to general reserve for possible loan losses

(Billions of yen)

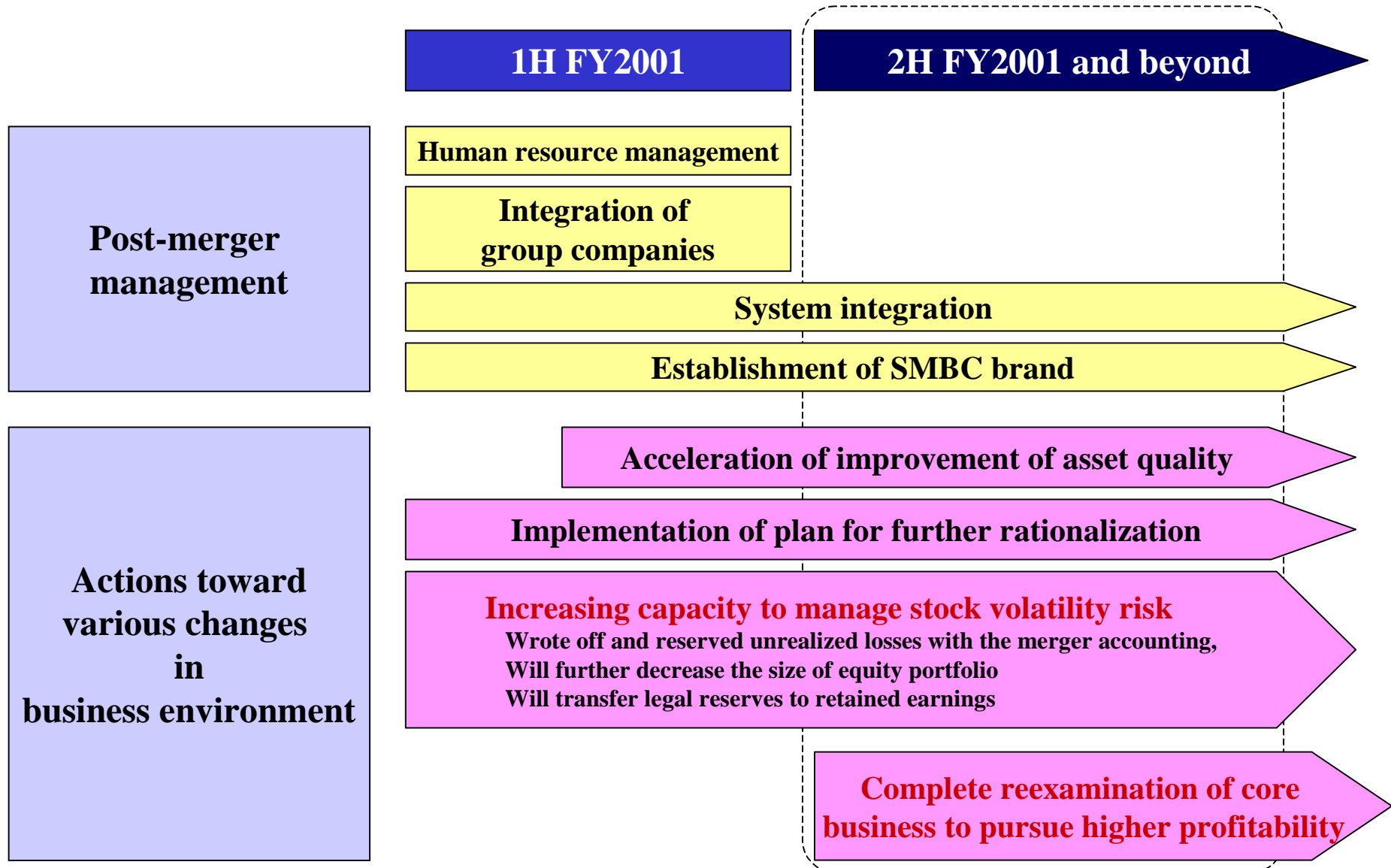
Consolidated	FY2000	FY2001 Original forecast	FY2001		
			FY2001 1st half	Revised forecast	Year change
Operating profit	494.6	410.0	114.5	(70.0)	(564.6)
Net income	132.4	180.0	34.2	(150.0)	(282.4)

Part II



- 1. Management policy for the 2nd half of FY2001 and afterwards**
- 2. Acceleration of improvement of asset quality**
- 3. Implementation of plan for further rationalization**
- 4. Management of the impact of stock volatility risk**
- 5. Complete reexamination of core business for higher profitability**

Management policy for the 2nd half of FY2001 and afterwards



Acceleration of improvement of asset quality

Improvement of asset quality

1. **To increase the amount of reserves to prepare for the over-concentration risk and the risk related to further structural changes in specific industries**
To raise the reserve ratio to reflect the recent default ratio and economic conditions
2. To accelerate the workout of problem assets
3. To provide reserves against deterioration to borrowers' financial condition, decline of collateral value, and credit cost regarding disposition of problem assets

approx. Y350 bn

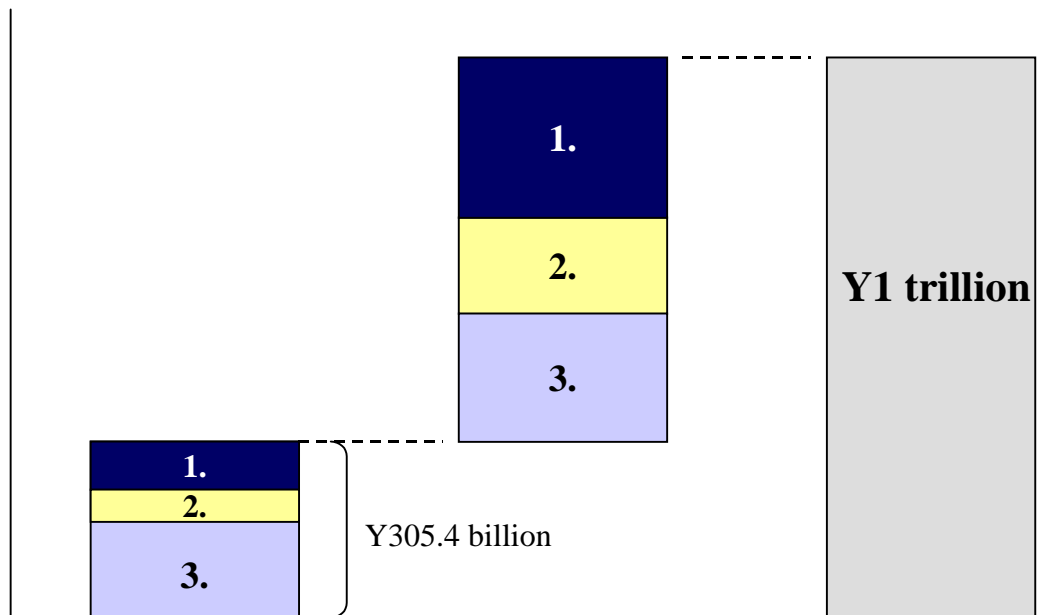
approx. Y150 bn

approx. Y500 bn

1H FY2001

2H FY2001

FY2001



For the potential risks arising from "borrowers requiring caution"

- < Reserve ratio >
- for borrowers requiring caution (including claims to substandard borrowers): approx. 9%
 - for claims to substandard borrowers: approx. 20%

Implementation of plan for further rationalization

(Main features of the plan)



➤ **To increase the number of branches to be closed**

To reduce the number of domestic branches from 578 to 401 by eliminating redundant branches and by reexamining the branch network strategy (a reduction of 177, a reduction of 69 more branches than that of the Plan for Strengthening the Financial Base of the Bank [“the Plan”])

➤ **To reduce the number of branches earlier than originally planned**

To integrate 34 branches in FY2001, earlier than originally planned, among the 177 branches to be reduced, and to integrate the remaining 143 branches in FY2002

➤ **Others**

To terminate the lease of the Kudan head office, to integrate the system and back office centers and to sell off company housing

**To reduce
facility-related
expenses
by 20%**

➤ **To realize merger benefit in system investment and rationalize processing operations**

**To reduce
system-related
expenses
by 20%**

➤ **To reduce the headcount**

To reduce the headcount by 4,900 by March 2004 from March 2001, 1,100 of which will be reduced in FY2001, by streamlining non-marketing business functions and integrating redundant branches (the number of career employees is to be reduced by 600 more than in the Plan and by 800 more on an actual working basis)

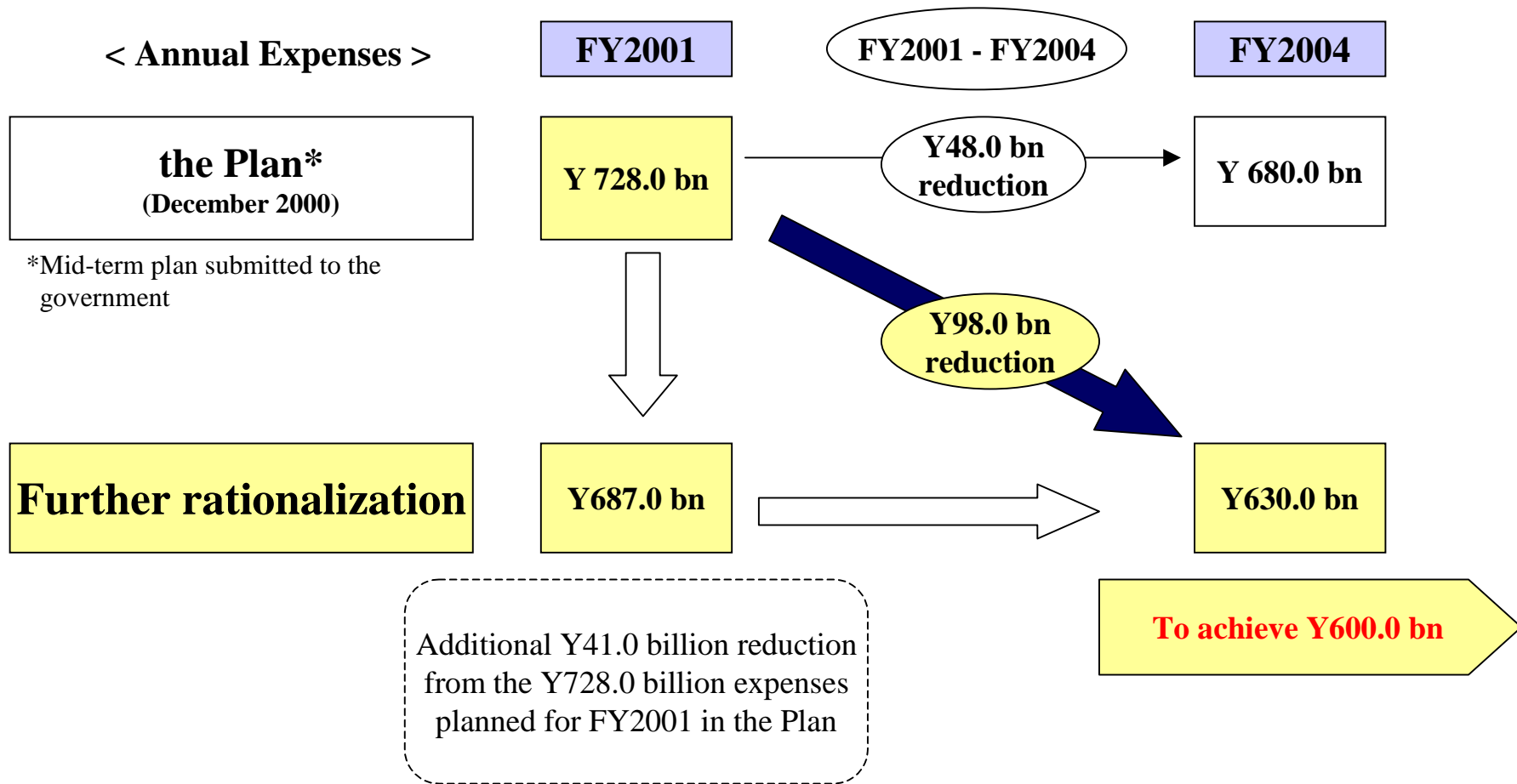
➤ **To reduce the FY2001 bonus fund for employees by 10%**

➤ **To reduce the commission payments for group companies by further streamlining their operations**

➤ **To revise compensation and benefit packages for directors**

To reduce the number of directors, to further reduce compensation for directors and to revise the bylaws regarding directors' retirement allowances

Implementation of plan for further rationalization (Cost reduction)

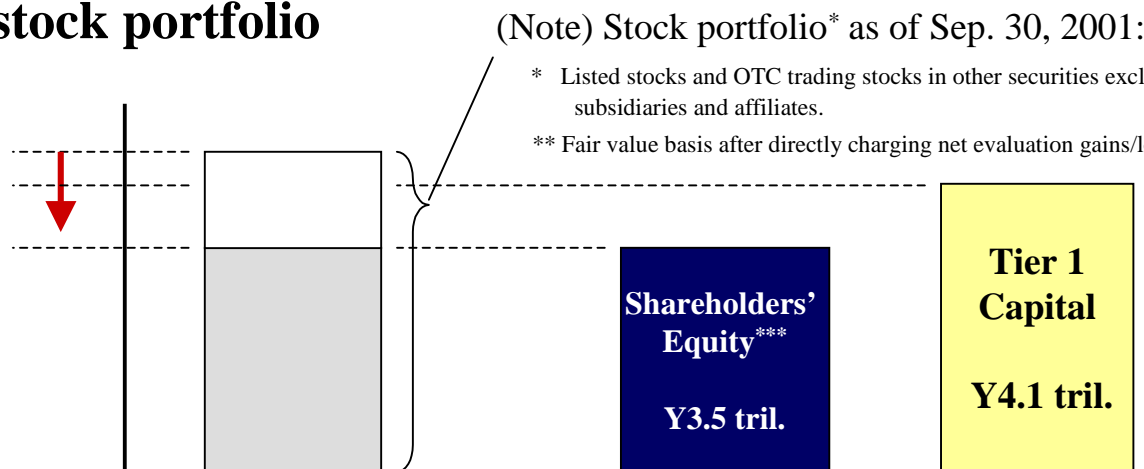


Management of the impact of stock volatility risk (overview)



1. Reduction in stock portfolio

Target for
Sep. 30, 2004



2. Increasing capacity to manage the impact of stock volatility risk

Transfer of legal reserves to retained earnings

After the approval of the shareholders' meeting

Non-consolidated	Mar. 31, 2002 Forecast <Before transfer>	Change due to the transfer	Mar. 31, 2002 Forecast <After transfer>
Capital stock	1,326.7	---	1,326.7
Legal reserves	1,925.7	(599.0)	1,326.7
Capital surplus	1,684.3	(357.6)	1,326.7
Earned surplus reserve	241.4	(241.4)	0
Land revaluation excess	Approx. 140.0	---	Approx. 140.0
Retained earnings	Approx. 411.0	599.0	Approx. 1,010.0
Increase by the transfer	0	599.0	599.0
Net unrealized gains(losses) on other securities	Approx. (350.0)	---	Approx. (350.0)
Total stockholders' equity	Approx. 3,450.0	---	Approx. 3,450.0

Management of the impact of stock volatility risk (Transfer of legal reserves to retained earnings)



Transfer of legal reserves* to retained earnings

*Legal reserves (capital surplus and earned surplus reserve) exceeding the amount of capital stock

After the approval of the shareholders' meeting

(Billions of yen)

Non-consolidated	Mar. 31, 2002 Forecast <Before transfer>	Change due to the transfer	Mar. 31, 2002 Forecast <After transfer>
Capital stock	1,326.7	---	1,326.7
Legal reserves	1,925.7	(599.0)	1,326.7
Capital surplus	1,684.3	(357.6)	1,326.7
Earned surplus reserve	241.4	(241.4)	0
Land revaluation excess	Approx. 140.0	---	Approx. 140.0
Retained earnings	Approx. 411.0	599.0	Approx. 1,010.0
Increase by the transfer	0	599.0	599.0
Net unrealized gains(losses) on other securities	Approx. (350.0)	---	Approx. (350.0)
Total stockholders' equity	Approx. 3,450.0	---	Approx. 3,450.0

Complete reexamination of core business for higher profitability



Business Reform Committee

Goal

To establish a business structure to attain higher profitability as well as asset and capital efficiency

→ **Concrete results to be realized in FY2002**

Approach

To thoroughly and cross-divisionally reexamine business operations under the initiative of top management

Focus

Business that has the potential to grow and achieve higher profitability

Appendix



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

(Appendix 1) Financial highlights in recent years



Non-consolidated

(Billions of yen)

	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001 1st half
Gross banking profit	1,432.3	1,441.6	1,449.4	1,434.5	1,503.2	849.3
Expenses	(808.0)	(808.6)	(778.9)	(727.6)	(700.1)	(333.5)
Banking profit*	624.2	632.9	670.5	702.9	803.1	515.8
Credit cost	(852.5)	(2,254.0)	(2,095.9)	(1,130.6)	(819.1)	(305.4)
Transfer to general reserve for possible loan losses	(4.3)	(31.2)	(277.4)	(24.2)	188.6	(37.4)
Others	(848.2)	(2,222.8)	(1,818.5)	(1,106.4)	(1,007.7)	(268.0)
Operating profit	110.5	(1,034.6)	(1,495.2)	336.4	359.2	127.1
Net income	86.4	(842.2)	(749.4)	105.9	137.8	79.8

*excluding transfer to general reserve for possible loan losses

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

Common stock:

*Issued and outstanding: 5,709 million shares

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

*Type 1: 167 million shares

*Type 5: 800 million shares

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



Non-consolidated

(Billions of yen)

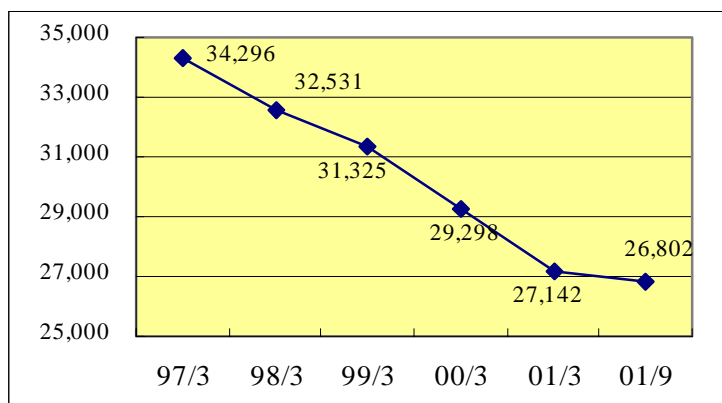
	FY2000 1st half		FY2001 1st half		Year change	
Income on interest earning assets	Average balance	Yield	Average balance	Yield	Average balance	Yield
Interest earning assets	71,694.0	1.76%	77,863.6	1.54%	6,169.6	(0.22%)
Loans and bills discounted	55,179.5	1.97%	53,552.7	1.88%	(1,626.8)	(0.09%)
Securities	15,989.5	0.99%	21,343.7	0.85%	5,354.2	(0.14%)
Yield on interest earning assets		1.76%		1.54%		(0.22%)

	FY2000 1st half		FY2001 1st half		Year change	
Cost of interest bearing liabilities	Average balance	Yield	Average balance	Yield	Average balance	Yield
Interest bearing liabilities	68,393.1	0.23%	74,222.0	0.18%	5,828.9	(0.05%)
Deposits	48,816.1	0.15%	46,268.0	0.11%	(2,548.1)	(0.04%)
Negotiable certificates of deposits	7,586.3	0.14%	11,565.2	0.07%	3,978.9	(0.07%)
Call money	5,646.1	0.10%	3,833.4	0.04%	(1,812.7)	(0.06%)
Expense ratio		0.88%		0.78%		(0.10%)
Total cost of funding (including expenses)		1.11%		0.96%		(0.15%)

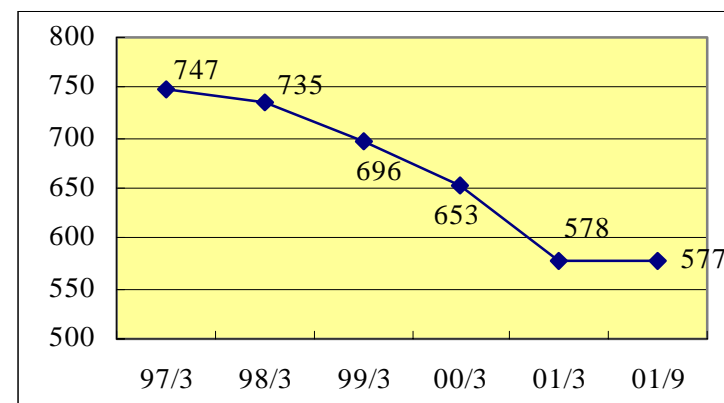
	FY2000 1st half	FY2001 1st half	Year change
Overall interest spread	0.65%	0.58%	(0.07%)
Interest spread	1.83%	1.78%	(0.05%)

(Appendix 3) Progress in restructuring plan

Number of employees

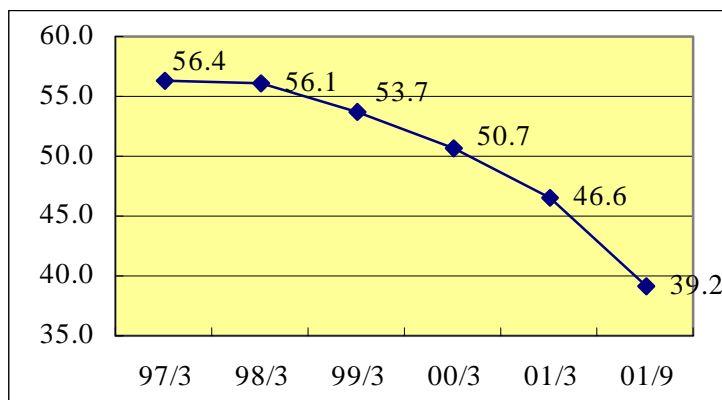


Number of domestic branches



Overhead ratio*

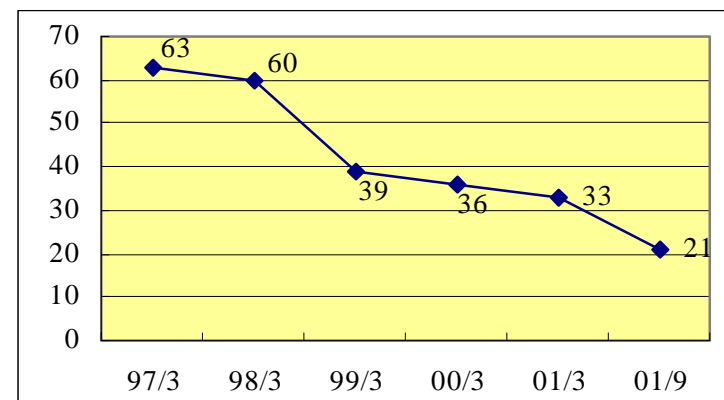
(%)



*Expenses / Gross banking profit

Number of overseas branches

(excluding sub-branches and representative offices)



(Appendix 4) Consumer banking



Assets under SMBC account (Billions of yen)

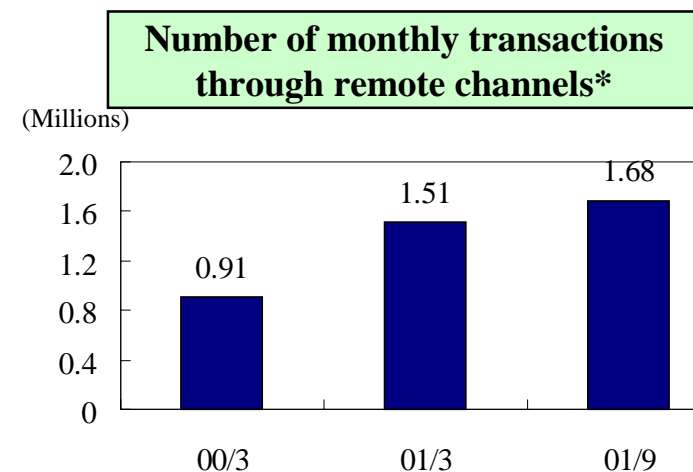
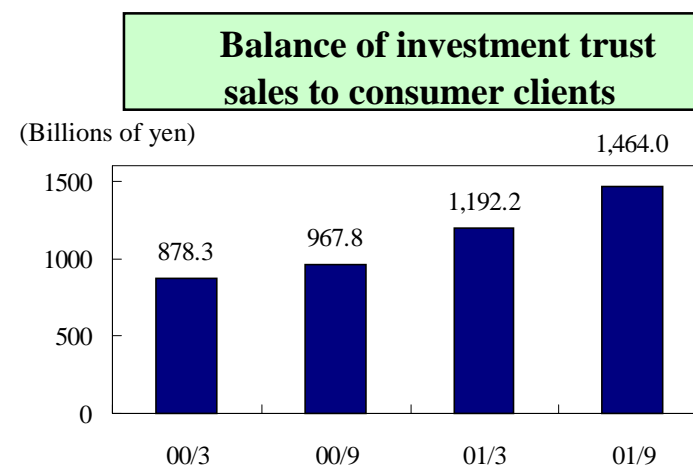
	Mar. 31, 2001	Sep. 30, 2001	Change
Individual deposits	28,309.4	28,752.5	443.1
Liquid deposits	11,540.6	12,338.6	798.0
Time deposits	16,191.7	15,864.0	(327.7)
Foreign currency denominated deposits	577.1	549.9	(27.2)
Investment trust sales	1,192.2	1,464.0	271.8

	FY2000 1st half	FY2001 1st half	Year change
Investment trust related fees	4.1	5.6	1.5

(Figures of Consumer Banking Unit)

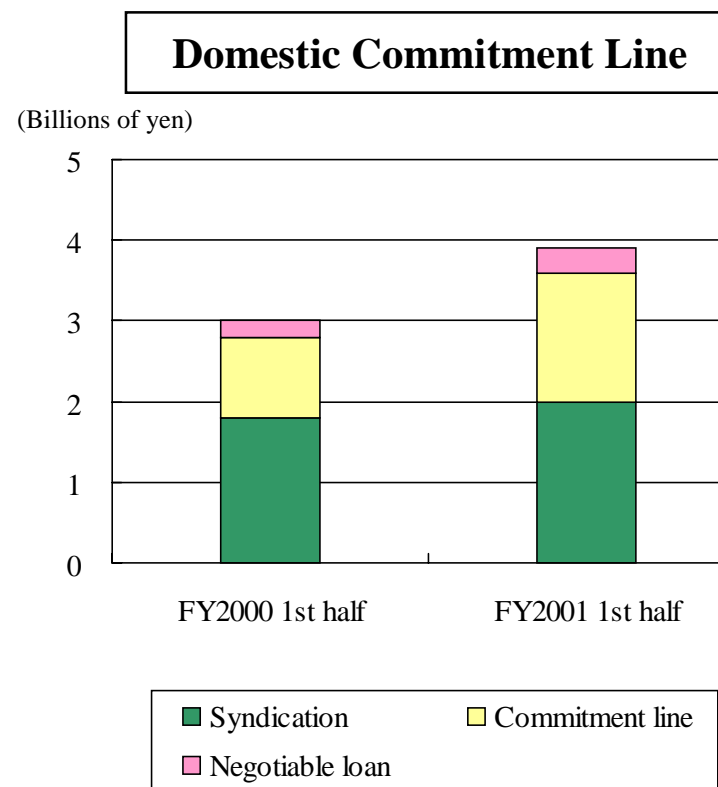
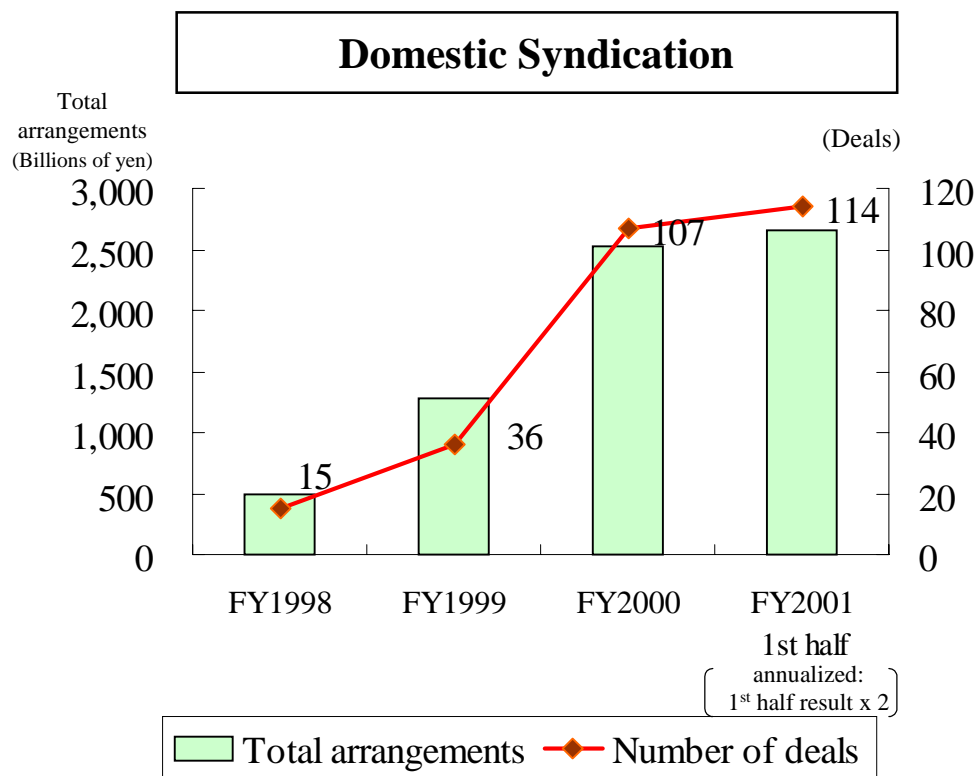
Loans (Billions of yen)

	Mar. 31, 2001	Sep. 30, 2001	Change
Housing loans	11,791.2	11,842.7	51.5
Residential purpose	7,445.2	7,612.0	166.8



*Telephone banking + Mobile banking + Internet banking

(Appendix 5) Debt capital markets



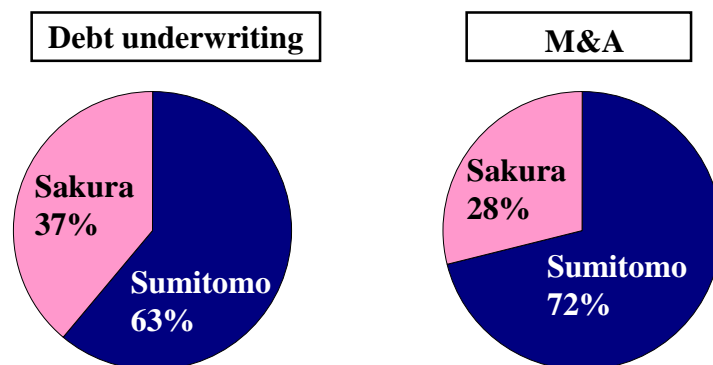
(Appendix 6) Daiwa Securities SMBC



Joint work with Daiwa Securities SMBC (1st half of fiscal 2001)

- IPO-lead manager nomination: Nearly 30% of mandates were obtained via SMBC network
The number of completed deals of IPOs obtained via SMBC network increased.
- M&A: Nearly 60% of fee income was generated by deals originated by SMBC.
- Structured finance: Securitization of shopping credit of QUOQ
- Debt underwriting: The number of deals with former Sakura Bank's clients increased.

Composition of number of deals from former Sumitomo clients and former Sakura clients



*Many deals with former Sakura Bank's clients have been generated within just 6 months after the merger.

Domestic straight bond league table (1st half of fiscal 2001)

	(share)
1. Daiwa Securities SMBC	Y1,042.1 bn. (23.3%)
2. Nomura Securities	Y 846.8 bn. (18.9%)
3. Nikko SSB	Y 674.7 bn. (15.1%)

Domestic IPO league table (1st half of fiscal 2001)

	(share)
1. Daiwa Securities SMBC	Y 206.6 bn. (54.1%)
2. Nomura Securities	Y 63.4 bn. (16.6%)
3. Nikko SSB	Y 53.3 bn. (13.9%)

(source: Daiwa Securities SMBC)

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



Non-consolidated

(Billions of yen)

	Problem assets based on Financial Reconstruction Law (A)			Total coverage (B)			Coverage ratio (B/A)		
	Mar. 31, 01	Sep. 30, 01	Change	Mar. 31, 01	Sep. 30, 01	Change	Mar. 31, 01	Sep. 30, 01	Change
Bankrupt and quasi-bankrupt assets	589.9	574.0	(15.9)	589.9	574.0	(15.9)	100.0%	100.0%	--
Doubtful assets	1,943.1	1,645.7	(297.4)	1,483.3	1,271.3	(212.0)	76.3%	77.2%	0.9 %
Substandard loans	289.4	1,107.2	817.8	155.5	498.9	343.4	53.7%	45.1%	(8.6)%
Total	2,822.5	3,326.9	504.4	2,228.7	2,344.2	115.5	79.0%	70.5%	(8.5)%

<Reserve ratio against unsecured portion>

Bankrupt and quasi-bankrupt assets: 100%

Doubtful assets: 60.0%

Substandard loans: 15.0%

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



Non-consolidated

(Billions of yen)

	Total loans			Problem Assets Based on Financial Reconstruction Law			
	Sep. 30, 2001	Change	Mar. 31, 2001	Sep. 30, 2001	Reserve ratio	Change	Mar. 31, 2001
Domestic offices (excluding offshore banking account)	55,377.6	(173.6)	55,551.2	3,175.8	40.7%	473.8	2,702.0
Manufacturing	7,157.9	(297.4)	7,455.4	272.5	28.8%	108.1	164.4
Agriculture, forestry, fisheries, and mining	172.5	(16.3)	188.8	6.3	55.2%	(1.3)	7.6
Construction	2,841.5	(87.6)	2,929.2	266.1	20.0%	166.4	99.8
Transportation, communications and other public enterprises	2,806.8	(175.4)	2,982.2	55.0	49.0%	(10.3)	65.3
Wholesale and retail	7,151.8	(479.3)	7,631.1	396.2	47.1%	(25.1)	421.3
Finance and insurance	4,370.5	(479.7)	4,850.2	106.7	88.2%	(8.2)	114.9
Real estate	8,839.7	(382.6)	9,222.2	1,035.4	35.8%	178.6	856.8
Services	6,446.6	(273.8)	6,720.4	801.4	46.6%	21.1	780.3
Municipalities	250.2	(53.9)	304.1	--	--	(0.5)	0.5
Other	15,339.9	2,072.4	13,267.5	236.2	96.5%	45.0	191.2
Overseas offices and offshore banking accounts	5,694.0	(502.7)	6,196.7	151.1	48.2%	30.7	120.4
Public sector	233.3	(30.7)	264.0	15.2	15.6%	14.2	1.1
Financial institutions	332.9	(45.8)	378.8	0.9	70.0%	(4.1)	5.0
Commerce and industry	4,906.8	(581.4)	5,488.2	135.0	53.4%	20.8	114.2
Other	220.9	155.3	65.7	0.0	100.0%	(0.2)	0.2
Total	61,071.6	(676.3)	61,747.9	3,326.9	41.9%	504.4	2,822.5

(*1) In addition to loans, "Problem Assets Based on Financial Reconstruction Law" includes acceptances and guarantees, suspense payments, and other credit-type assets.

(*2) Reserve Ratio = (Reserve for possible loan losses) / (Assets excluding the amount recoverable due to collaterals and guarantees) X 100
Reserve for possible loan losses is sum of general reserve for substandard loans and specific reserve.

(Appendix 9) Evaluation gains/losses on securities



<Non-consolidated> (Billions of yen)

	Sep. 30, 2001				Apr., 2001 (after merger)			
	Evaluation gains/losses				Evaluation gains/losses			
	(a)	(a) - (b)	Gains	Losses	(b)	Gains	Losses	
Held-to-maturity purpose	0.6	0.7	0.7	(0.1)	(0.1)	0.0	(0.1)	
Stocks of subsidiaries and affiliates	3.6	5.7	19.2	(15.6)	(2.1)	6.2	(8.3)	
Other securities	(689.5)	(890.0)	327.4	(1,017.0)	200.4	505.2	(304.8)	
Stocks	(798.7)	(892.5)	196.5	(995.2)	93.8	387.8	294.0	
Bonds	79.1	(25.8)	87.3	(8.1)	104.9	107.5	(2.6)	
Others	30.0	28.3	43.7	(13.7)	1.7	9.9	(8.2)	
Other money held in trust	(4.0)	(0.4)	0.3	(4.3)	(3.6)	0.8	(4.4)	
Total	(689.4)	(884.0)	347.6	(1,037.0)	194.6	512.3	(317.7)	
Stocks	(795.1)	(886.8)	215.7	(1,010.8)	91.7	394.1	(302.4)	
Bonds	79.1	(25.8)	87.3	(8.1)	105.0	107.5	(2.6)	
Others	26.6	28.6	44.7	(18.0)	(2.0)	10.7	(12.7)	

- (Note) 1. Evaluation gains/losses on negotiable certificates of deposits in 'Cash and due from banks' and commercial paper and beneficiary certificates in loan trusts in 'Debt purchased' are included, in addition to those on securities.
2. Evaluation gains/losses of stocks (excluding stocks of subsidiaries and affiliates) as of Sep. 30, 2001 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. Evaluation gains/losses as of Apr. 2001 (after merger) are calculated by evaluating the book value of Sakura Bank's other securities with evaluation losses at the market value as of Mar. 31, 2001.
4. The book value of other securities as of Sep. 30, 2001 are evaluated by fair value method, so their evaluation gains/losses in the above table are calculated as book value less historical cost (or amortized cost).

<Consolidated> (Billions of yen)

	Sep. 30, 2001				Apr., 2001 (after merger)			
	Evaluation gains/losses				Evaluation gains/losses			
	(a)	(a) - (b)	Gains	Losses	(b)	Gains	Losses	
Held-to-maturity purpose	0.3	0.4	0.8	(0.5)	(0.1)	0.0	(0.1)	
Other securities	(641.0)	(970.1)	408.9	(1,049.9)	329.2	661.1	(331.9)	
Stocks	(806.3)	(900.4)	214.2	(1,020.4)	94.1	408.7	(314.6)	
Bonds	82.0	(28.4)	91.9	(9.9)	110.5	113.7	(3.2)	
Others	83.3	(41.3)	102.8	(19.5)	124.6	138.7	(14.1)	
Other money held in trust	(4.0)	(0.4)	0.3	(4.3)	(3.6)	0.8	(4.4)	
Total	(644.7)	(970.2)	410.0	(1,054.7)	325.5	661.9	(336.5)	
Stocks	(806.3)	(900.4)	214.2	(1,020.4)	94.1	408.7	(314.6)	
Bonds	81.7	(28.7)	92.0	(10.2)	110.5	113.7	(3.2)	
Others	79.8	(41.1)	103.8	(24.0)	120.9	139.5	(18.6)	

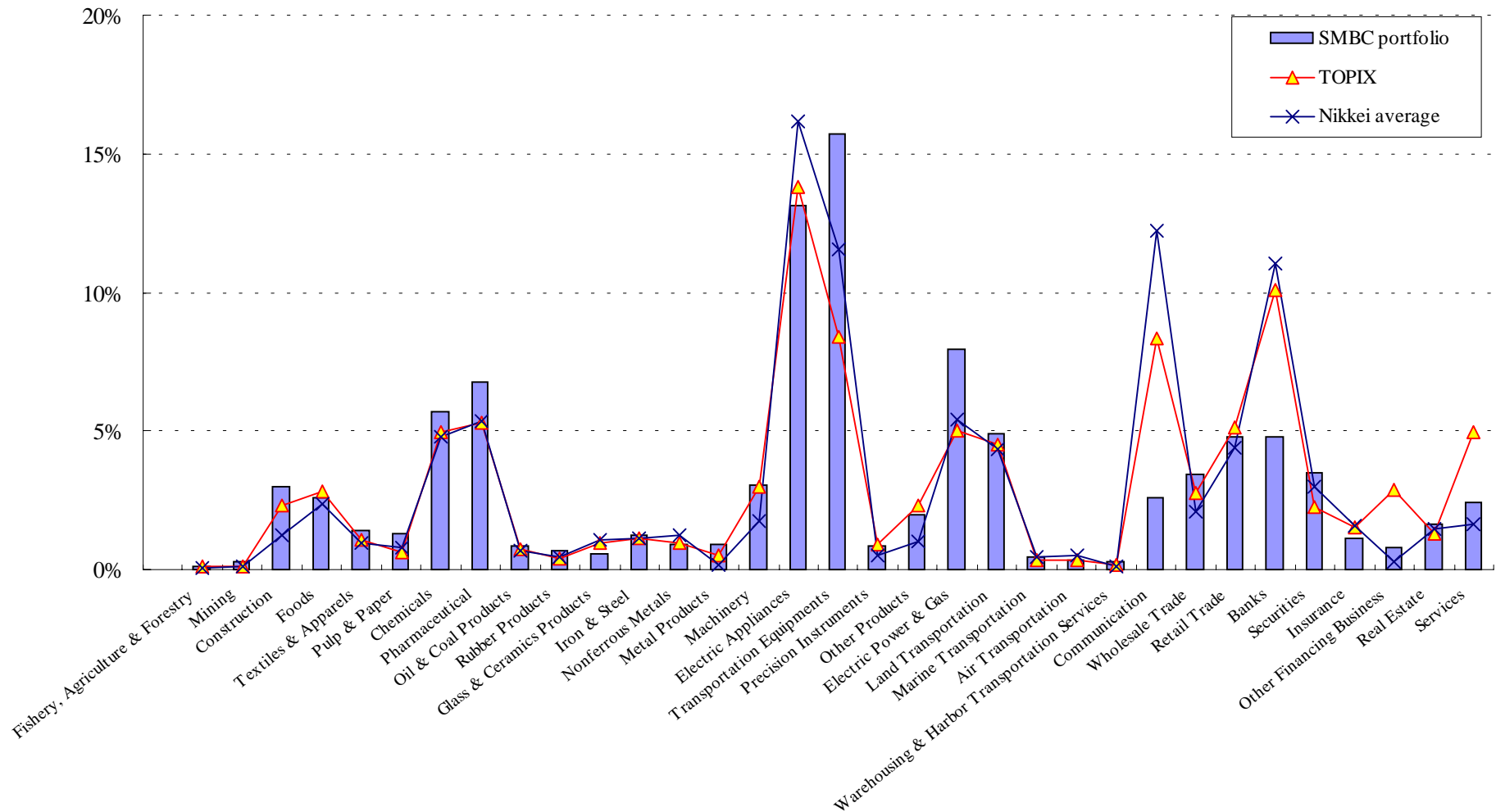
- (Note) 1. Evaluation gains/losses on negotiable certificates of deposits in 'Cash and due from banks' and commercial paper and beneficiary certificates in loan trusts in 'Debt purchased' are included, in addition to those on securities.
2. Evaluation gains/losses of stocks as of Sep. 30, 2001 are mainly 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. Evaluation gains/losses as of Apr. 2001 (after merger) are calculated by evaluating the book value of Sakura Bank's other securities with evaluation losses at the market value as of Mar. 31, 2001.
4. The book value of other securities as of Sep. 30, 2001 are evaluated by fair value method, so their evaluation gains/losses in the above table are calculated as book value less historical cost (or amortized cost).

(Appendix 10) Equity portfolio – composition by industry



As of Sep. 30, 2001 Composition by industry

(Market value basis)



(Appendix 11) BIS capital ratio



Consolidated

(Billions of yen)

	Sep. 30, 2001	Mar. 31, 2000	
	[Preliminary]	Former Sakura	Former Sumitomo
(1) Capital ratio	10.79%	11.31%	10.94%
Tier I ratio	6.04%	7.36%	5.95%
(2) Tier I	4,083.7	2,496.4	2,258.3
Preferred capital	2,139.7	1,088.9	1,064.0
(Public funds)	1,301.0	800.0	501.0
(3) Tier II	3,300.9	1,351.6	1,995.4
(a) 45% of unrealized gains on securities	-	-	-
(b) 45% of unrealized appreciation of land	169.2	46.7	122.2
(c) General reserve	457.4	163.1	232.7
(d) Subordinated debt	2,674.3	1,141.8	1,640.5
(4) Subtraction items	89.7	13.7	103.6
(5) Total capital (2) + (3) - (4)	7,294.9	3,834.3	4,150.0
(6) Risk-adjusted assets	67,557.4	33,891.4	37,925.2

(Appendix 12) Financial results of major group companies



Sumitomo Mitsui Card Company, Limited

(Billions of yen)

	FY2000	FY2001	
	1st half	1st half	Year change
Operating revenue	49.9	55.8	5.9
Interest payment	1.8	1.6	(0.2)
Gross profit	48.1	54.2	6.1
Expenses	40.8	49.5	8.7
Ordinary income	7.2	4.6	(2.6)
Income before income taxes	7.2	4.6	(2.6)
Net income	4.1	2.5	(1.6)

*Consolidated basis

Daiwa Securities SMBC Co., Ltd.

(Billions of yen)

	FY2000	FY2001	
	1st half	1st half	Year change
Operating revenues	115.1	47.9	(67.2)
Commissions	43.0	27.6	(15.4)
Net gains on trading securities	58.3	9.1	(49.2)
Interest and dividend income	13.8	11.3	(2.5)
Interest expenses	4.1	3.8	(0.3)
Net operating revenues	111.0	44.2	(66.8)
Selling, general and administrative expenses	49.3	46.8	(2.5)
Ordinary income	61.8	(2.5)	(64.3)
Net income	34.9	(3.1)	(38.0)

(Appendix 13) Summary of merger accounting (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 14) Summary of merger accounting (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)		



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.