

Merrill Lynch
Japanese Financial Service Conference

SMBC's
New Group Strategy

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SMBC SUMITOMO MITSUI
BANKING CORPORATION

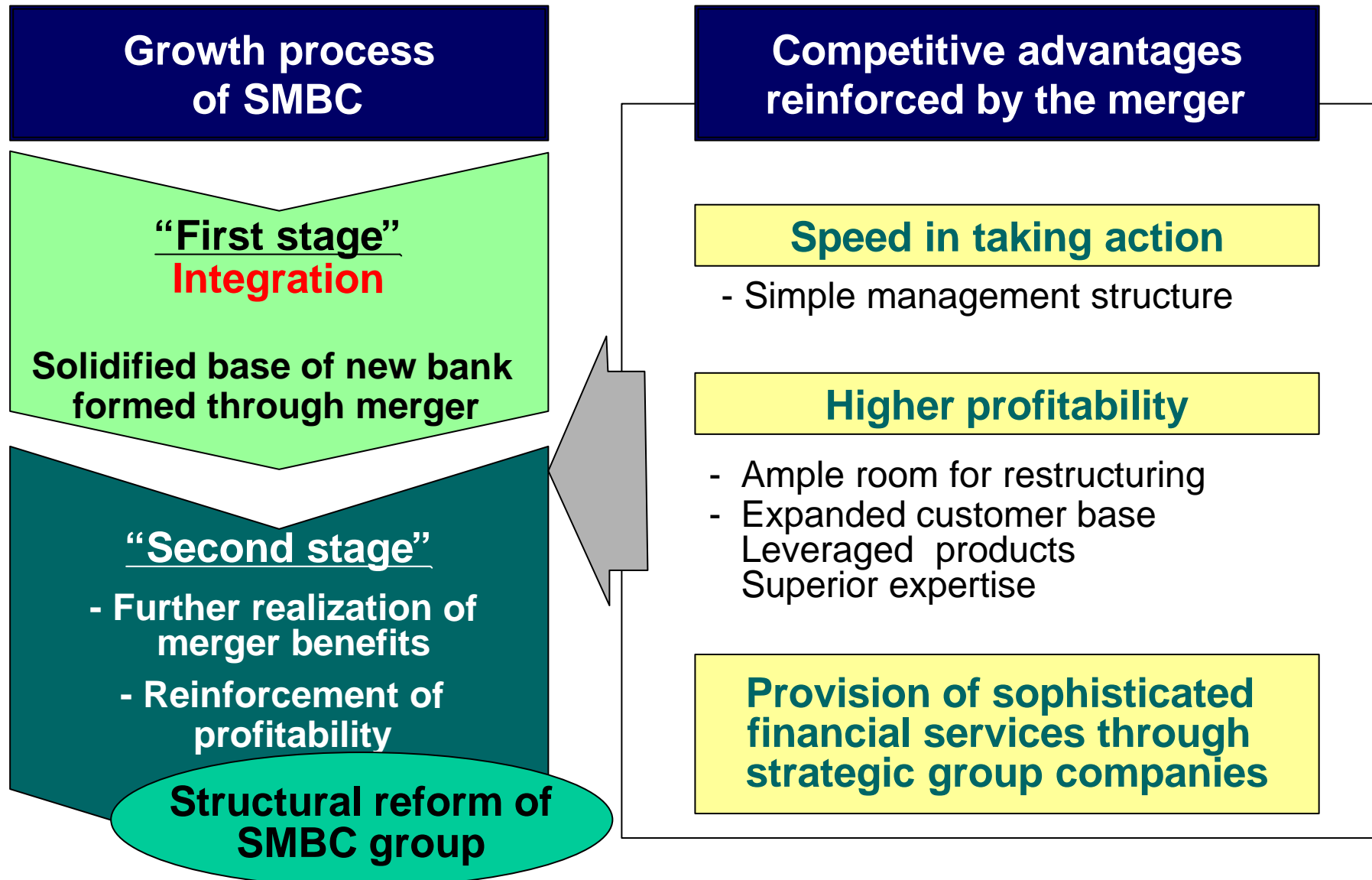
Agenda



SMBC's New Group Strategy

1. Post-merger management: **“First stage”** **“Second stage”**
2. **Two actions in the “Second stage”**
 “Business reform” and “Structural reform of SMBC group”
3. **“Structural reform of SMBC group”**
 - Optimization of corporate structure
 - Reinforcement of strategic business lines
 - Benefit of “Structural reform of SMBC group”
 - Process to form the holding company structure
 - Corporate governance, etc.

Growth Process of SMBC



“First stage”: Systems Integration

Completion of the “First stage” of the post-merger management

**Straight
Merger**

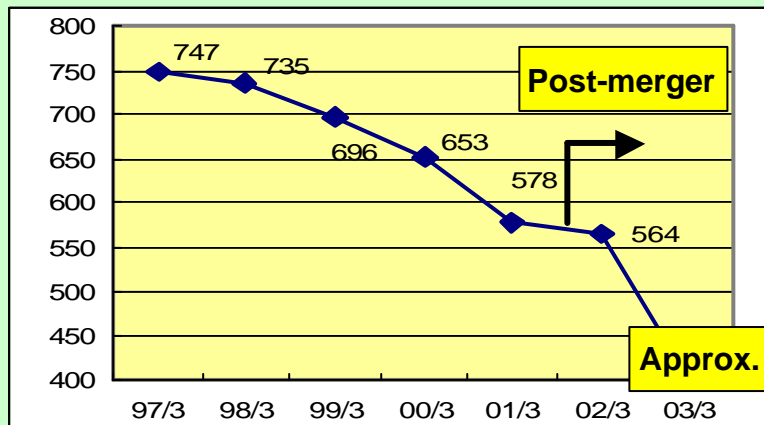
Effective way of integration

Systems integration

**July 2002: Completion of
IT integration**

Integration of branch
network accelerated

<Domestic branches>



**Reduction of branches
by approx. 30%
during FY2002
564 approx. 400**

“First stage”: Realization of the Merger Benefits

Completion of the “First stage” of the post-merger management

**Straight
Merger**

Effective way of integration

Realization of the merger benefits

FY2001: Expenses at ¥670.1bn (¥30bn reduction)

¥46.6bn reduction when excluding
merger related expenses

Projection for FY2002: Expenses at ¥650bn
(¥20.1bn reduction)

**Earlier realization
of the merger benefits
focusing on
cost reduction**

Reduction of
employees
FY2001: 8%
FY2002: 6%
(Target)

Integration of
branch network

Further realization of the merger benefits

“First stage”: Business Reform

Completion of the “First stage” of the post-merger management

**Straight
Merger**

Effective way of integration

Promotion of “Business reform”

Corporate Banking
Business

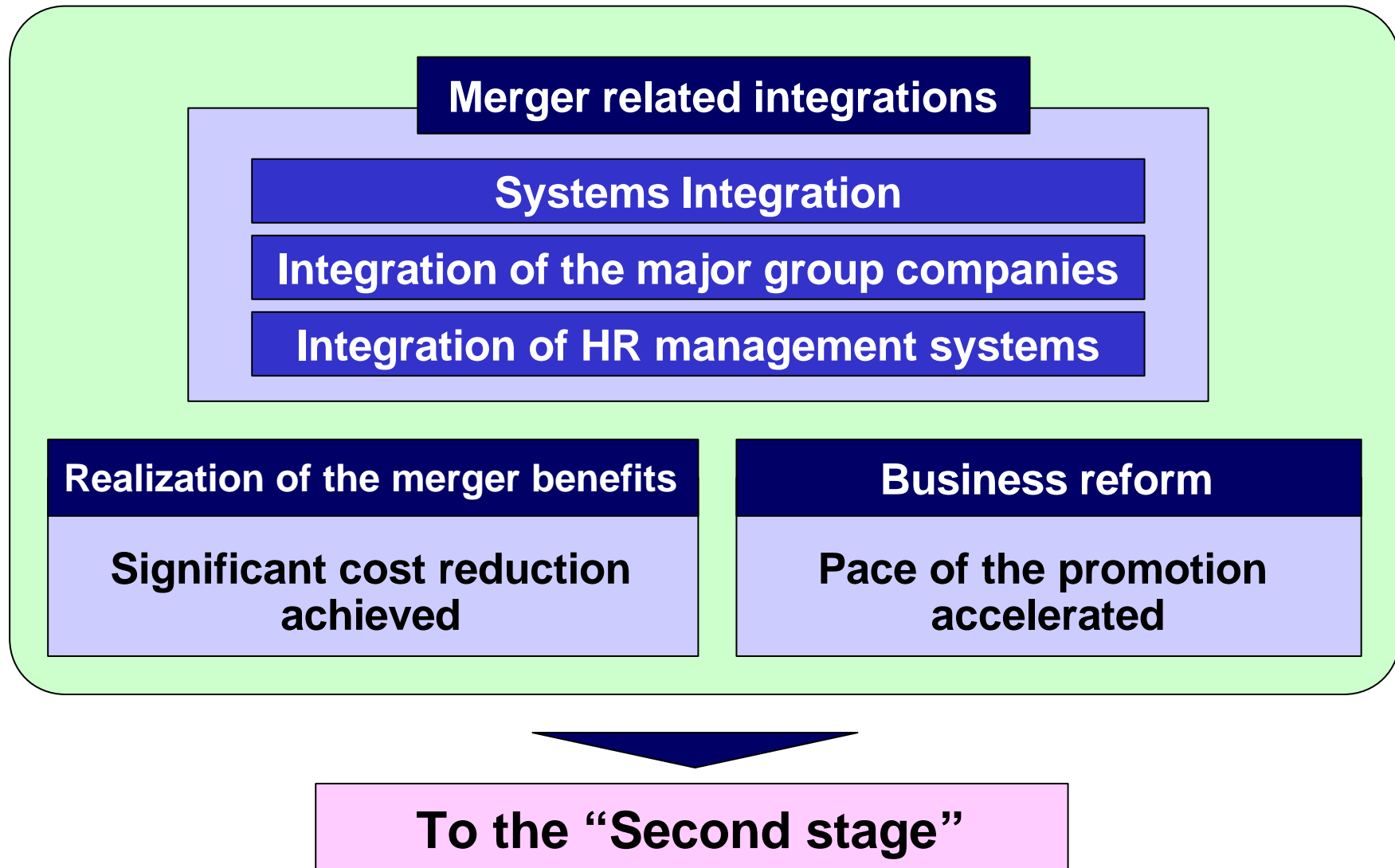
Reexamination of
domestic
lending practices

Consumer Banking
Business

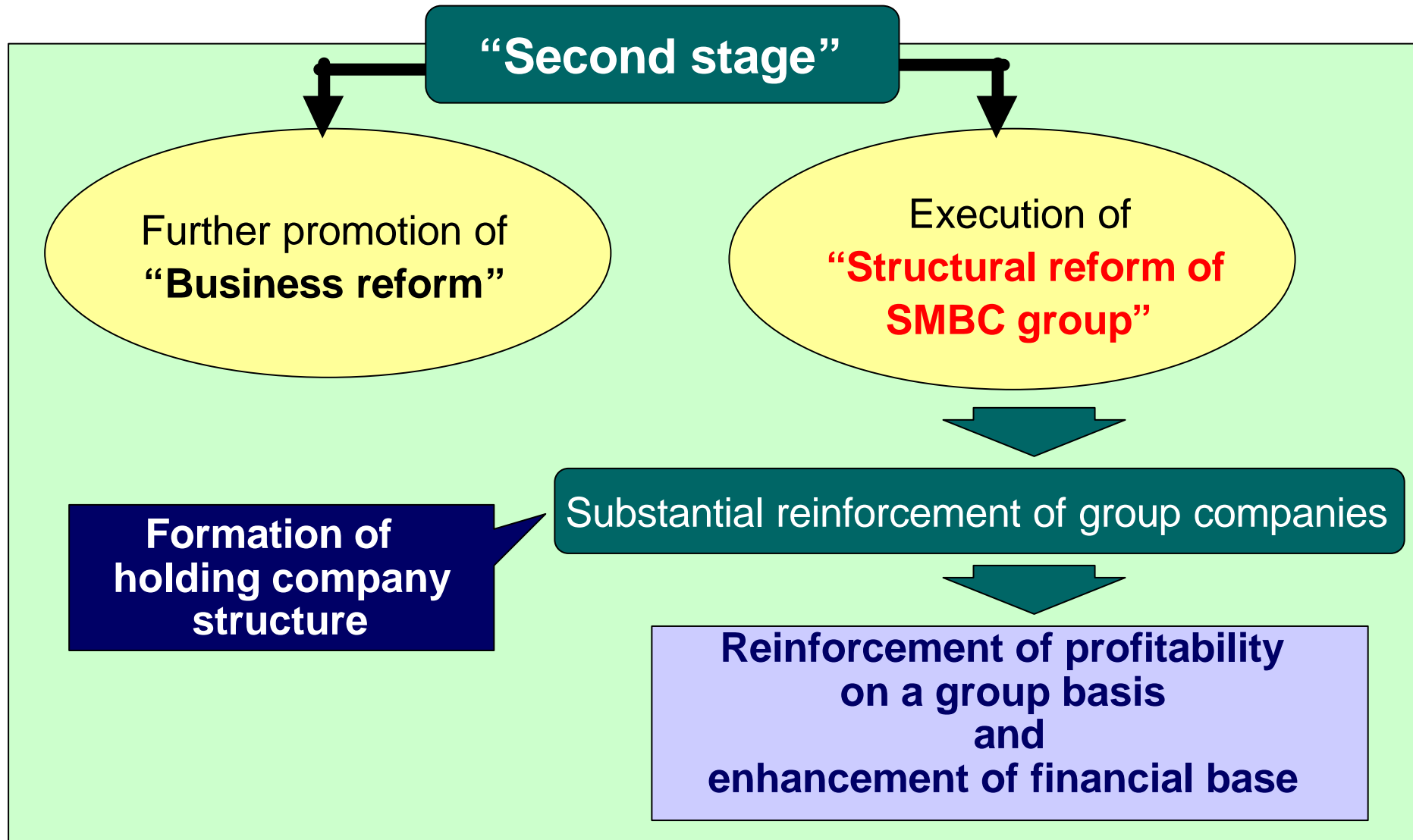
Change the “mass-retail”
business into
bigger profit center

Pace of promotion accelerated

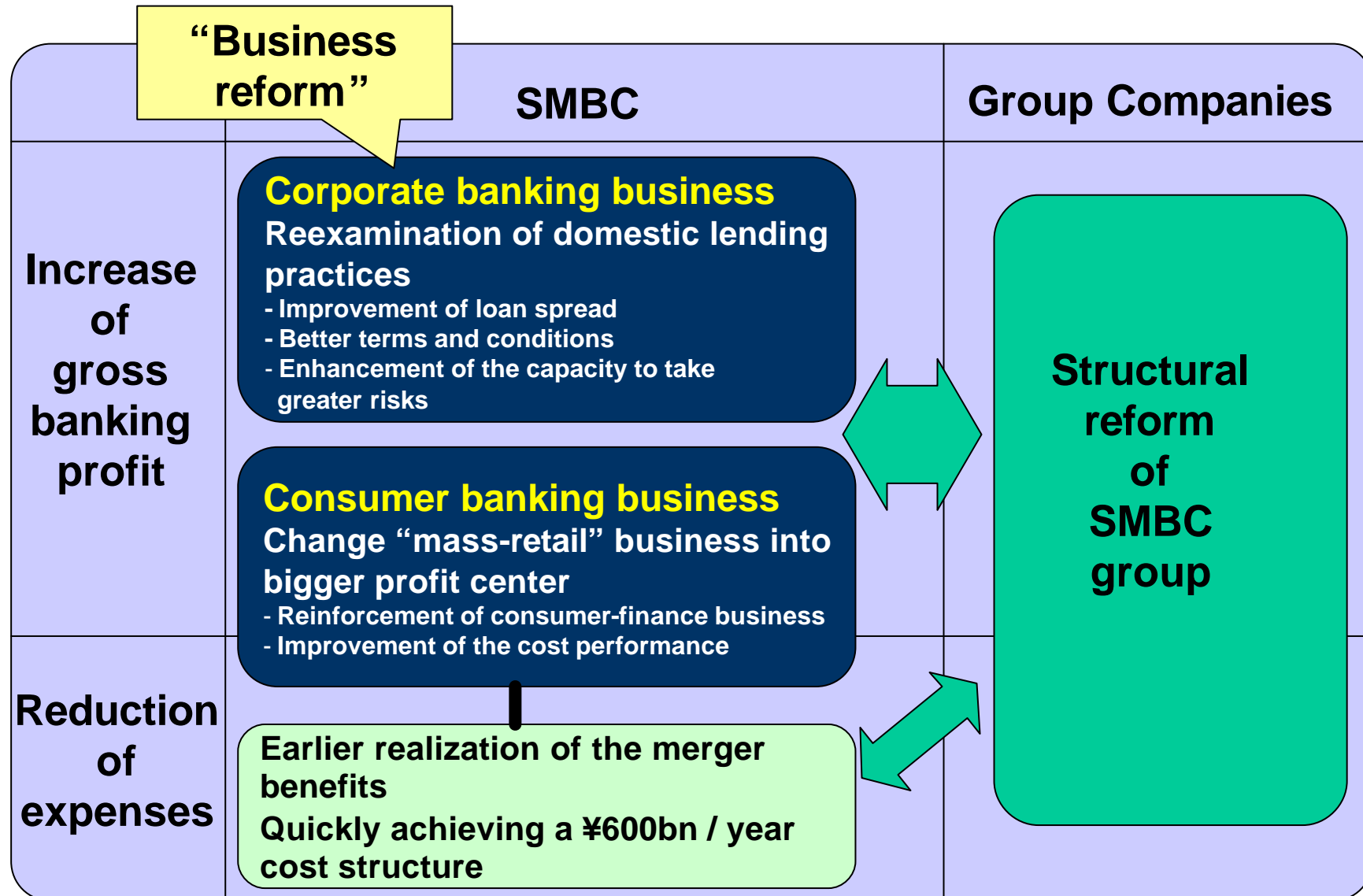
From the “First stage” to the “Second stage”



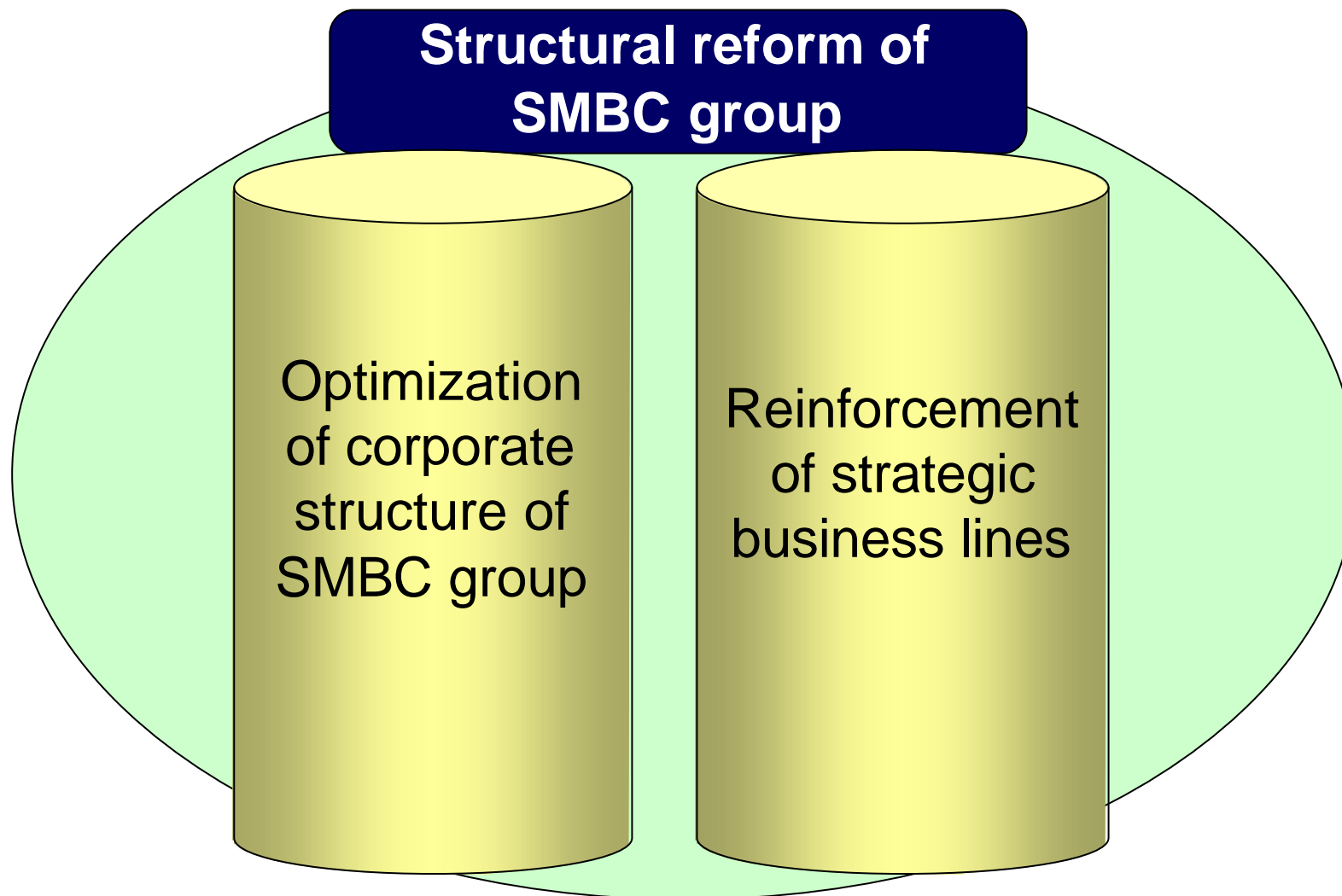
“Second stage”: Two Actions



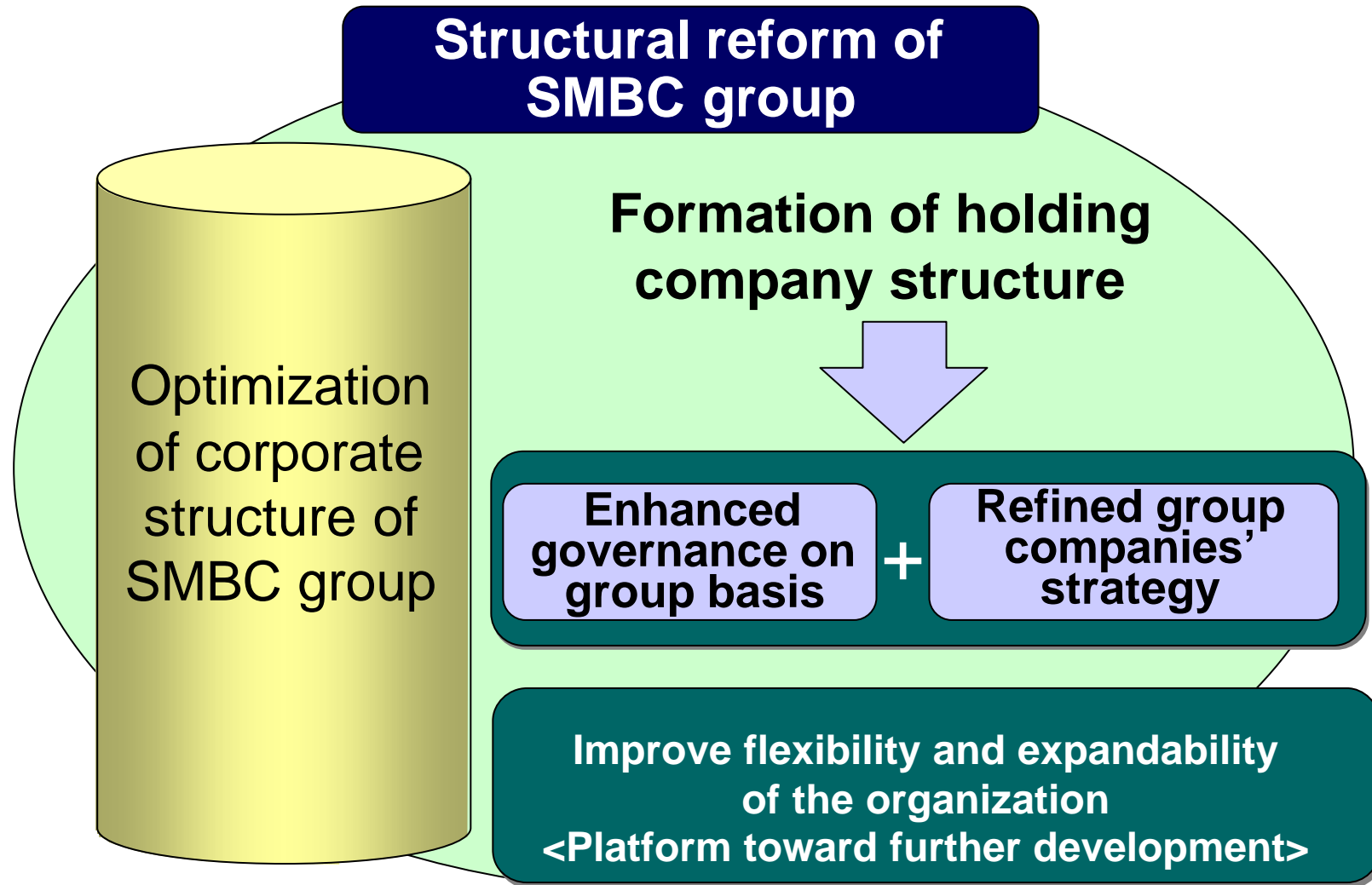
Two Actions: Actions to Reinforce Profit Structure



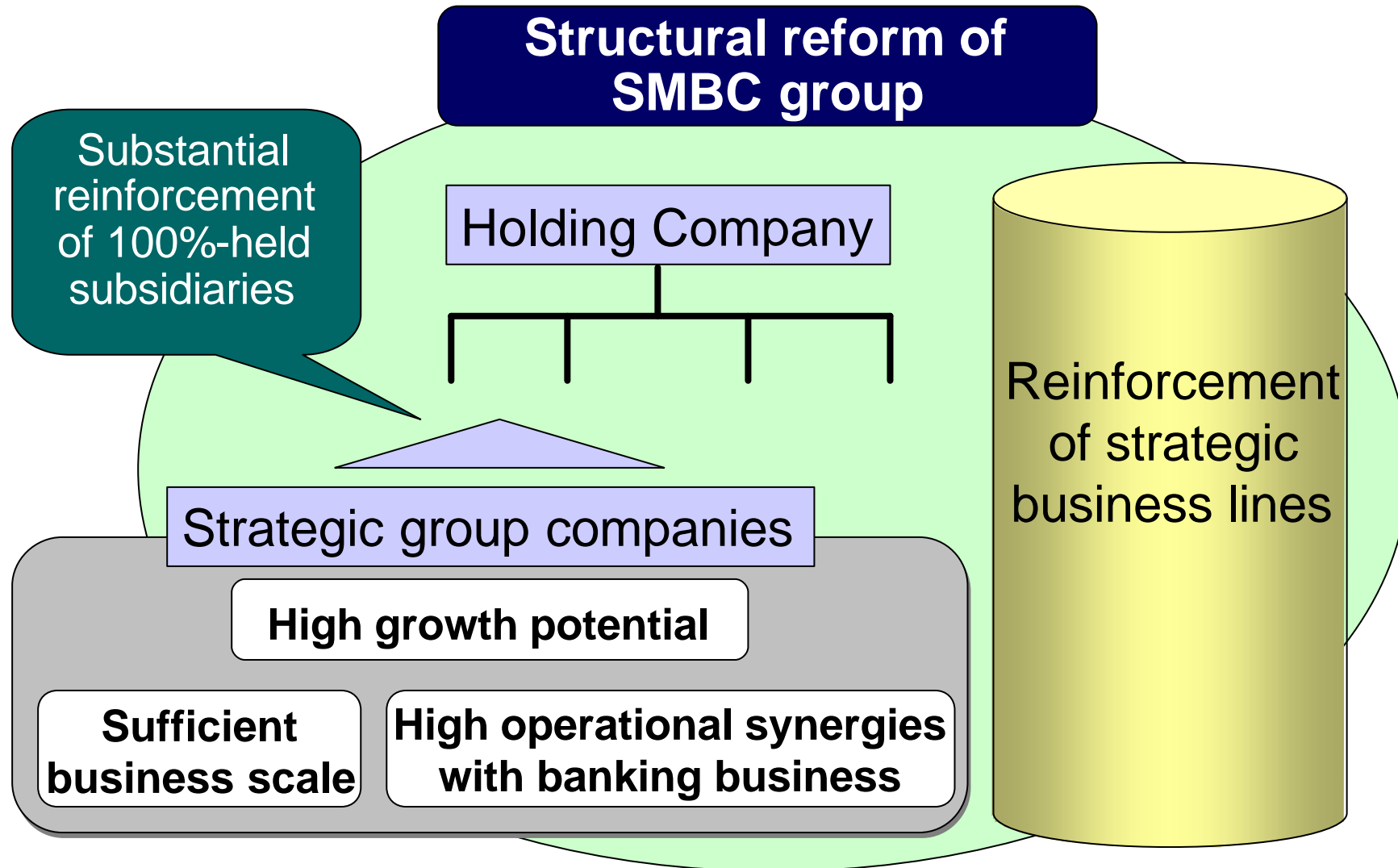
Structural Reform of SMBC Group: Two Cores



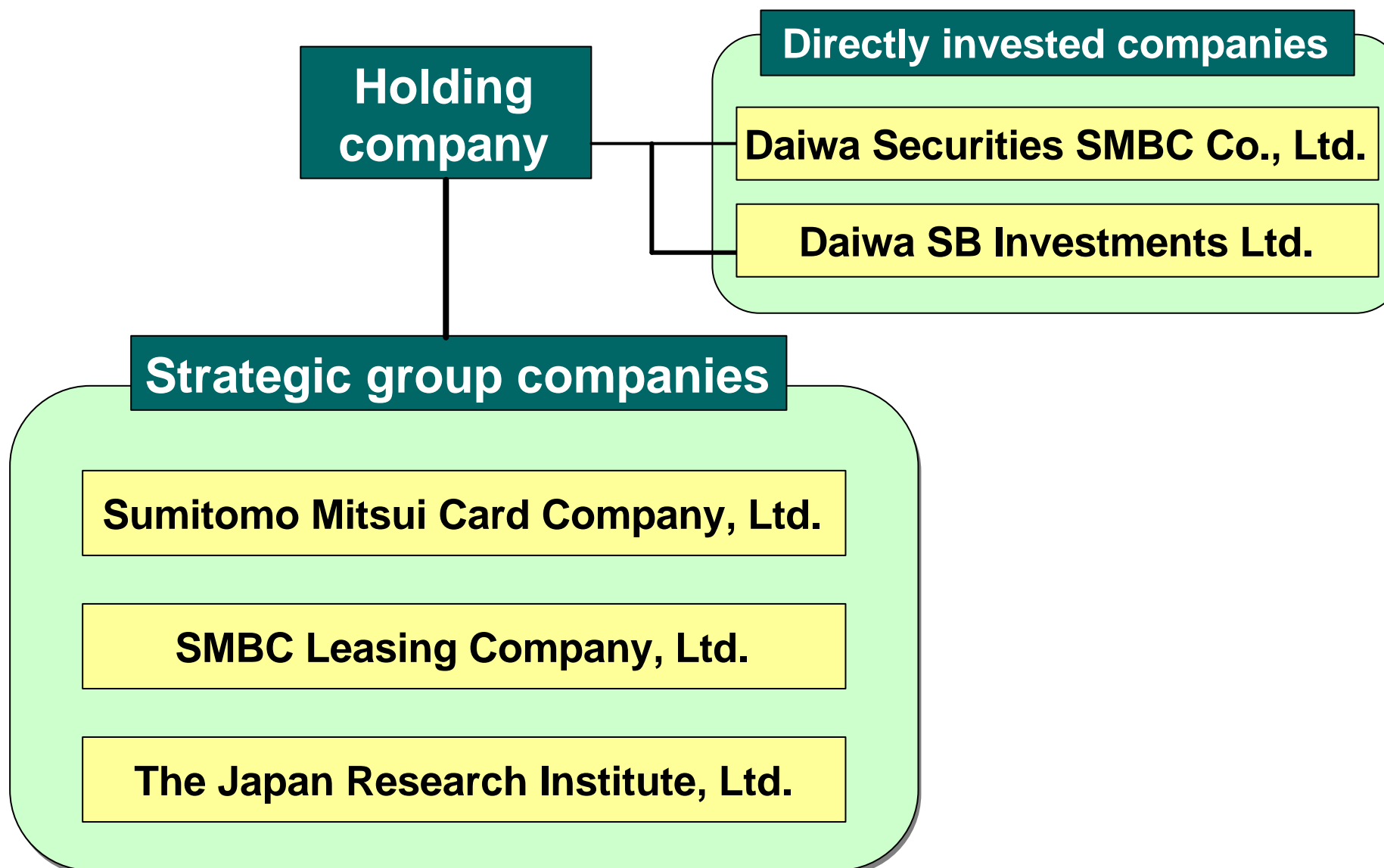
Optimization of Corporate Structure of SMBC Group



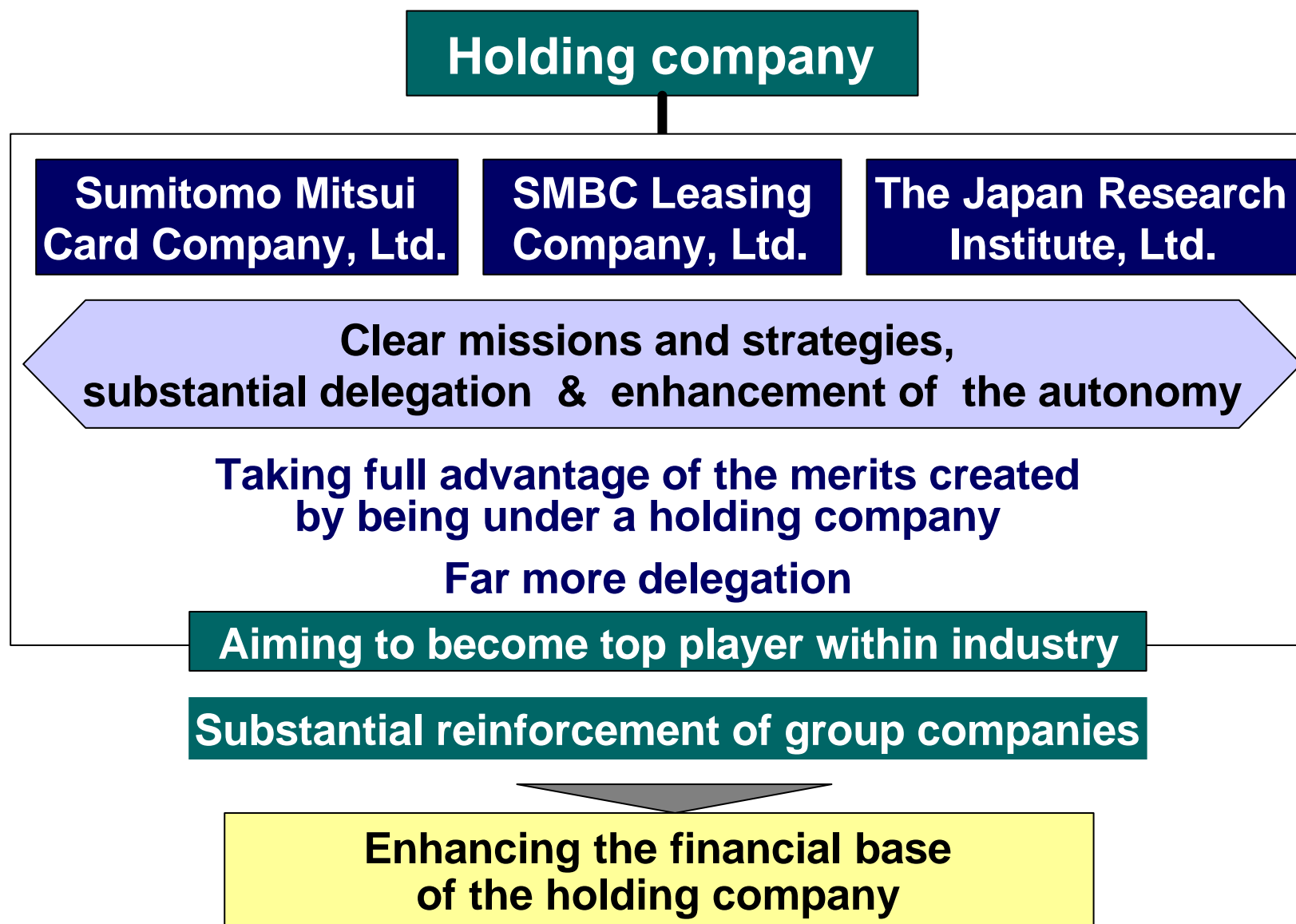
Reinforcement of Strategic Business Lines



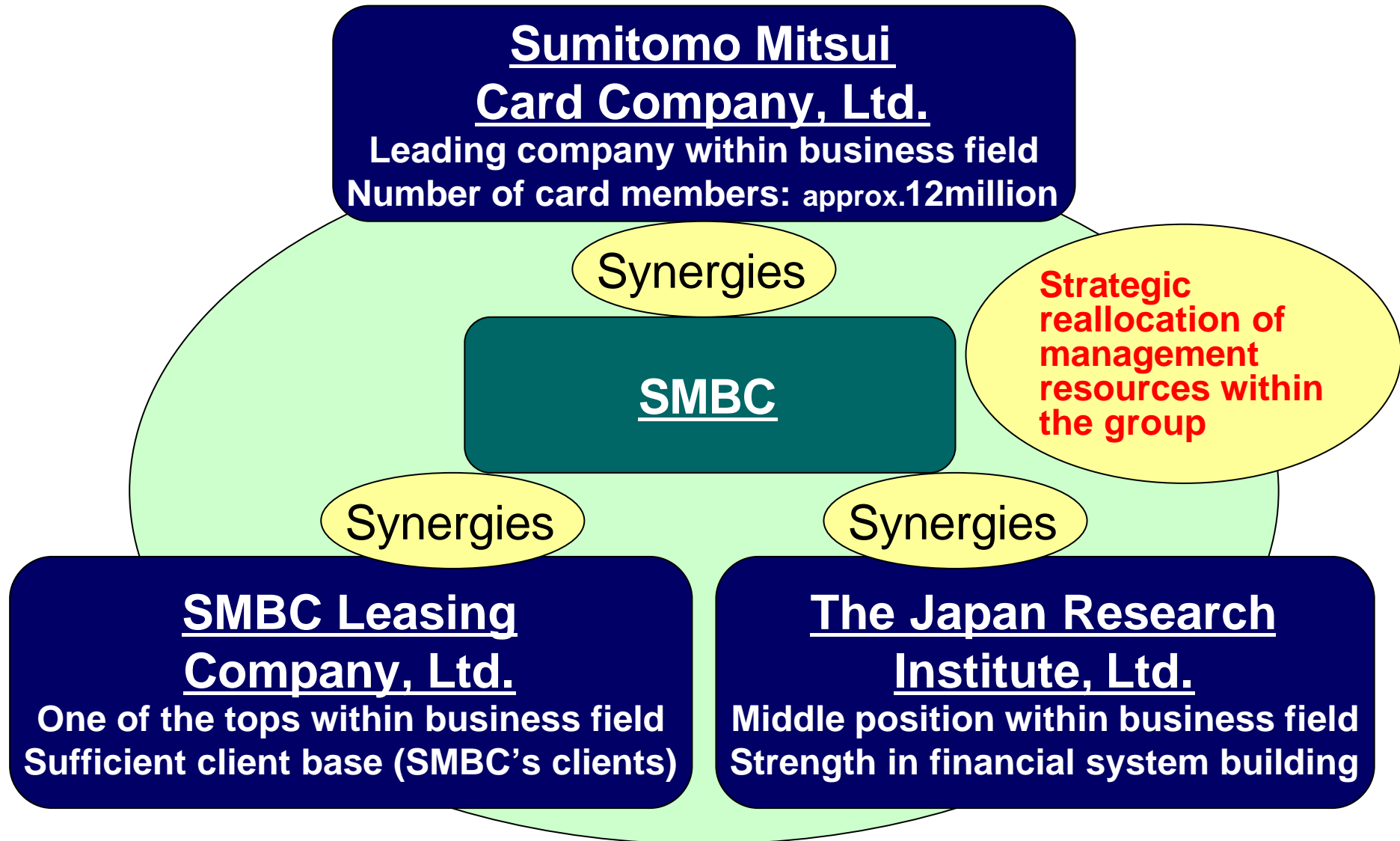
Strategic Group Companies



Substantial Reinforcement of Group Companies



Substantial Reinforcement <Overview>



Substantial Reinforcement <Detailed Measures>



Sumitomo Mitsui Card Company, Ltd. (SMCC)

Utilize 'business scale'

- Greater promotion
- Application of existing membership network
- Improvement of productivity of back office

Collaboration with SMBC

- Cross-selling of products
- Common line-up of services for both customers
- Joint promotion
- Strengthening consumer financing

SMBC Leasing Company, Ltd. (SMBCL)

Penetration into new businesses

- Exploitation of new business fields (operating lease etc.) through alliances and M&As

Collaboration with SMBC

- Strengthening sales to SMBC's clients

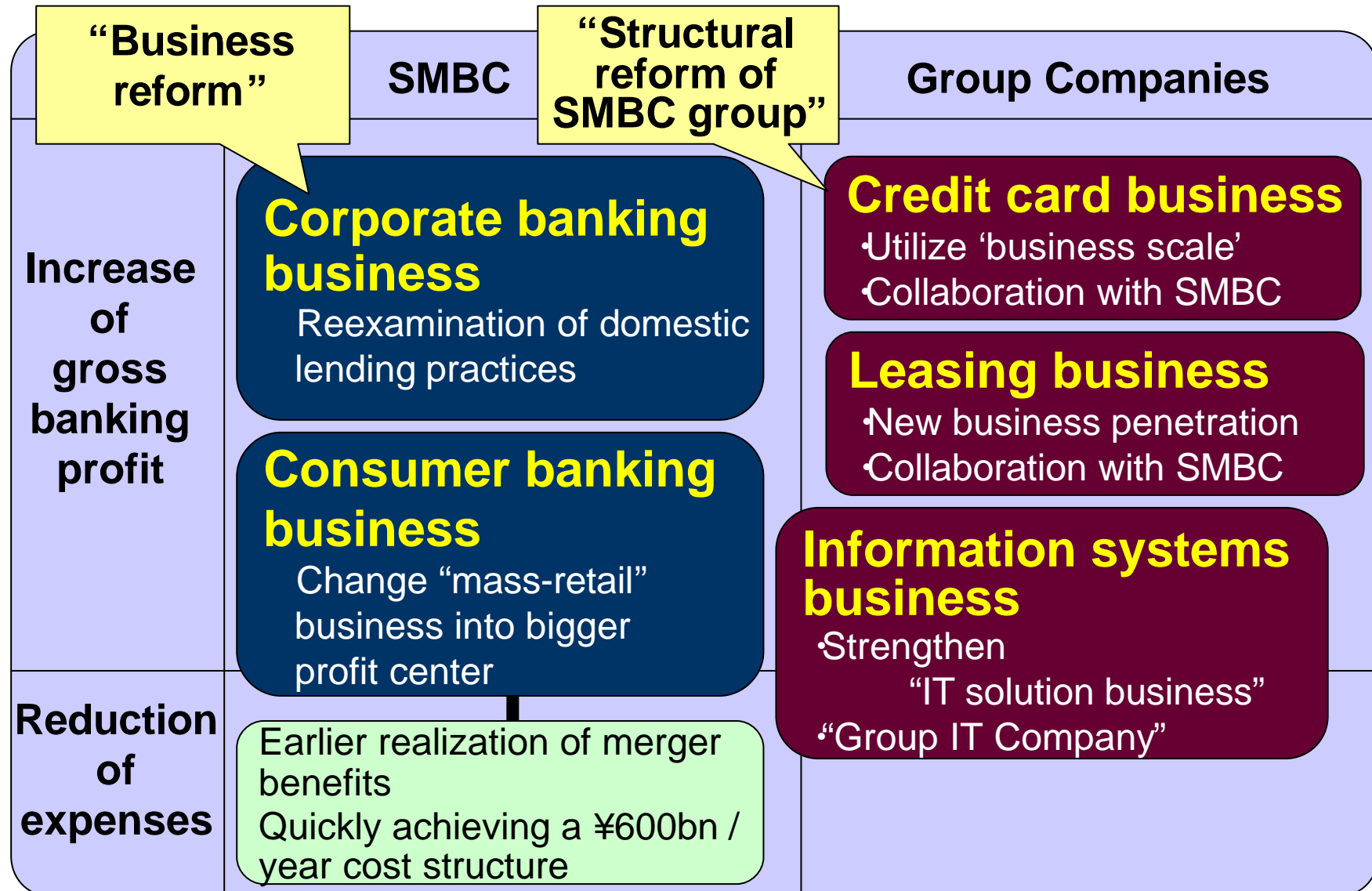
The Japan Research Institute, Ltd. (JRI)

"IT solution business"

- Reinforcement of alliances with third-party systems contractors

"Group IT Company"

Two Actions: Actions to Reinforce the Profit Structure



Benefit of “Structural Reform of SMBC Group”



Substantial reinforcement of 3 group companies

Operational synergies within the group

3 group companies

Enhancement of the earning power : More than twice as much net profit in total of these three companies within coming 3 years (FY 2002 target: ¥17bn)

Bank

Increase of gross banking profit through cross-selling of products, joint promotion etc.

Optimization of corporate structure of SMBC group

(Formation of the holding company structure etc.)

Risk control

Holding company : Improvement of financial flexibility and stability

Reallocation of the management resources

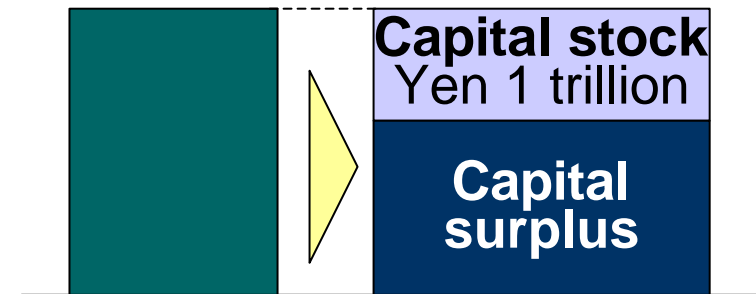
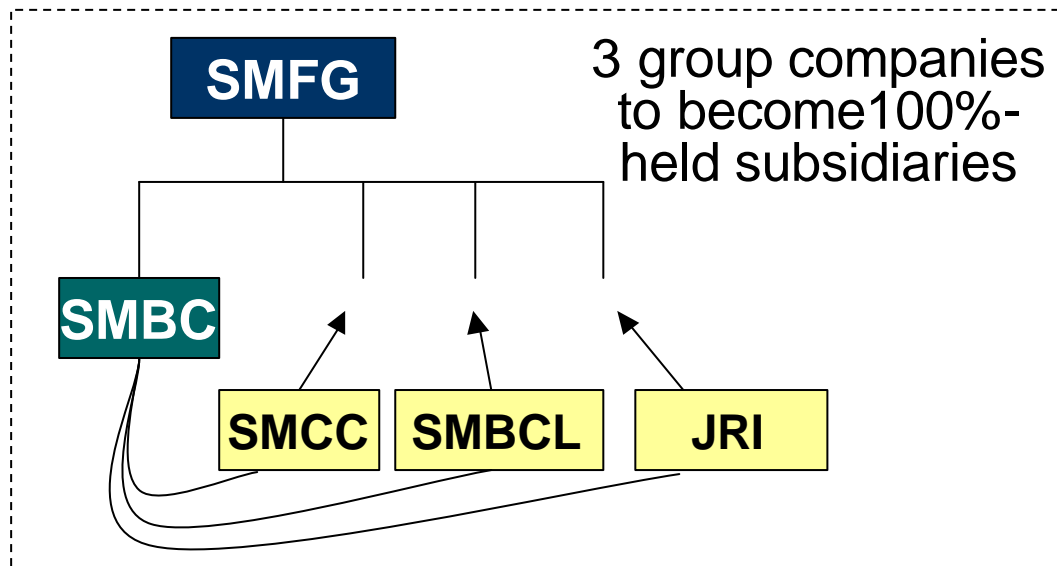
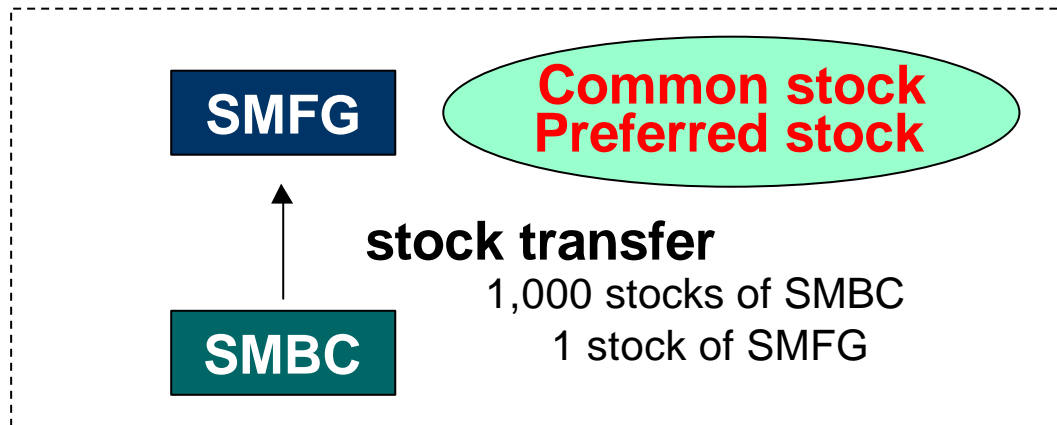
Improve profitability through optimal reallocation of management resource within the group

Flexibility and expandability of the organization

Improve group companies' capacity for future business expansion

Process to Form the Holding Company Structure

Sumitomo Mitsui Financial Group, Inc. (SMFG)



Net assets
of SMBC

Capital
structure
of SMFG

At the time of stock
transfer

Directors & Corporate auditors

Chairman of the Board: Akishige Okada

(concurrently serving as Chairman of the Board of SMBC)

President and CEO: Yoshifumi Nishikawa

(concurrently serving as President and CEO of SMBC)

Directors: 8

(including Chairman, President and 2 outside directors)

Corporate Auditors: 5

(including 3 outside corporate auditors)

Date of establishment: Dec.2, 2002 (scheduled)

Stock transfer on Dec.1, 2002 (scheduled)



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.