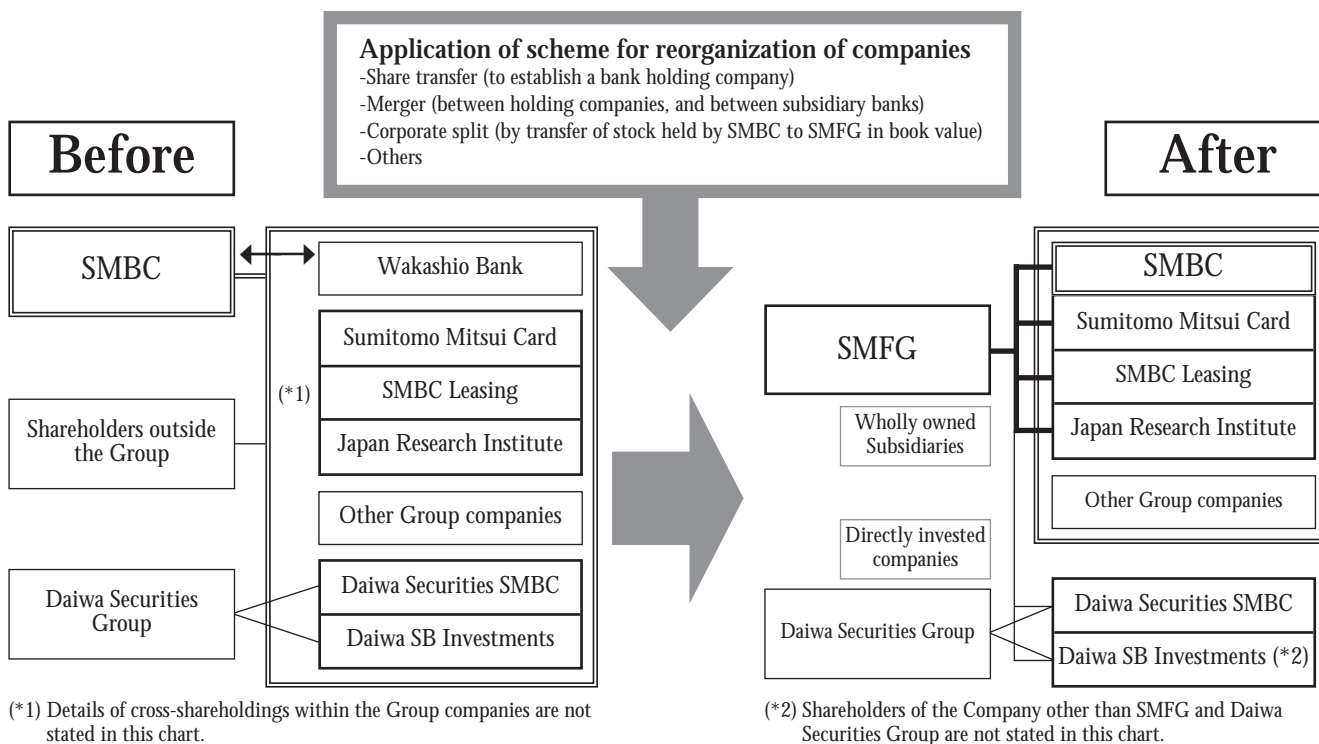


Reorganization of Group Companies

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

(1) Establishment of a financial services complex with a holding company structure

Sumitomo Mitsui Financial Group, Inc. (SMFG) was established as the holding company of a financial services complex in fiscal 2002, as shown below.



<Change of stockholders' equity of SMFG (Nonconsolidated)>

	Billions of yen				
	Share transfer as of the establishment (1)	Merger (2)	Capital raising (3)	Operating results for FY 2002 (4)	As of Mar. 31, 2003 (1) + (2) + (3) + (4)
Capital stock.....	¥1,000.0	¥ —	¥247.7	¥ —	¥1,247.7
Capital surplus	1,496.6	3.1	247.6	—	1,747.3
Retained earnings	—	36.8	—	124.7	161.5
Treasury stock.....	—	—	—	(0.4)	(0.4)
Total stockholders' equity.....	¥2,496.6	¥39.9	¥495.3	¥124.3	¥3,156.1

- (1) Share transferThe amount of SMFG's net assets and book value of SMBC stock recorded on SMFG's opening balance account was equal to the amount of net assets of SMBC as of December 2, 2002, when SMBC became a wholly owned subsidiary of SMFG as a result of share transfer. Net assets of SMBC were divided into SMFG's capital stock and capital surplus, amounting to ¥1 trillion and ¥1,496.6 billion, respectively.
- (2) MergerSMFG carried over the net assets of The Japan Research Institute Holdings, Ltd. ("JRI Holdings"), amounting to ¥39.9 billion as a result of the merger of JRI Holdings into SMFG. JRI Holdings was the former JRI, which had established the present JRI in November 2002 through corporate split, transferred its business as a whole to the present JRI, and changed its company name from JRI to JRI Holdings to become a holding company of the present JRI. The merger between SMBC and Wakashio Bank did not affect SMFG's net assets (see next page).
- (3) Capital raisingIssuance of preferred stocks to overseas investors amounts to ¥495.3 billion.
- (4) Operating results for FY 2002Net income amounted to ¥124.7 billion due to interim dividends paid by SMBC, etc.

(2) Overview of Merger Accounting

Sumitomo Mitsui Banking Corporation merged with THE WAKASHIO BANK, LTD. on March 17, 2003. The overview of merger accounting is shown below.

<Succession of net assets after merger>

	Billions of yen			
	Mar. 31, 2002 (After appropriation) (1)	The day before the merger (Mar. 16, 2003) (2)	Adjustments for merger accounting (3)	Succession of net assets (2) + (3)
SMBC (the dissolving entity) <Nonconsolidated>				
Capital stock	¥1,326.7	¥1,058.0	¥(578.8)	¥ 479.2
Capital surplus	1,684.4	2,004.0	(826.7)	1,177.3
Capital reserve	1,326.8	1,646.4	(826.7)	819.7
Other capital surplus	357.6	357.6	—	357.6
Retained earnings	345.9	(436.5)	658.4	(*) 221.9
Land revaluation excess	100.4	97.4	—	97.4
Net unrealized losses on other securities	(298.0)	(672.8)	672.8	—
Treasury stock	(0.3)	—	—	—
Total stockholders' equity	¥3,159.1	¥2,050.1	¥ (74.3)	¥1,975.8
Excluding net unrealized losses on other securities...	¥3,457.1	¥2,722.9	(b) ¥(747.1)	¥1,975.8

(*) The sum of earned surplus reserve and earnings carry-over after the appropriation of profit for FY 2001, the last fiscal year before the merger, excluding interim dividends distributed to SMFG (¥124.0 billion).

(a) Breakdown of changes in capital stock and capital reserve

	Capital stock + Capital reserve
Mar. 31, 2002	¥2,653.5
Reorganization of Group companies....	(399.4)
Capital raising	450.3
Change	50.9
The day before the merger	¥2,704.4

(b) Breakdown of write-off of unrealized losses

	Before merger	Adjustments for merger accounting	After adjustments for merger accounting
Other securities:			
Stocks	¥(798.6)	¥672.8	¥(125.8)
Unrealized gains	97.3	—	97.3
Unrealized losses	(895.9)	672.8	(223.1)
Bonds	102.9	—	102.9
Others	22.9	—	22.9
Subtotal	¥(672.8)	¥672.8	¥ —
Net unrealized losses on lands	(110.1)	110.1	—
Total unrealized losses	¥(782.9)	¥782.9	¥ —
Deferred tax amount recognized via merger accounting (related to write-off of net unrealized losses on lands)		(35.8)	
Amount of adjustments for merger accounting		¥747.1	

<Stockholders' equity of the new bank as of March 31, 2003>

	Billions of yen			
	<The surviving entity> (*1) Wakashio Bank [The day of merger] (without operating results for FY 2002) (1)	Succession of net assets after merger (2)	Operating results for FY 2002 (*2) (3)	<New bank after merger> SMBC as of Mar. 31, 2003 (1) + (2) + (3)
<Nonconsolidated>				
Capital stock	¥ 80.8	¥ 479.2	¥ —	¥ 560.0
Capital surplus	60.0	1,177.3	—	1,237.3
Capital reserve	60.0	819.7	—	879.7
Other capital surplus	—	357.6	—	357.6
Retained earnings	0.0	221.9	192.6	414.5
Land revaluation excess	—	97.4	(12.1)	85.3
Net unrealized losses on other securities	—	—	(17.9)	(17.9)
Treasury stock	—	—	—	—
Total stockholders' equity	¥140.8	¥1,975.8	¥162.6	¥2,279.2

(*1) Wakashio Bank, the surviving entity, succeeded net assets of the former SMBC, the dissolving entity, on the day of the merger. The company name of the new bank after merger is Sumitomo Mitsui Banking Corporation.

(*2) Gains (losses) for the former Wakashio Bank from April 1, 2002 to March 16, 2003 and gains (losses) of the new bank after merger from March 17, 2003 to March 31, 2003, etc.