



## Sumitomo Mitsui Banking Corporation (SMBC)

### Nonconsolidated Financial Results for the Fiscal Year ended March 31, 2003

Parent Holding Company: Sumitomo Mitsui Financial Group, Inc. (URL: <http://www.smfg.co.jp>)

Head Office: 1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan

Date of Approval by the Board of Directors: May 26, 2003

Date of General Meeting of Shareholders: June 27, 2003

Stock Exchange Listings: None

URL: <http://www.smbc.co.jp>

President: Yoshifumi Nishikawa

#### 1. Financial Results (Fiscal Year ended March 31, 2003)

##### (1) Operating Results

Amounts less than one million yen have been omitted

Fiscal Year	Ordinary Income		Ordinary Profit (Loss)		Net Income (Loss)	
	¥ million	%	¥ million	%	¥ million	%
ended March 31, 2003	146,251	–	68,763	–	183,040	–
ended March 31, 2002	SMBC 2,791,405	(15.1)	(522,106)	–	(322,852)	–
	Wakashio 14,144	(7.8)	477	(50.6)	0	–

Fiscal Year	Net Income (Loss) per Share	Net Income(Loss) per Share(diluted)	Return on Common Stockholders' Equity	Expenses to Income Ratio	Deposits
	¥	¥	%	%	¥ million
ended March 31, 2003	68,437.74	66,527.24	36.7	53.0	58,610,731
ended March 31, 2002	SMBC (59.20)	–	(15.5)	118.7	61,051,813
	Wakashio 0.82	–	0.0	96.6	460,193

Notes: 1. Average number of common stock outstanding for the fiscal year ended March 31, 2003: 2,674,559 shares for the fiscal year ended March 31, 2002: (SMBC) 5,699,043,601 shares (Wakashio) 416,620 shares

2. There are changes in accounting methods.

3. Expenses to Income Ratio = Operating expenses / Operating income X 100

4. Percentages shown in Operating Income, Ordinary Profit and Net Income are the increase (decrease) from the previous year. Percent change amounts for the fiscal year ended March 31, 2003 are not available because these amounts do not include former SMBC's profit (loss) for the term from April 1, 2002 to March 16, 2003.

##### (2) Dividends (common stock)

Fiscal Year	Dividends per Share (Annual)			Dividends (Annual)	Dividend Payout Ratio	Ratio of Dividends to Stockholders' Equity
	¥	Interim	Year End			
ended March 31, 2003	0.00	0.00	0.00	–	–	–
ended March 31, 2002	SMBC 4.00	0.00	4.00	22,835	–	1.2
	Wakashio 0.00	0.00	0.00	–	–	–

##### (3) Financial Position

	Total Assets	Stockholders' Equity	Stockholders' Equity to Total Assets	Stockholders' Equity per Share	Capital Ratio (BIS Guidelines)
	¥ million	¥ million	%	¥	%
March 31, 2003	97,891,161	2,279,223	2.3	17,846.95	(Preliminary) 10.49
March 31, 2002	SMBC 102,082,581	3,196,492	3.1	332.02	11.50
	Wakashio 498,215	20,071	4.0	48,177.01	8.35

Notes: 1. Number of common stock outstanding as of March 31, 2003: 54,811,805 shares as of March 31, 2002: (SMBC) 5,708,989,836 shares (Wakashio) 416,620 shares

2. Number of treasury stock as of March 31, 2003: none as of March 31, 2002: (SMBC) 434,559 shares (Wakashio) none

3. Wakashio's nonconsolidated capital ratio is calculated using the domestic standard.

Average number of shares outstanding during the year

SMBC	For the Fiscal Year ended March, 31, 2003
Common stock	2,674,559
Preferred stock (type 1)	2,753
Preferred stock (type 2)	4,109
Preferred stock (type 3)	32,876

Former SMBC	For the Fiscal Year ended March, 31, 2002
Common stock	5,699,043,601
Preferred stock (first series type 1)	67,000,000
Preferred stock (second series type 1)	100,000,000
Preferred stock (type 5)	800,000,000
Preferred stock (type 6)	1,073,750

Former Wakashio Bank	For the Fiscal Year ended March, 31, 2002
Common stock	416,620

Number of shares as of year-end

SMBC	As of March, 31, 2003
Common stock	54,811,805
Preferred stock (type 1)	67,000
Preferred stock (type 2)	100,000
Preferred stock (type 3)	800,000

Former SMBC	As of March 31, 2002
Common stock	5,708,989,836
Preferred stock (first series type 1)	67,000,000
Preferred stock (second series type 1)	100,000,000
Preferred stock (type 5)	800,000,000

Former Wakashio Bank	As of March 31, 2002
Common stock	416,620

(Note) Number of shares outstanding changed during the fiscal year ended March 31, 2003 as follows:

		Number of shares issued	Issue price	Total capitalized amount
				¥ million
Increase due to issuance of stock	Common stock	2,325,000	¥ 51,600 per share	59,985
Increase due to merger	Common stock	52,070,185	/	479,169
	Preferred stock (type 1)	67,000		
	Preferred stock (type 2)	100,000		
	Preferred stock (type 3)	800,000		

Dividends per share and Total Dividends (For the fiscal year ended March 31, 2003) (Yen)

SMBC (Fiscal 2002)	Dividends per Share (Annual)			Total Dividends (Annual)
		Interim	Year-end	
Common stock	0.00	0.00	0.00	-
Preferred stock (first series type 1)	0.00	0.00	0.00	-
Preferred stock (second series type 1)	0.00	0.00	0.00	-
Preferred stock (type 5)	0.00	0.00	0.00	-

(Reference) Former SMBC's Interim Dividends for Fiscal 2002

Former SMBC	Dividends per Share (Annual)			Dividends (Annual)
	¥	¥	¥	
Common stock	19.17	19.17	/	¥ million 109,449
Preferred stock (type 1)	10.50	10.50		703
Preferred stock (type 2)	28.50	28.50		2,850
Preferred stock (type 3)	13.70	13.70		10,960

Former SMBC (Fiscal 2001)	Dividends per Share (Annual)			Dividends (Annual)
	¥	¥	¥	
Common stock	4.00	0.00	4.00	¥ million 22,835
Preferred stock (first series type 1)	10.50	0.00	10.50	703
Preferred stock (second series type 1)	28.50	0.00	28.50	2,850
Preferred stock (type 5)	13.70	0.00	13.70	10,960

(Yen)

Former Wakashio (Fiscal 2001)	Dividends per Share (Annual)			Dividends (Annual)
		Interim	Year-end	
Common stock	0.00	0.00	0.00	-

Calculation for Indices

Financial Results for the Fiscal Year ended March 31, 2003

- Return on Common Stockholders' Equity:

$$\frac{\text{Net income} - \text{Preferred stock dividends}}{\{( \text{Stockholders' equity at beginning of year} - \text{Number of preferred stocks outstanding at beginning of year} \times \text{Issue price} ) + ( \text{Stockholders' equity at year-end} - \text{Number of preferred stocks outstanding at year-end} \times \text{Issue price} )\} / 2} \times 100$$

- Dividend Payout Ratio:

$$\frac{\text{Common stock dividends}}{\text{Net income} - \text{Preferred stock dividends}} \times 100$$

- Ratio of Dividends to Stockholders' Equity:

$$\frac{\text{Common stock dividends}}{\text{Stockholders' equity at year-end} - \text{Number of preferred stocks outstanding at year-end} \times \text{Issue price}} \times 100$$

(Note) From this fiscal year, SMBC applies 'Accounting Standard for Earnings Per Share' (Financial Accounting Standards No.2) and 'Implementation Guidance for Accounting Standard for Earnings Per Share' (Financial Accounting Standards Implementation Guidance No.4).

## NONCONSOLIDATED BALANCE SHEET

March 31, 2003

(Millions of yen)

<b>Assets</b>		<b>Liabilities</b>	
Cash and due from banks	3,288,593	Deposits	58,610,731
Cash	1,260,311	Current deposits	4,984,121
Due from banks	2,028,281	Ordinary deposits	26,158,050
Call loans	99,774	Savings deposits	1,244,425
Receivables under resale agreements	78,679	Deposits at notice	3,080,382
Receivables under securities borrowing transactions	1,981,243	Time deposits	18,951,501
Commercial paper and other debt purchased	92,436	Installment savings	6,500
Trading assets	3,950,372	Other deposits	4,185,749
Trading securities	95,512	Negotiable certificates of deposit	4,913,526
Derivatives of trading securities	81	Call money	2,686,456
Derivatives of securities related to trading transactions	121	Payables under repurchase agreements	4,124,094
Trading-related financial derivatives	2,646,077	Payables under securities lending transactions	4,777,187
Other trading assets	1,208,579	Bills sold	6,203,300
Money held in trust	24,628	Commercial paper	50,500
Securities	23,656,385	Trading liabilities	2,425,632
Japanese government bonds	12,349,063	Trading securities sold for short sales	3,267
Japanese local government bonds	294,274	Derivatives of trading securities	76
Corporate bonds	2,081,107	Derivatives of securities related to trading transactions	423
Stocks	3,508,151	Trading-related financial derivatives	2,421,864
Other securities	5,423,788	Borrowed money	2,795,160
Loans and bills discounted	57,282,365	Borrowings from finance companies	2,795,160
Bills discounted	649,636	Foreign exchanges	392,727
Loans on bills	7,210,655	Due to foreign banks, credit	296,106
Loans on deeds	40,896,218	Due to foreign banks, debit	47,648
Overdrafts	8,525,854	Foreign bills sold	19,259
Foreign exchanges	724,771	Foreign bills payable	29,712
Due from foreign bank, credit	72,425	Bonds	2,624,099
Due from foreign bank, debit	120,340	Due to trust account	5,953
Foreign bills bought	335,835	Other liabilities	1,428,432
Foreign bills receivable	196,168	Domestic exchange settlement account, credit	9,680
Other assets	1,848,486	Income taxes payable	3,739
Domestic exchange settlement account, debit	6,110	Accrued expenses	102,942
Prepaid expenses	10,609	Unearned income	44,493
Accrued income	155,140	Employees' deposits	47,491
Initial margins of futures markets	12,479	Reserve for interest on installment savings	6
Financial derivatives	994,511	Initial margins of futures markets	13
Deferred bond discounts	376	Variation margins of futures markets	33,802
Other	669,258	Financial derivatives	724,185
Premises and equipment	707,303	Deferred profit on hedge	155,786
Land, building and equipment	612,782	Other	306,290
Construction in progress	2,925	Reserve for employee bonuses	9,898
Surety deposits and intangible	91,594	Reserve for employee retirement benefits	72,816
Deferred tax assets	1,814,625	Reserve for possible losses on loans sold	17,169
Customers' liabilities for acceptances and guarantees	4,416,292	Other reserves	18
Reserve for possible loan losses	(2,074,797)	Reserve for financial futures transaction liabilities	18
		Deferred tax liabilities for land revaluation	57,937
		Acceptances and guarantees	4,416,292
		<b>Total liabilities</b>	<b>95,611,937</b>
		<b>Stockholders' equity</b>	
		Capital stock	559,985
		Capital surplus	1,237,307
		Capital reserve	879,693
		Other capital surplus	357,614
		Capital reserve reduction	357,614
		Retained earnings	414,536
		Voluntary reserves	221,548
		Reserve for possible losses on overseas investments	46
		Voluntary earned reserve for retirement allowances	1,656
		Special voluntary earned reserves	219,845
		Unappropriated retained earnings at end of year	192,987
		Net income	183,040
		Land revaluation excess	85,259
		Net unrealized losses on other securities	(17,864)
		<b>Total stockholders' equity</b>	<b>2,279,223</b>
<b>Total assets</b>	<b>97,891,161</b>	<b>Total liabilities and stockholders' equity</b>	<b>97,891,161</b>

Notes to Nonconsolidated Balance Sheet

1. Amounts less than one million yen have been omitted.
2. Transactions for trading purposes (seeking gains arising from short-term changes in interest rates, currency exchange rates, or market prices of securities and other market related indices or from variation among markets) are included in 'Trading assets' or 'Trading liabilities' on the balance sheet on a contract date basis.

Securities and monetary claims purchased for trading purposes are stated at the fiscal year-end market value, and financial derivatives such as swaps, futures and options are stated at amounts that would be settled if the transactions were terminated at the balance sheet date.
3. Held-to-maturity debt securities are debt securities that Sumitomo Mitsui Banking Corporation ('SMBC') has the positive intent and ability to hold to maturity, and are carried at amortized cost using the moving-average method.

Investments in subsidiaries and affiliates are carried at cost using the moving-average method.

Securities other than trading purpose securities, held-to-maturity debt securities and investments in subsidiaries and affiliates are classified as 'other securities' (available-for-sale securities). Stocks in other securities that have market value are carried at the average market prices during the final month of the fiscal year, and bonds and others that have market prices are carried at their fiscal year-end market prices (cost of securities sold is calculated using primarily the moving-average method). Other securities with no market prices are carried at cost or amortized cost using the moving-average method. Net unrealized gains (losses) on other securities, net of income taxes, are included in 'Stockholders' equity.'
4. Securities included in 'Money held in trust' are carried in the same way as in Notes 2 and 3.
5. Derivatives excluding those classified as trading derivatives are carried at fair value.
6. Premises and equipment owned by SMBC are depreciated using the straight-line method for premises and the declining-balance method for equipment. The estimated useful lives of major items are as follows:

Buildings: 7 to 50 years  
Equipment: 2 to 20 years

The buildings (excluding equipment) that were acquired before March 31, 1998 had been depreciated using the declining-balance method. At the merger with former SMBC, the method of depreciation was changed from declining-balance method to straight-line method. This accounting change increased Ordinary profit and Income before income taxes by 38 million yen as compared with the former manner.
7. Capitalized software for internal use is depreciated using the straight-line method over its estimated useful life (five years).
8. Stock and bond issue cost is expensed as they are incurred. Bond discounts are included in other assets and amortized using straight-line method over the term of the bonds.
9. SMBC's assets and liabilities denominated in foreign currencies and overseas branches' accounts are translated into Japanese yen primarily at the exchange rate at the balance sheet date, except for stocks of subsidiaries and affiliates which are translated at prevailing rates at the time of acquisition.

Formerly, SMBC applied the revised accounting standards for foreign currency transactions ('Opinion Concerning Revision of Accounting Standard for Foreign Currency Transactions' issued by Business Accounting Deliberation Council on October 22, 1999), except for the accounting treatment stipulated in 'Temporary Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry' (JICPA Industry Audit Committee Report No.20 'Former report').

From April 1, 2002, SMBC applies the revised accounting standards for foreign currency transactions, except for the treatment which the Former report is applied, in accordance with the temporary treatment regulated by 'Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry' (JICPA Industry Audit Committee Report No.25). Pursuant to the temporary treatment, 'financial swap transactions' and 'treatment on internal contracts and transactions among consolidated subsidiaries' were accounted for by the former method. Also, foreign currency differences arising from futures currency transactions are recognized on the balance sheet on a net basis.

Fund-related swap transactions are as follows:

  - (1) Principal amounts of credits and debts are reported on the balance sheet in the net amount converted at the exchange rate at the fiscal year-end.
  - (2) The difference between spot and forward rates are recorded as interest income or expenses on an accrual basis for the period from the spot foreign exchange settlement date to the forward foreign exchange settlement date.
  - (3) Accrued income or accrued expenses are recognized at the fiscal year-end.

Fund-related swap transactions are foreign exchange transactions that are contracted for the purpose of lending or borrowing funds in different currencies. These transactions consist of spot foreign exchange either bought or sold and forward foreign exchange either bought or sold. The spot foreign exchange bought or sold is the swap transaction for borrowing or lending the principal amount. The forward foreign exchange bought or sold is the swap transaction of the principal and corresponding interest to be paid or received, the amount and due date of which are predetermined.
10. Reserve for possible loan losses of SMBC is provided as detailed below in accordance with the internal standards for write-offs and reserves.

For claims on borrowers who have entered into bankruptcy, special liquidation proceedings or similar legal proceedings ('bankrupt borrowers') or borrowers that are not legally or formally insolvent but are regarded as substantially in the same situation ('effectively bankrupt borrowers'), a reserve is provided based on the amount of claims, after the charge-off stated below, net of the expected amount of recoveries from collateral and guarantees.

For claims on borrowers that are not currently in the status of bankrupt but are likely to become bankrupt in the future, a reserve is provided in the amount deemed necessary based on an overall solvency assessment of the claims, net of the expected amount of recoveries from collateral and guarantees.

Pursuant to 'Audit considerations with respect to the discounted cash flow method used to determine allowance for credit losses by banks and other financial institutions' (issued by JICPA on February 24, 2003), SMBC provides reserve for possible loan losses using the Discounted Cash Flows method as follows for loans to large borrowers classified as 'Past due loans (3 months or more)' or 'Restructured loans':

- (1) SMBC rationally estimates the cash flows of principal and interest, and measures their present values by discounting the cash flows using the initial contractual interest rate.
- (2) SMBC recognizes the difference between the present value and its book value as estimated losses and provides reserve for possible loan losses.

For other claims, a reserve is provided based on the historical loan-loss ratio.

For claims originated in specific countries, an additional reserve is provided for by the amount deemed necessary based on the assessment of political and economic conditions.

Branches and credit supervision departments assess all claims in accordance with the internal rule for self-assessment of assets, and the Credit Review Department, independent from these operating sections, audits their assessment. The reserves are provided based on the results of these assessments.

For collateralized or guaranteed claims on bankrupt borrowers and effectively bankrupt borrowers, the amount exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and charged off against the total outstanding amount of the claims. The amount of charge-off was 954,041 million yen.

11. Reserve for employee bonuses is provided, in provision for payment of bonuses to employees, by the amount of estimated bonuses attributable to this fiscal year.
12. Reserve for employee retirement benefits is provided, in provision for payment of retirement benefits to employees, by the amount deemed necessary, based on the projected retirement benefit obligation and fair value of plan assets at the balance sheet date.

Prior service cost is amortized using the straight-line method over primarily 10 years within the employees' average remaining service period at incurrence.

Unrecognized net actuarial gain (loss) is amortized using the straight-line method over primarily 10 years within the employees' average remaining service period, commencing from the next fiscal year of incurrence.

Unrecognized net transition obligation from initial application of the new accounting standard for employee retirement benefits is amortized using the straight-line method over 5 years.
13. Reserve for possible losses on loans sold is provided for contingent losses arising from decline of market value of underlying collateral for loans sold to the Cooperative Credit Purchasing Company, Limited. This reserve is provided in accordance with the former Article 287-2 of the Commercial Code.
14. Financing leases, excluding those in which the ownership of the property is transferred to the lessee, are accounted for in the same manner as operating leases.
15. Pursuant to the temporary treatment regulated by 'Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry' (JICPA Industry Audit Committee Report No.24), SMBC applies 'the risk adjustment approach' to hedging (Macro hedge) in accordance with the Industry Audit Committee Report No.15 'Temporary Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry' issued by JICPA, abiding by the following requirements:
  - (1) Loans, deposits and other interest-earning assets and interest-bearing liabilities as a whole shall be recognized as the hedged portfolio.
  - (2) Derivatives as the hedging instruments shall effectively reduce the interest rate exposure of the hedged portfolio.
  - (3) Effectiveness of hedging activities shall be evaluated on a quarterly basis.

SMBC applies deferred hedge accounting.

In order to hedge risk arising from volatility of exchange rates for stocks of subsidiaries and affiliates and other securities (excluding bonds) denominated in foreign currency, SMBC applies deferred hedge accounting or fair value hedge accounting, on the conditions that the hedged security is specified in advance and that enough on-balance (actual) or off-balance (forward) liability exposure exists to cover the cost of the hedged security in foreign currency base.

Certain interest swaps for the purpose of hedging are accrued and added to or deducted from the interest on the assets or liabilities in view of consistency with the risk management policy.
16. National and local consumption taxes are accounted for using the tax-excluded method.
17. Other reserves required by special laws are reserve for contingent liabilities from financial futures transaction (18 million yen) in accordance with Article 82 of the Financial Futures Transaction Law.

18. 'Stocks' account included parent company's stocks of 1,440 million yen.
19. Total value of investments in subsidiaries held by SMBC was 1,081,885 million yen.
20. Total value of due from a controlling shareholder was 256,659 million yen.
21. Total value of due to a controlling shareholder was 64,832 million yen.
22. Total value of due from subsidiaries was 965,530 million yen.
23. Total value of due to subsidiaries was 2,110,162 million yen.
24. Accumulated depreciation of premises and equipment was 497,262 million yen.
25. Advanced depreciation of premises and equipment was 71,044 million yen.
26. In addition to Premises and equipment, which is reported on the balance sheet, some computers are used under lease contracts.
27. Bankrupt loans and non-accrual loans were 172,403 million yen and 2,390,173 million yen, respectively. These amounts include trust with The Resolution and Collection Corporation, a measure regarded as off-balancing, of 40,811 million yen.  
'Bankrupt loans' are loans on which SMBC does not currently accrue interest income, as substantial doubt is judged to exist as to the ultimate collectability of either principal or interest as they are past due for a considerable period of time or for other reasons, and meet conditions defined in Article 96-1-3 and 96-1-4 of the Enforcement Ordinance No.97 of the Japanese Corporate Tax Law, issued in 1965. Non-accrual loans are loans on which SMBC does not currently accrue interest income, excluding bankrupt loans and loans for which SMBC is forbearing interest payments to support the borrowers' recovery from financial difficulties.
28. Past due loans (3 months or more) totaled 114,756 million yen.  
Past due loans (3 months or more) are loans other than 'Bankrupt loans' and 'Non-accrual loans' on which the principal or interest is past due for three months or more.
29. Restructured loans totaled 2,492,199 million yen.  
Restructured loans are loans other than 'Bankrupt loans,' 'Non-accrual loans' and 'Past due loans (3 months or more)' for which SMBC has relaxed lending terms, such as reduction of the original interest rate, forbearance of interest payments or principal repayments or has made agreements in favor of borrowers such as debt forgiveness, to support the borrowers' recovery from financial difficulties.
30. The total amount of bankrupt loans, non-accrual loans, past due loans (3 months or more) and restructured loans was 5,169,531 million yen. This amount includes trust with The Resolution and Collection Corporation, a measure regarded as off-balancing, of 40,811 million yen.  
The amounts of loans presented in Notes 27 to 30 are amounts before deduction of reserve for possible loan losses.
31. Bills discounted are accounted for as financial transactions in accordance with 'Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry' (JICPA Industry Audit Committee Report No.24) issued by JICPA. SMBC has rights to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions. The total face value was 985,472 million yen.

32. Assets pledged as collateral were as follows:

	(Millions of yen)
Assets pledged	
Cash and due from banks	105,888
Trading assets	988,846
Securities	11,309,257
Loans and bills discounted	4,738,320
Liabilities corresponding to assets pledged	
Call money	1,700,000
Payables under repurchase agreements	4,106,910
Payables under securities lending transactions	4,159,736
Bills sold	6,203,300
Acceptances and guarantees	96,270

In addition, cash and due from banks of 54,330 million yen, trading assets of 13,937 million yen, securities of 4,647,739 million yen, loans and bills discounted of 781,138 million yen were pledged as collateral for cash settlements, variation margins of futures markets and certain other purposes.

33. Net amount of deferred unrealized gains (losses) on hedging instruments to which hedge accounting is applied is reported as Deferred profit on hedge. Gross deferred unrealized losses and gross deferred unrealized gains on hedging instruments are 937,683 million yen and 1,093,469 million yen, respectively.
34. SMBC revaluated its own land for business activities in accordance with the Law Concerning Land Revaluation (the Law) effective March 31, 1998 and the law concerning amendment of the Law effective March 31, 2001. The income taxes corresponded to the net unrealized gains are deferred and reported in 'Liabilities' as 'Deferred tax liabilities for land revaluation,' and the net unrealized gains, net of deferred taxes, are reported as 'Land revaluation excess' in 'Stockholders' equity.'
- Date of the revaluation: March 31, 1998 and March 31, 2002  
Method of revaluation (provided in Article 3-3 of the Law):  
Fair values were determined by applying appropriate adjustments for land shape and timing of appraisal to the values specified in Article 2-3, 2-4 or 2-5 of the Enforcement Ordinance of the Law concerning Land Revaluation effective March 31, 1998.
35. The balance of subordinated debt included in 'Borrowed money' was 2,513,625 million yen.
36. The balance of subordinated bonds included in 'Bonds' was 634,859 million yen.
37. Net income per share was 68,437.74 yen.  
From this fiscal year, SMBC applies 'Accounting Standard for Earnings Per Share' (Financial Accounting Standards No.2) and 'Implementation Guidance for Accounting Standard for Earnings Per Share' (Financial Accounting Standards Implementation Guidance No.4). This accounting change has no impact on net income per share.
38. Net assets increased by 124,744 million yen, recognizing at fair value pursuant to the former Article 290-1-6 of the Commercial Code.
39. Market value and unrealized gains (losses) on securities are shown as below:  
In addition to 'Japanese government bonds,' 'Japanese local government bonds,' 'Corporate bonds,' 'Stocks,' and 'Other securities,' the amounts below also include negotiable certificates of deposit bought classified as 'Due from banks,' 'Trading securities,' commercial paper classified as 'Other trading assets,' and commercial paper and beneficiary claim on loan trust classified as 'Debt purchased.' This definition is applied up to Note 42.

(1) Securities classified as trading purposes

	(Millions of yen)
Balance sheet amount	1,304,092
Valuations gains (losses) included in profit/loss during the fiscal year	414

(2) Bonds classified as held-to-maturity that have market value

	(Millions of yen)				
	Balance sheet amount	Market value	Net unrealized gains (losses)	Gains	Losses
Japanese government bonds	261,027	263,844	2,816	2,816	-
Other	24,747	25,734	986	1,092	105
<b>Total</b>	<b>285,775</b>	<b>289,578</b>	<b>3,803</b>	<b>3,909</b>	<b>105</b>

(3) Investments in subsidiaries or affiliates that have market value

	(Millions of yen)		
	Balance sheet amount	Market value	Net unrealized gains (losses)
Stocks of subsidiaries	80,640	60,212	(20,428)

(4) Other securities that have market value

	(Millions of yen)				
	Acquisition cost	Balance sheet amount	Net unrealized gains (losses)	Gains	Losses
Stocks	3,068,818	2,916,463	(152,354)	105,269	257,624
Bonds	13,185,483	13,294,195	108,712	112,417	3,705
Japanese government bonds	12,013,653	12,088,036	74,383	77,719	3,336
Japanese local government bonds	285,316	294,274	8,957	9,041	84
Corporate bonds	886,513	911,885	25,371	25,656	284
Other	4,257,285	4,283,071	25,785	39,993	14,207
Change of purpose of holding	-	-	36	36	-
<b>Total</b>	<b>20,511,587</b>	<b>20,493,730</b>	<b>(17,820)</b>	<b>257,717</b>	<b>275,537</b>

Net unrealized losses of 17,820 million yen shown above are included in 'Net unrealized losses on other securities.'



Other securities with market value are considered as impaired if the market value decreases significantly below the acquisition cost and such decline is not considered as recoverable. The market value is recognized as the balance sheet amount and the amount of write-down is accounted for as valuation loss (impaired) for the current fiscal year. Valuation loss for this fiscal year is 65 million yen. The rule for determining 'significant decline' is as follows and is based on the classification of issuing company under self-assessment of assets.

Bankrupt/ Effectively bankrupt/ Potentially bankrupt issuers	Market value is lower than acquisition cost
Issuers requiring caution	Market value has decreased 30% or more of the acquisition cost
Normal issuers	Market value has decreased 50% or more of the acquisition cost
Bankrupt issuers: issuers that are legally bankrupt or formally declared bankrupt	
Effectively bankrupt issuers: issuers that are not legally bankrupt but regarded as substantially bankrupt	
Potentially bankrupt issuers: issuers that are not bankrupt now, but are perceived to have a high risk of falling into bankruptcy	
Issuers requiring caution: issuers that are identified for close monitoring	
Normal issuers: issuers excluding Bankrupt/ Effectively bankrupt/ Potentially bankrupt issuers and Issuers requiring caution	

40. The amount of other securities sold during this fiscal year is as follows:

(Millions of yen)		
Sales amount	Gains on sales	Losses on sales
1,141,376	4,758	10,149

41. Summary information on securities that have no market value is as follows:

(Millions of yen)	
Balance sheet amount	
Bonds classified as held-to-maturity	
Unlisted foreign securities	404
Investments in subsidiaries or affiliates	
Stocks of subsidiaries	1,087,745
Stocks of affiliates	15,402
Other	16,933
Other securities	
Unlisted bonds	1,169,222
Unlisted foreign securities	193,160
Unlisted stocks (excluding OTC stocks)	246,305
Other	125,308

42. Redemption schedule of other securities that have maturities and bonds classified as held-to-maturity is as follows:

(Millions of yen)				
	1 year or less	More than 1 year to 5 years	More than 5 years to 10 years	More than 10 years
Bonds	3,359,393	7,535,311	3,672,876	156,863
Japanese government bonds	3,224,334	5,978,363	2,991,982	154,383
Japanese local government bonds	6,119	102,653	184,920	580
Japanese corporate bonds	128,939	1,454,295	495,973	1,900
Other	214,065	2,799,945	739,691	707,823
Total	3,573,459	10,335,257	4,412,567	864,687

43. Information on money held in trust is as follows:

(1) Money held in trust classified as trading purposes

	(Millions of yen)
Balance sheet amount	1,629
Valuation gains included in profit/loss during the fiscal year	12

(2) Other money held in trust

(Millions of yen)				
Acquisition cost	Balance sheet amount	Net unrealized gains (losses)	Gains	Losses
23,043	22,999	(44)	510	555

Net unrealized losses on other money held in trust of 44 million yen shown above are included in 'Net unrealized losses on other securities.'

44. 'Japanese Government Bonds' include 999 million yen of unsecured loans of securities for which borrowers have the rights to sell or pledge. 'Japanese Government Bonds' include 140 million yen of loaned securities for which borrowers only have the rights to pledge and not to sell.

As for the unsecured borrowed securities by cash for which SMBC has the rights to sell or pledge and for the securities which SMBC purchased under resale agreements, that are permitted to sell or pledge without restrictions, 2,064,696 million yen of securities are pledged, 84,767 million yen of securities are held in hand as of the balance sheet date.

45. Commitment line contracts on overdrafts and loans are agreements to lend to customers to prescribed amount as long as there is no violation of any condition established in the contracts. The amount of unused commitments was 27,744,811 million yen, and the amount of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time was 25,709,692 million yen. Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily represent actual future cash flow.

Many of these commitments have clauses that SMBC or its consolidated subsidiaries can reject the application from customers or reduce the contract amounts in the case of change in economic conditions, SMBC or its consolidated subsidiaries need to secure claims, or other circumstances. In addition, SMBC or its consolidated subsidiaries request the customers to pledge collateral such as premises and securities, and take necessary measures such as reviewing the customers' financial positions during the contract period, revising contracts when need arises, and securing claims.

46. Reserve for employee retirement benefits as of this fiscal year-end and fair value of pension assets in employee retirement benefits trust (excluding unrecognized actuarial net gains (losses)) that were deducted from reserve for employee retirement benefits are shown as follows:

	(Millions of yen)		
	Lump-sum payment plan	Employee pension fund	Total
Reserve for employee retirement benefits (before deducting Plan assets in trust)	(113,881)	(153,317)	(267,198)
Pension assets in retirement benefits trust (excluding unrecognized actuarial net gain (loss))	93,376	101,006	194,382
Reserve for employee retirement benefits (after deducting Plan assets in trust)	(20,505)	(52,311)	(72,816)

Information on projected benefit obligation and others at this fiscal year-end is shown as follows:

	(Millions of yen)
Projected benefit obligation	(1,104,255)
Fair value of pension assets	706,502
Unfunded projected benefit obligation	(397,752)
Unrecognized net transition obligation	40,335
Unrecognized net actuarial gain or loss	337,302
Unrecognized prior service cost (net)	(52,701)
Net amount recorded on the balance sheet	(72,816)

47. With the implementation of the 'Metropolitan ordinance regarding the imposition of enterprise taxes through external standards taxation on banks in Tokyo' (Tokyo Metropolitan Ordinance No.145, April 1, 2000) ('the metropolitan ordinance'), enterprise taxes that were hitherto levied on income are now levied on gross banking profit.

On October 18, 2000, Sakura Bank and Sumitomo Bank filed a lawsuit with the Tokyo District Court against the Tokyo metropolitan government and the Governor of Tokyo seeking to void the metropolitan ordinance. They won the case eventually entirely on March 26, 2002 with a decision of the Tokyo District Court in the Bank's favor, on the grounds that the metropolitan ordinance was illegal. The District Court ordered the metropolitan government to return to the Banks advance tax payments of 16,633 million yen and also awarded to the Banks damages of 200 million yen. On March 29, 2002 the metropolitan government lodged an appeal with the Tokyo High Court against the decision, and on April 9, 2002 the plaintiff banks at the first trial including former SMBC also lodged an appeal. Former SMBC won the second-trial case eventually on January 30, 2003 with a decision of the Tokyo High Court in SMBC's favor, on the grounds that the metropolitan ordinance was illegal. The High Court ordered the metropolitan government to return to SMBC advance tax payments of 36,175 million yen. On February 10, 2003 the metropolitan government lodged a final appeal with the Supreme Court against the decision, and on February 13, 2003 the plaintiff banks at the first trial including SMBC also lodged a final appeal.

It is the opinion of SMBC that the metropolitan ordinance is both unconstitutional and illegal. SMBC has asserted this opinion in the courts and the matter is still in litigation. The fact that during this fiscal year SMBC has applied the same treatment as in the previous year, accounting for enterprise taxes through external standards taxation on banks in Tokyo in accordance with the metropolitan ordinance, is because SMBC has deemed it appropriate at this stage to continue with the same accounting treatment as before. This accounting treatment does not constitute in any way an admission on the part of SMBC either of the constitutionality or of the legality of the metropolitan ordinance.

With the implementation of the metropolitan ordinance, enterprise taxes relating to banks in Tokyo were recorded in 'Other expenses' in the amounts of 16,833 million yen for the year ended March 31, 2001 (sum of Sakura Bank and Sumitomo Bank), 19,862 million yen for the year ended March 31, 2002 and 1,439 million yen (18,269 million yen if the amount that former SMBC recorded for the year ended March 16, 2003 is added) for the year ended March 31, 2003. As a result, 'Ordinary profit' for the each fiscal year decreased by the corresponding amount as compared with the previous standards under which enterprise taxes were levied on income. There is no impact on 'Income tax, current' as compared with the previous standards under which enterprise taxes were levied on income. Consequently, stockholders' equity decreased by 32,495 million yen. Since the enterprise taxes in question are not included in the calculations for accounting for tax effects, there was a decrease in 'Deferred tax assets' of 98,703 million yen as compared with the amount that it would have been had the enterprise taxes been levied on income instead of gross profits. There was also a decrease in 'Deferred tax liabilities for land revaluation' of 3,236 million yen, and consequently stockholders' equity decreased by 95,467 million yen.

With the implementation of the 'Municipal Ordinance regarding the imposition of enterprise taxes through external standards taxation on banks in Osaka' (Osaka Municipal Ordinance No.131, June 9, 2000) ('the municipal ordinance'), enterprise taxes which were hitherto levied on income are now levied on gross banking profit.

On April 4, 2002, former SMBC filed a lawsuit with the Osaka District Court against the Osaka municipal government and the Governor of Osaka seeking to void the municipal ordinance. With the implementation of the 'Revision of Municipal Ordinance regarding the imposition of enterprise taxes through external standards taxation on banks in Osaka' (Osaka Municipal Ordinance No.77, 2002) ('the revised municipal ordinance 2002') on May 30, 2002, and the implementation of the 'Revision of Municipal Ordinance regarding the imposition of enterprise taxes through external standards taxation on banks in Osaka' (Osaka Municipal Ordinance No.14, 2003) ('the revised municipal ordinance 2003') on April 1, 2003, the special treatment regarding the tax basis is to be applicable from the fiscal year starting on April 1, 2003. The enterprise taxes which the banks should pay to Osaka municipal government this term are subject to the supplementary provision 2 of the revised municipal ordinance 2003, which provides the banks shall pay the enterprise taxes based on the lesser of gross banking profit or income. SMBC, therefore, filed and paid the enterprise taxes based on income. The fact that SMBC filed and paid the enterprise taxes according to the revised municipal ordinance does not constitute in any way an admission on the part of SMBC either of the constitutionality or of the legality of the revised municipal ordinance 2002 and 2003 as well as the municipal ordinance. Since the enterprise taxes in question are not included in the calculations for accounting for tax effects, there was a decrease in 'Deferred tax assets' of 48,699 million yen as compared with the amount that it would have been included if the enterprise taxes had been levied on income instead of gross profits. There was also a decrease in 'Deferred tax liabilities for land revaluation' of 1,575 million yen, and consequently stockholders' equity decreased by 47,124 million yen.

48. With the implementation of the 'Revision of the Local Tax Law' (Legislation No.9, 2003) on March 31, 2003, the tax basis of enterprise taxes, which was stipulated as 'income and liquidation income' by the 12th paragraph of Article 72 of the Local Tax Law before the revision, is to be a combination of 'amount of added value,' 'amount of capital' and 'income and liquidation income' from the fiscal year starting April 1, 2004. The enterprise taxes that have tax bases of the 'amount of added value' and the 'amount of capital' are not pertinent to the enterprise taxes that have tax bases of income-related amounts. The 'Revision of the Local Tax Law' also stipulates that the metropolitan ordinance and the municipal ordinance are to be abolished from the fiscal year starting April 1, 2004.

In connection with the 'Revision of the Local Tax Law,' the effective statutory tax rate used in the calculations of deferred tax assets and liabilities from the fiscal year starting April 1, 2004 increased from 38.62% to 40.46%, and, thus, there were an increase in 'Deferred tax assets' of 67,657 million yen and a decrease in 'Income taxes, deferred' of the same amount. There were also an increase in 'Deferred tax liabilities for land revaluation' of 2,634 million yen and a decrease in 'Land revaluation excess' of the same amount.

49. From this fiscal year, SMBC applies 'Accounting Standard for Treasury Stock and Reversal of Legal Reserves' (Financial Accounting Standards No.1). This accounting change has no impact on assets and stockholders' equity as of this fiscal year-end.

50. In accordance with the amendment of the Ordinance of Banking Law, presentation of financial statements was changed as follows:

Prior to April 2003, 'Stockholders' equity' was composed of three items 'Capital stock,' 'Legal reserves' and 'Retained earnings.' From this fiscal year, it is composed of 'Capital stock,' 'Capital surplus' and 'Retained earnings.'

## NONCONSOLIDATED STATEMENT OF INCOME

Year ended March 31, 2003	(Millions of yen)	
<b>Ordinary income</b>		146,251
Interest income	82,914	
Interest on loans and discounts	34,190	
Interest and dividends on securities	40,074	
Interest on call loans	67	
Interest on receivables under resale agreements	28	
Interest on receivables under securities borrowing transactions	28	
Interest on bills bought	0	
Interest on deposits with banks	458	
Interest on interest rate swaps	4,791	
Other interest income	3,275	
Trust fees	5	
Fees and commissions	31,783	
Fees and commissions on domestic and foreign exchanges	10,525	
Other fees and commissions	21,257	
Trading profits	11,704	
Gains on trading securities	179	
Gains on trading-related financial derivatives	11,440	
Other trading income	85	
Other operating income	14,702	
Gains on foreign exchanges	12,369	
Gains on sales of bonds	1,612	
Gains on financial derivatives	394	
Other	326	
Other income	5,140	
Gains on sales of stocks	3,145	
Gains on money held in trust	75	
Other	1,918	
<b>Ordinary expenses</b>		77,487
Interest expenses	16,122	
Interest on deposits	6,102	
Interest on negotiable certificates of deposit	174	
Interest on call money	64	
Interest on payables under repurchase agreements	454	
Interest on payables under securities lending transactions	1,828	
Interest on bills sold	27	
Interest on commercial paper	0	
Interest on borrowed money	4,067	
Interest on straight bonds	1,266	
Amortization of bond discounts	1	
Other interest expenses	2,134	
Fees and commissions	8,338	
Fees and commissions on domestic and foreign exchanges	1,067	
Other fees and commissions	7,270	
Trading losses	103	
Losses on securities related to trading transactions	103	
Other operating expenses	5,120	
Losses on sales of bonds	5,040	
Losses on redemption of bonds	1	
Losses on devaluation of bonds	15	
Other	63	
General and administrative expenses	36,549	
Other expenses	11,253	
Write-offs of loans	320	
Losses on sales of stocks	5,802	
Losses on devaluation of stocks	1,076	
Other	4,054	
<b>Ordinary profit</b>		68,763
<b>Extraordinary gains</b>		40,016
Gains on disposition of premises and equipment	773	
Collection of written-off claims	1,038	
Other extraordinary gains	38,203	
<b>Extraordinary losses</b>		2,669
Losses on disposition of premises and equipment	1,819	
Other extraordinary losses	850	
<b>Income before income taxes</b>		106,109
Income taxes, Current		905
Deferred		(77,836)
<b>Net income</b>		183,040
Unappropriated retained earnings carried forward		0
Unappropriated retained earnings inherited due to merger		398
Transfer from land revaluation excess		9,547
Unappropriated retained earnings at end of year		192,987

**Notes to Nonconsolidated Statement of Income**

1. Amounts less than one million yen have been omitted.
2. Income on transactions with a controlling shareholder amounts to 82 million yen.  
Expenses on transactions with a controlling shareholder amount to 342 million yen.
3. Income on transactions with subsidiaries amounts to 11,157 million yen.  
Expenses on transactions with subsidiaries amount to 9,531 million yen.
4. Profits and losses on trading transactions are recognized on a trade date basis, and recorded as 'Trading profits' and 'Trading losses.' Both accounts include interest received or paid during the fiscal year. The valuation differences of securities and money claims between the previous fiscal year-end and this fiscal year-end are recorded in the above-mentioned accounts. As for the derivatives, assuming that the settlement will be made in cash, valuation differences between this fiscal year-end and previous fiscal year-end are recorded in the above-mentioned accounts.
5. 'Other' in 'Other income' includes gains on securities contributed to the employee retirement benefits trust of 660 million yen.
6. 'Other' in 'Other expenses' includes enterprise taxes in Tokyo of 1,439 million yen.
7. 'Other extraordinary gains' represent reversal of reserve for possible loan losses of 38,145 million yen and reversal of reserve for possible losses on loans sold of 58 million yen.
8. 'Other extraordinary losses' include amortized cost of unrecognized net obligation from initial application of the new accounting standard for employee retirement benefits of 831 million yen.

**NONCONSOLIDATED STATEMENT OF APPROPRIATION OF  
RETAINED EARNINGS FOR THE YEAR ENDED MARCH 31, 2003 (PROPOSAL)**

	(Yen)
<hr/>	
<u>Appropriation of unappropriated retained earnings</u>	
Unappropriated retained earnings at end of year	192,987,992,146
Transfer from voluntary reserves	7,660,191
Transfer from reserve for possible losses on overseas investments	<u>7,660,191</u>
Total	192,995,652,337
Retained earnings to be appropriated	0
Retained earnings carried forward to next year	<u><u>192,995,652,337</u></u>
<u>Appropriation of other capital surplus</u>	
Other capital surplus	357,614,600,000
Other capital surplus to be appropriated	0
Other capital surplus brought forward to next year	<u><u>357,614,600,000</u></u>

**COMPARATIVE NONCONSOLIDATED BALANCE SHEETS (CONDENSED)**

	March 31			(Millions of yen)
	2003	2002		Difference
	(A)	former SMBC (B)	former Wakashio (C)	(A-(B+C))
<b>Assets:</b>				
Cash and due from banks	3,288,593	5,458,430	62,301	(2,232,138)
Call loans	99,774	620,406	493	(521,125)
Receivables under resale agreements	78,679	432,730	–	(354,051)
Receivables under securities borrowing transactions	1,981,243	–	–	1,981,243
Commercial paper and other debt purchased	92,436	146,650	–	(54,214)
Trading assets	3,950,372	2,705,648	–	1,244,724
Money held in trust	24,628	33,858	–	(9,230)
Securities	23,656,385	20,442,996	53,291	3,160,098
Loans and bills discounted	57,282,365	59,928,368	373,951	(3,019,954)
Foreign exchanges	724,771	779,142	206	(54,577)
Other assets	1,848,486	5,344,106	1,412	(3,497,032)
Premises and equipment	707,303	890,981	10,162	(193,840)
Deferred tax assets	1,814,625	1,741,114	–	73,511
Customers' liabilities for acceptances and guarantees	4,416,292	5,529,996	1,339	(1,115,043)
Reserve for possible loan losses	(2,074,797)	(1,971,849)	(4,943)	(98,005)
<b>Total assets</b>	<b>97,891,161</b>	<b>102,082,581</b>	<b>498,215</b>	<b>(4,689,635)</b>
<b>Liabilities:</b>				
Deposits	58,610,731	61,051,813	460,193	(2,901,275)
Negotiable certificates of deposit	4,913,526	6,577,539	8,500	(1,672,513)
Call money	2,686,456	3,883,991	–	(1,197,535)
Payables under repurchase agreements	4,124,094	1,100,446	–	3,023,648
Payables under securities lending transactions	4,777,187	–	–	4,777,187
Bills sold	6,203,300	6,868,800	–	(665,500)
Commercial paper	50,500	1,001,000	–	(950,500)
Trading liabilities	2,425,632	1,797,086	–	628,546
Borrowed money	2,795,160	3,406,286	–	(611,126)
Foreign exchanges	392,727	300,162	–	92,565
Bonds	2,624,099	2,133,754	–	490,345
Convertible bonds	–	1,106	–	(1,106)
Due to trust account	5,953	–	–	5,953
Other liabilities	1,428,432	4,962,176	3,412	(3,537,156)
Reserve for employee bonuses	9,898	11,342	162	(1,606)
Reserve for employee retirement benefits	72,816	116,854	3,961	(47,999)
Reserve for possible losses on loans sold	17,169	80,576	574	(63,981)
Other reserves	18	18	–	–
Deferred tax liabilities for land revaluation	57,937	63,137	–	(5,200)
Acceptances and guarantees	4,416,292	5,529,996	1,339	(1,115,043)
<b>Total liabilities</b>	<b>95,611,937</b>	<b>98,886,088</b>	<b>478,144</b>	<b>(3,752,295)</b>
<b>Stockholders' equity:</b>				
Capital stock	–	1,326,746	20,831	(1,347,577)
Legal reserves	–	1,326,758	0	(1,326,758)
Land revaluation excess	–	100,346	–	(100,346)
Retained earnings	–	740,874	0	(740,874)
Voluntary reserves	–	221,560	–	(221,560)
Unappropriated retained earnings at end of year	–	161,699	0	(161,699)
Net income (loss)	–	(322,852)	0	322,852
Other retained earnings	–	357,614	–	(357,614)
Net unrealized losses on other securities	–	(297,950)	(759)	298,709
Treasury stock	–	(283)	–	283
<b>Total stockholders' equity</b>	<b>–</b>	<b>3,196,492</b>	<b>20,071</b>	<b>(3,216,563)</b>
<b>Stockholders' equity:</b>				
Capital stock	559,985	–	–	559,985
Capital surplus	1,237,307	–	–	1,237,307
Capital reserve	879,693	–	–	879,693
Other capital surplus	357,614	–	–	357,614
Retained earnings	414,536	–	–	414,536
Voluntary reserves	221,548	–	–	221,548
Unappropriated retained earnings at end of year	192,987	–	–	192,987
Net income	183,040	–	–	183,040
Land revaluation excess	85,259	–	–	85,259
Net unrealized losses on other securities	(17,864)	–	–	(17,864)
<b>Total stockholders' equity</b>	<b>2,279,223</b>	<b>–</b>	<b>–</b>	<b>2,279,223</b>
<b>Total liabilities and stockholders' equity</b>	<b>97,891,161</b>	<b>102,082,581</b>	<b>498,215</b>	<b>(4,689,635)</b>

(Note) Amounts less than one million yen have been omitted.

## COMPARATIVE NONCONSOLIDATED STATEMENT OF INCOME (CONDENSED)

(Millions of yen)

	Year ended March 31			Difference (A)-(B+C)
	2003	2002		
	(A)	former SMBC (B)	former Wakashio (C)	
<b>Ordinary income</b>	146,251	2,791,405	14,144	
Interest income	82,914	2,192,961	11,541	
Interest on loans and discounts	34,190	1,256,848	10,767	
Interest and dividends on securities	40,074	504,732	726	
Trust fees	5	–	–	
Fees and commissions	31,783	239,645	830	
Trading profits	11,704	121,414	–	
Other operating income	14,702	150,886	1,465	
Other income	5,140	86,498	306	
<b>Ordinary expenses</b>	77,487	3,313,512	13,667	
Interest expenses	16,122	716,677	1,014	
Interest on deposits	6,102	323,249	937	
Fees and commissions	8,338	74,373	589	
Trading losses	103	125	–	
Other operating expenses	5,120	60,445	868	
General and administrative expenses	36,549	696,775	8,352	
Other expenses	11,253	1,765,115	2,841	
<b>Ordinary profit (loss)</b>	68,763	(522,106)	477	
<b>Extraordinary gains</b>	40,016	26,783	459	
<b>Extraordinary losses</b>	2,669	41,314	913	
<b>Income before income taxes</b>	106,109	(536,637)	22	
Income taxes, Current	905	32,737	22	
Deferred	(77,836)	(246,522)	–	
<b>Net income (loss)</b>	183,040	(322,852)	0	
Unappropriated retained earnings brought forward	0	68,994	–	
Unappropriated retained earnings inherited due to merger	398	114,169	–	
Transfer from land revaluation excess	9,547	59,967	–	
Transfer from earned surplus reserve	–	241,421	–	
<b>Unappropriated retained earnings at end of year</b>	192,987	161,699	0	

(Notes) 1. Amounts less than one million yen have been omitted.

2. Difference between 2003 and 2002 is not available because former SMBC's profit (loss) for the term from April 1, 2002 to March 16, 2003 is not recognized on the statement of income for the year ended March 31, 2003.



**COMPARATIVE NONCONSOLIDATED STATEMENTS OF APPROPRIATION OF  
RETAINED EARNINGS FOR THE YEAR ENDED MARCH 31, 2003 (PROPOSAL)  
AND MARCH 31, 2002**

(Millions of yen)

	Year ended March 31			Difference (A)-(B+C)
	2003	2002		
	(A)	SMBC (B) former	Wakashio (C) former	
<u>Appropriation of unappropriated retained earnings</u>				
Unappropriated retained earnings at end of year	192,987	161,699	0	31,288
Transfer from voluntary reserves	7	12	-	(5)
Transfer from reserve for possible losses on overseas investments	7	12	-	(5)
Total	192,995	161,711	0	31,284
Retained earnings to be appropriated	-	37,349	-	(37,349)
Dividends on preferred stock (first series type 1)	-	703	-	(703)
Dividends on preferred stock (second series type 1)	-	2,850	-	(2,850)
Dividends on preferred stock (type 5)	-	10,960	-	(10,960)
Dividends on common stock	-	22,835	-	(22,835)
Transfer to voluntary reserves	-	0	-	(0)
Transfer to reserve for losses on overseas investments	-	0	-	(0)
Retained earnings brought forward to next year	<u>192,995</u>	<u>124,362</u>	<u>0</u>	<u>68,633</u>
<u>Appropriation of other capital surplus</u>				
Other capital surplus	357,614	-	-	357,614
Other capital surplus to be appropriated	-	-	-	-
Other capital surplus brought forward to next year	<u>357,614</u>	<u>-</u>	<u>-</u>	<u>357,614</u>

(Note) Amounts less than one million yen have been omitted.

**[REFERENCE]**

**STATEMENT OF TRUST ASSETS AND LIABILITIES**

March 31, 2003		(Millions of yen)	
<b>Assets</b>		<b>Liabilities</b>	
Loans and bills discounted	35,080	Designated monetary trusts	35,080
Loans on deeds	35,080	Monetary claims trusts	112,952
Monetary claims	125,942	Composit trusts	18,944
Other monetary claims	125,942		
Due from banking account	5,953		
Total assets	<u>166,976</u>	Total liabilities	<u>166,976</u>

(Notes)

1. Amounts less than one million yen have been omitted.
2. SMBC has no co-operative trusts under other trust bank's administration as of year-end.
3. SMBC does not deal with any trusts with principal indemnification.