

October 18, 2001

**Merrill Lynch
Japanese Banks & Financial
Services Conference**

Yoshifumi Nishikawa
President & Chief Executive Officer



SMBC SUMITOMO MITSUI
BANKING CORPORATION

Agenda

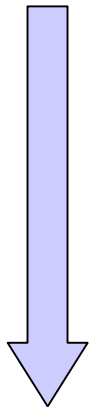


- 1. Progress on post-merger management**
- 2. Actions for realizing merger benefit**
- 3. Actions for reducing risks**

Path to sustainable growth



Short term



Reinforce new franchise

Absorbing realized risks **by realizing & faster
larger merger benefit**

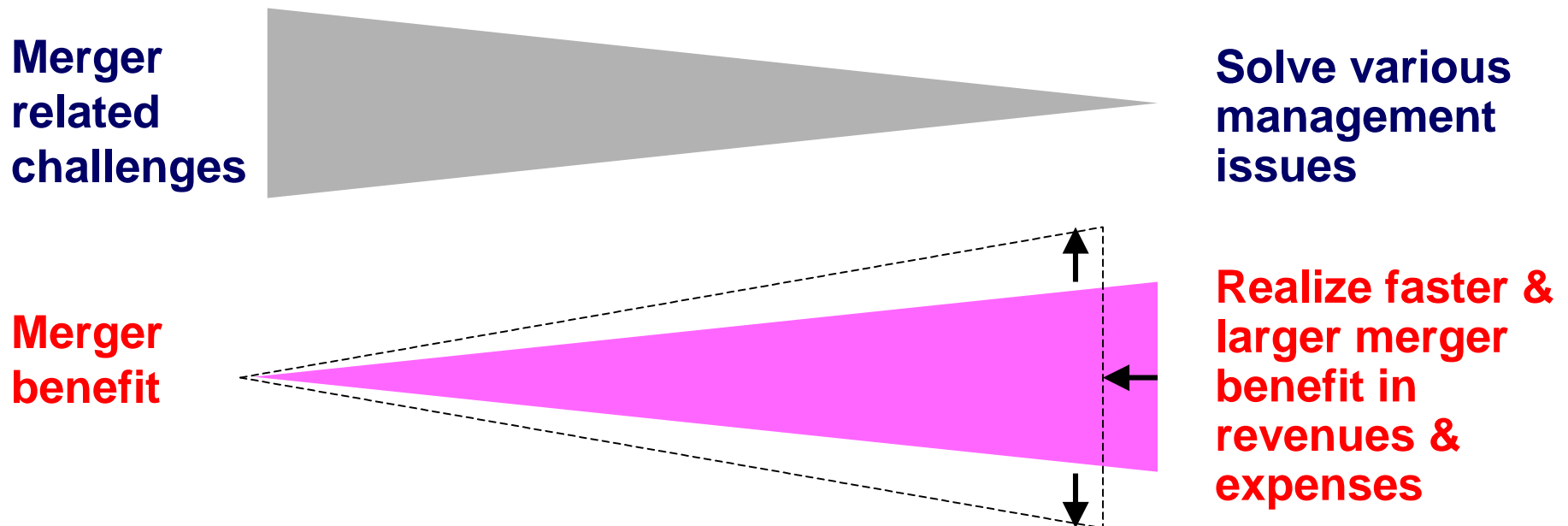
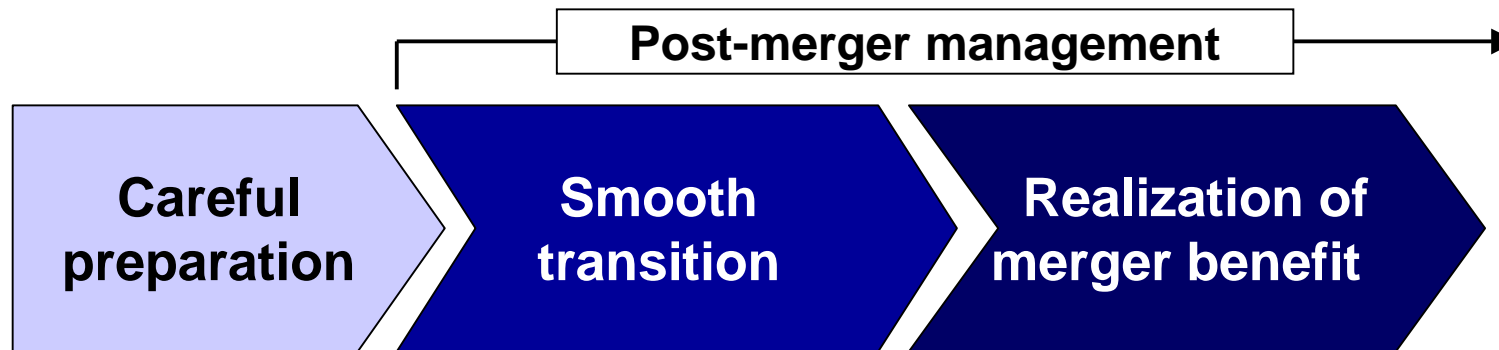
Reduction of risks (credit risk, stock market risk)

Long term

Fully exploit the opportunities provided by
the change in economic structure

Keep changing ourselves
to fit the changes in environment

Overview of post-merger management

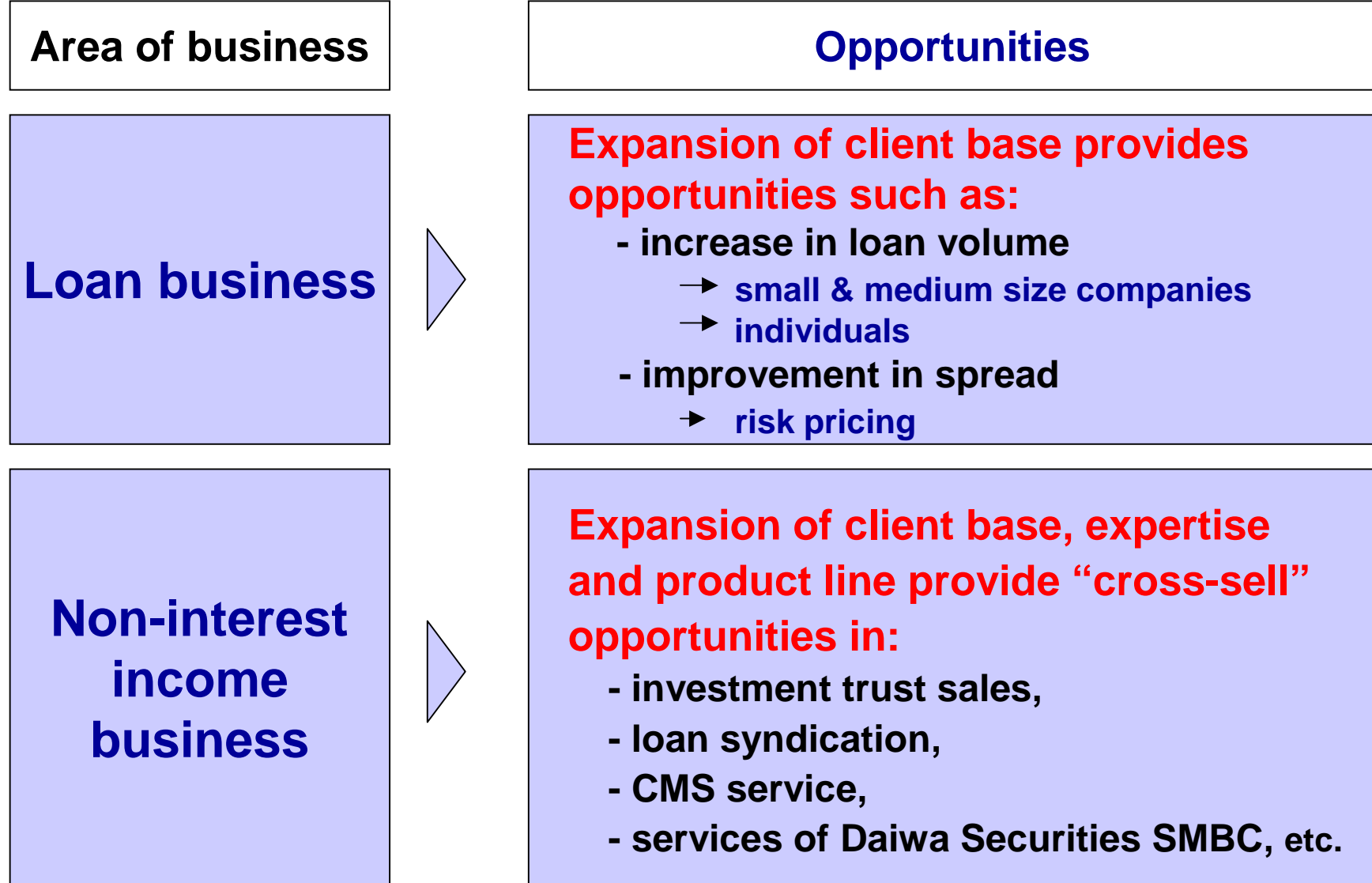


Merger-related challenges and our actions



Management issue	Example of challenges & our actions
HR management	Fusion of cultures: One performance measurement system, one reporting line
System integration	Maintenance of quality of services: No delay is expected (July 2002 cut over) Customer base actually expanding
Brand positioning	Establishment of SMBC brand: Common brand strategy on a group basis
Integration of group companies	Realization of faster merger benefit: Integration of strategic group companies almost completed

Business opportunities as a merger benefit



Further rationalization as a merger benefit



Item	Major actions in original plan
Personnel expense	Reduction of 4300 employees (Mar. 2001 – Mar. 2004)
Non-personnel expense	Reduction of 108 duplicated branches (Mar. 2001 – Mar. 2004)
IT-related expense	Realize savings, make new strategic investments → Constant at Y100bn/year
Impact on P/L	Y48bn of net annual cost reduction (FY2004 vs. FY2001)

Current economic environment: possible negative impact on banking profit



[Mid-term plan submitted to the government (Dec. 2000)]

(billions of yen)

		FY1999		FY2004		5-year change	parent gross profit	parent expense	group co's profit
			weight		weight				
Marketing Units	Consumer	20	3%	248	22%	+ 228	+ 136	+ 28	+ 64
	Middle Market	348	44%	546	47%	+ 198	+ 157	+ 21	+ 20
	Corporate	115	15%	140	12%	+ 25	+ 25	0	0
	International	38	5%	63	5%	+ 25	+ 19	+ 6	0
	marketing units total	521	66%	997	86%	+ 476	+ 337	+ 55	+ 84
	Treasury	271	34%	169	15%	-102	-102	0	0
	Others	-4	0%	-16	-1%	-12	-36	-7	+ 31
Consolidated Banking Profit		788	100%	1,150	100%	+ 362	+ 199	+ 48	+ 115



No signs of quick economic recovery

Zero-interest rate policy will be kept for the time being



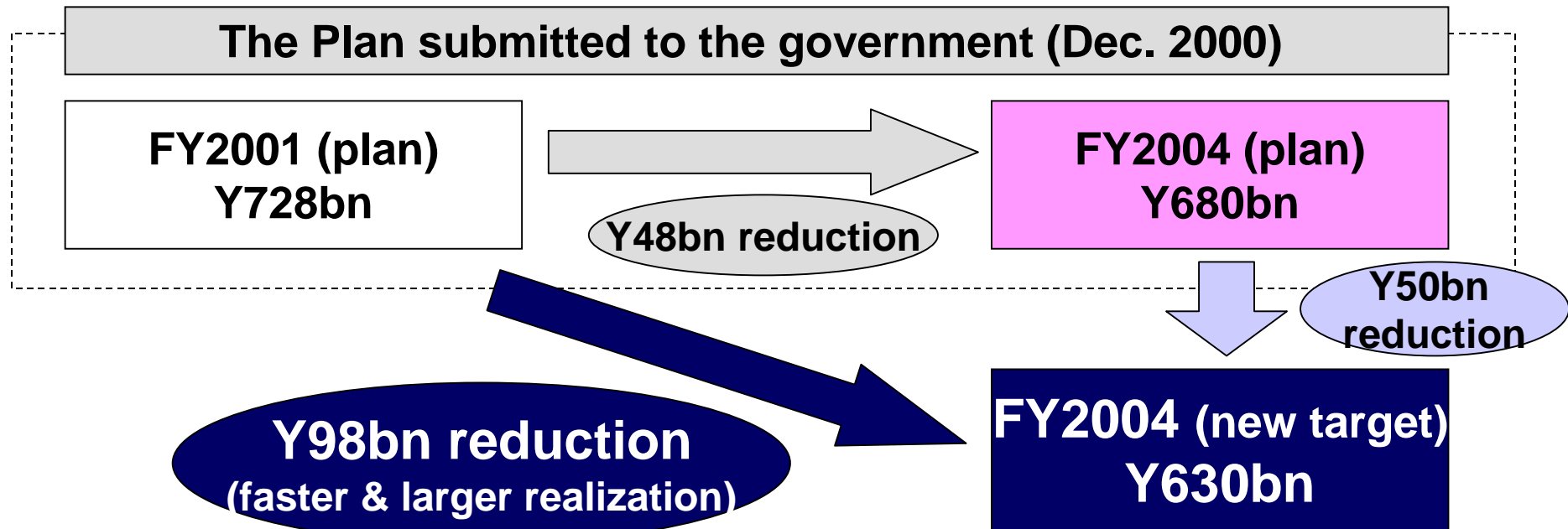
Negative impact on banking profit

Decrease in interest income of marketing units



our actions...

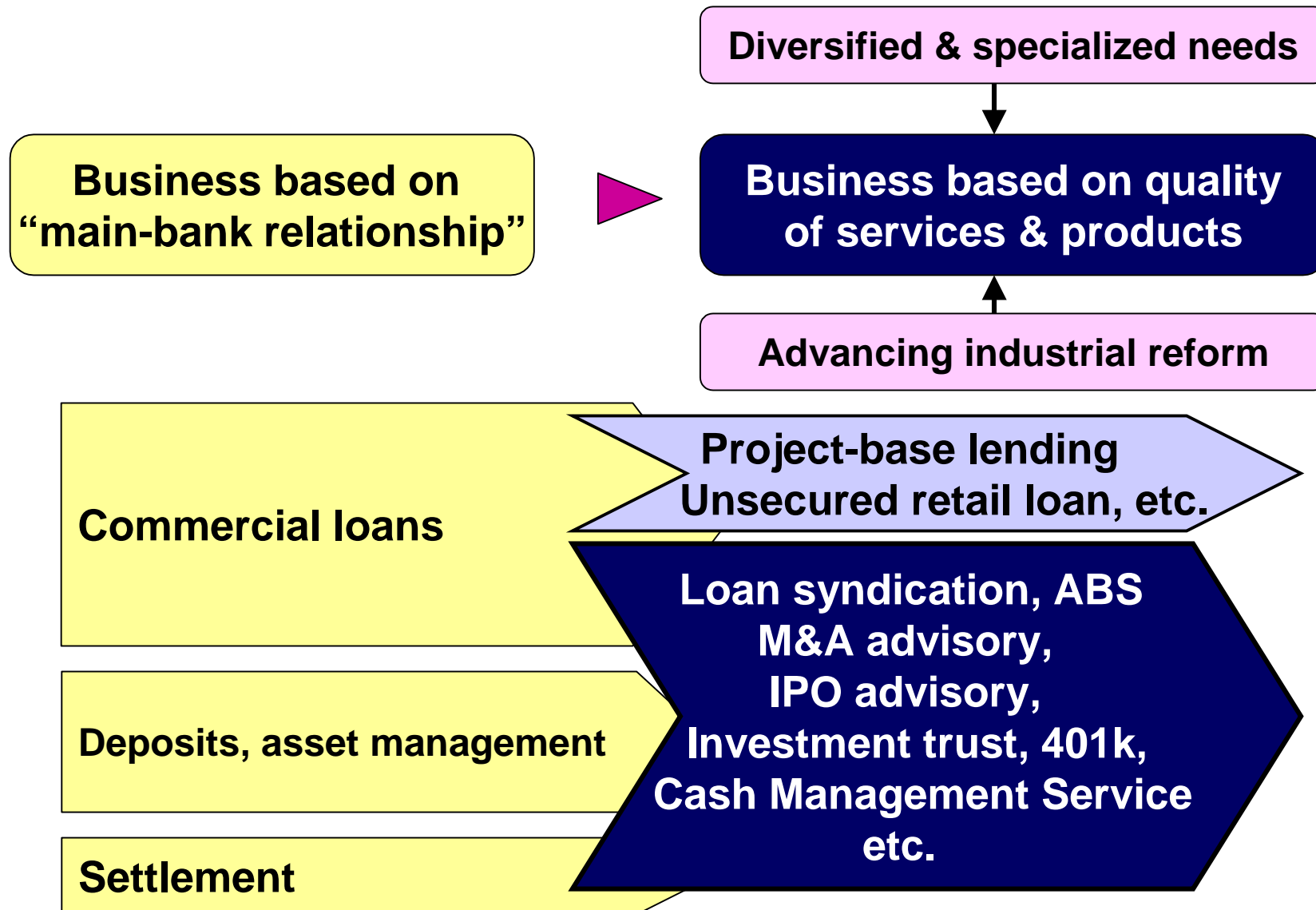
Our action: faster & larger realization of merger benefit in cost competitiveness



Additional measures

- (1) Further rationalization of delivery channels
- additional reduction in branch network
- (2) Corporate-wide business process reengineering
- (3) Acceleration and deepening of reduction in non-marketing staff by restructuring of headquarter operation

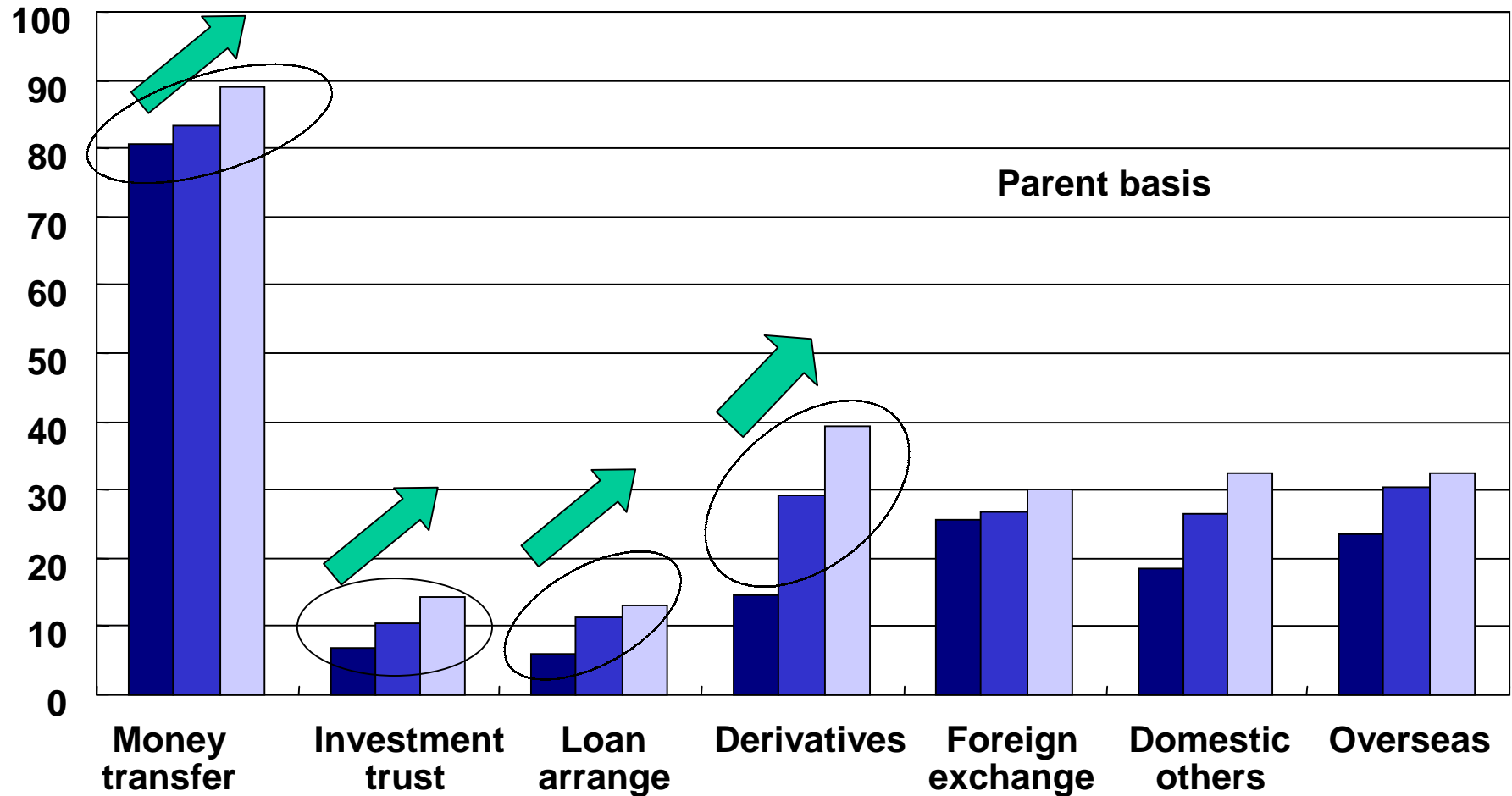
Current economic environment: possible positive impact on banking profit



Our action: strengthen non-interest income business



Billions of yen

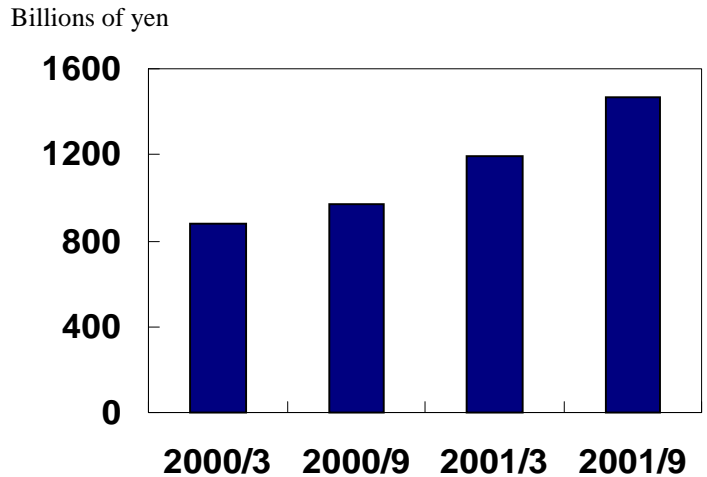


FY1999 actual
 FY2000 actual
 FY2001 plan

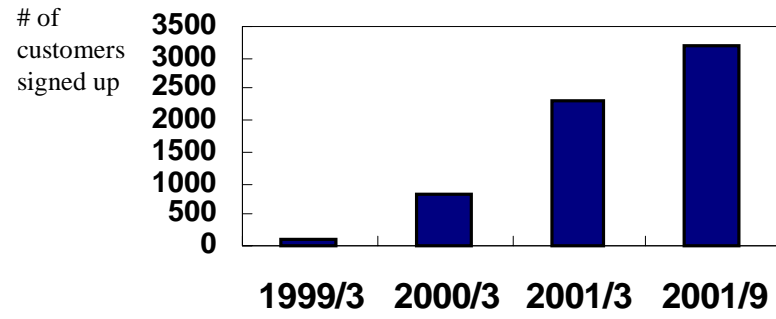
Non-interest income businesses: recent development



Balance of investment trust sales

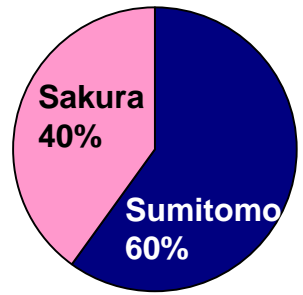


Cash Management Service “Perfect”

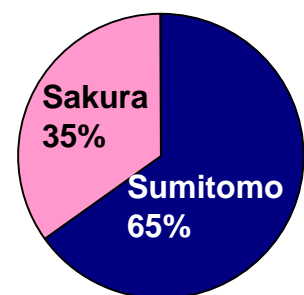


Joint work with Daiwa Securities SMBC (Composition of number of deals from former Sumitomo clients and Sakura clients)

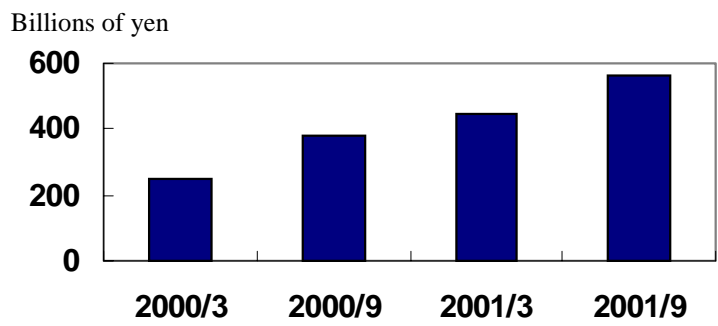
M&A



Debt underwriting



Balance of stock related investment trust sales



Former Sumitomo Clients
 Former Sakura Clients

(source: Daiwa Securities SMBC 1st Q. of FY2001)

Reduction of risks in loan portfolio

**Avoid or minimize
potential credit cost**

measures

- Reduction of exposure
- Support revitalization through
M&A
corporate split
divestiture
debt-equity swap
debt forgiveness, or mix of above

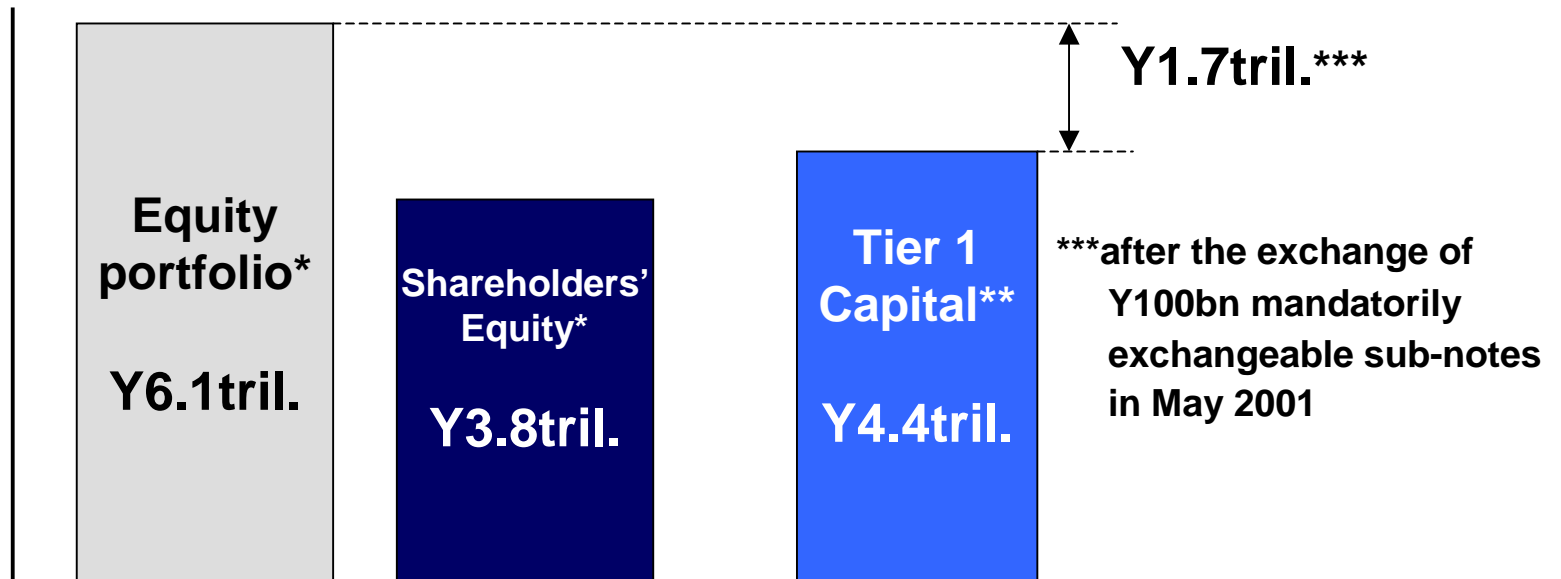
Reduction of risks in equity portfolio



**Need for reduction in stock market risk
Change in relationship with corporate clients**



**Reduction of equity portfolio at least
to the level of shareholders' equity**



*parent basis,
equity portfolio
excludes shares
of subsidiaries
and affiliates

**consolidated
basis



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.