



SMFG SUMITOMO MITSUI
FINANCIAL GROUP

ANNUAL REPORT
2003

YEAR ENDED MARCH 31, 2003

SUMITOMO MITSUI FINANCIAL GROUP
SUMITOMO MITSUI BANKING CORPORATION

Our Mission

The Groupwide management philosophy is as follows:

- To provide optimum added value to our customers and together with them achieve growth
- To create sustainable shareholder value through business growth
- To provide a challenging and professionally rewarding work environment for our dedicated employees

Profile (as of March 31, 2003)

Company Name:	Sumitomo Mitsui Financial Group, Inc.	Capital Stock:	¥1,247.7 billion
Head Office:	1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-0006, Japan	Business Description:	Management of the affairs of subsidiaries and relevant ancillary functions
Chairman of the Board:	Akishige Okada (Concurrent Chairman of the Board at Sumitomo Mitsui Banking Corporation)	Stock Exchange Listings:	Tokyo Stock Exchange (First Section) Osaka Securities Exchange (First Section) Nagoya Stock Exchange (First Section)
President & CEO:	Yoshifumi Nishikawa (Concurrent President and CEO at Sumitomo Mitsui Banking Corporation)		

Shares Issued and Outstanding:	Type 4 Preference Shares (2nd series):	4,175	Type 4 Preference Shares (8th series):	4,175
Ordinary Shares:	Type 4 Preference Shares (3rd series):	4,175	Type 4 Preference Shares (9th series):	4,175
Type 1 Preference Shares:	Type 4 Preference Shares (4th series):	4,175	Type 4 Preference Shares (10th series):	4,175
Type 2 Preference Shares:	Type 4 Preference Shares (5th series):	4,175	Type 4 Preference Shares (11th series):	4,175
Type 3 Preference Shares:	Type 4 Preference Shares (6th series):	4,175	Type 4 Preference Shares (12th series):	4,175
Type 4 Preference Shares (1st series):	Type 4 Preference Shares (7th series):	4,175	Type 4 Preference Shares (13th series):	115,000

Credit Ratings

Credit ratings for applicable companies within SMFG as of July 31, 2003 are as follows:

● Sumitomo Mitsui Banking Corporation			● Sumitomo Mitsui Card Company, Limited			● SMBC Leasing Company, Limited		
	Long-term	Short-term		Long-term	Short-term		Long-term	Short-term
Moody's	A3	P-1	JCR	A+	J-1+	JCR	A-	J-1
S&P	BBB	A-2						
Fitch	BBB+	F2						
R&I	A	a-1						
JCR	A+	J-1+						

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Please check the websites of Sumitomo Mitsui Financial Group and Sumitomo Mitsui Banking Corporation for the latest information on items displaying this mark.

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. Important factors that might cause such a material difference include, but are not limited to, those economic conditions referred to in this material as assumptions.

In addition, 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.

Sumitomo Mitsui Financial Group, Inc.

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August 2003



As the founding executives of Sumitomo Mitsui Financial Group, Inc. (SMFG), we are pleased to present to you the first annual report of SMFG following its inception in December 2002. We aim to provide complete disclosure as part of our mission to enhance shareholder value, and hope that you will gain a greater understanding of our ongoing initiatives.

While we undertook drastic measures to reduce our risks from stock price fluctuations and nonperforming loans, we regretfully posted noticeable red ink in our consolidated accounts.

Although the business conditions remain severe, SMFG is totally committed to harnessing all the strengths of the companies within our new group structure to achieve significant synergies that surpass their collective whole. Thus, we will be able to provide products and services with greater value added than ever before, meeting our customers' exacting needs and thereby enjoying greater trust and support. With this commitment, we pledge to remain focused on satisfying the high expectations of all our stakeholders.

We look forward to your continuing support and encouragement as SMFG takes bold and firm steps toward a future of reinvigorated development and prosperity.

August 2003

Akishige Okada
Chairman of the Board

Yoshifumi Nishikawa
President and Chief Executive Officer

President's Message

SMFG's First Year in Review

1. Organizational Restructuring

As a positive statement of our swift and solid progress in reaping the synergies from business consolidation at Sumitomo Mitsui Banking Corporation (SMBC) through IT systems integration and an enhanced earnings and cost structure, in December 2002 we attained a significant milestone by establishing the holding company, Sumitomo Mitsui Financial Group, Inc., after which SMBC became a wholly owned subsidiary under its umbrella. As part of the ongoing Groupwide reorganization, in February 2003 we reached another landmark as Sumitomo Mitsui Card Company, Limited, SMBC Leasing Company, Limited, and The Japan Research Institute, Limited became wholly owned subsidiaries alongside SMBC. Continuing into March, SMBC merged with THE WAKASHIO BANK, LTD., formerly a wholly owned subsidiary of SMBC, to strengthen services to small and medium-sized companies and individuals, and to fortify the core capital base and earnings capability of the whole Group.

2. Ongoing Achievements

The global operating environment was challenging with the stagnant US economy and the uncertainties surrounding the inevitable war with Iraq from autumn 2002 onward; and domestically we witnessed further hardship with sluggish domestic demand, slower exports and reduced public spending. Last October, the Japanese government instigated the so-called "Comprehensive Measures to Accelerate Reform," and a "Program for Financial Revival." Under such a background, we at SMFG bolstered our financial position through a significant reduction in cross-shareholdings and problem assets, and raised our core capital.

In our constant quest for improvement, we reduced our cross-shareholdings by over ¥1 trillion and optimally utilized the merger between SMBC and Wakashio Bank to offset significant unrealized losses on securities held. To deal with the ongoing issue of problem loans, we established last December the Asset Restructuring Unit to execute revitalization and work-outs on existing problem borrowers, in line with the basic concept of the Program for Financial Revival. Moreover, we raised our core capital by approximately ¥500 billion through a private placement and a public offering in order to cushion ourselves adequately even under potentially stressed scenarios, and to bolster our future earnings. Regarding the accounting of deferred tax assets, we took the strong lead and adopted a more conservative assessment of future taxable income referring to the public comments from the Chairman of the Japanese Institute of Certified Public Accountants and recognized a conservative amount of deferred tax assets which can be absorbed as scheduled based on our profitability.

We regret the short-term decline in SMFG's share price at the end of fiscal 2002, which was by a more-than-expected margin than the impact of the dilution effect from the capital raising. But, against the market tide, we shored up our financial base through the above proactive measures, and anticipate a recovery of market confidence in our stock valuation in the near future, as a result of an enhancement in profitability and our ongoing achievements.

Key Issues for Fiscal 2003

In fiscal 2003, the banking industry will continue to face enormous challenges. However, we at SMFG boast a steady earnings increase and a much stronger financial foundation, thereby allowing us to continue to post even greater profits, while continuing to contain our operating costs.

1. Improvement in Asset Quality

Our decisive actions center on: reducing the risks from stock price fluctuations, and dealing resolutely with non-performing assets.

In the last fiscal year, we reduced our shareholdings by approximately ¥2 trillion, and even in fiscal 2003 we will effect further sales, including ¥700 billion worth of stock with client consent. For our nonperforming loans, we bolstered the provisions for potential risks by increasing the reserve ratios through the application of the discounted cash flow method and others, and in preparation for increases in credit cost from the progress of restructuring in large-scale borrowers' businesses in fiscal 2002; in fiscal 2003 we will enforce our initiatives for revitalization and work-outs. Since last December, the Asset Restructuring Unit has been put to work in earnest, and in collaboration with external specialists, we will fully utilize quasi government organizations such as the Industrial Revitalization Corporation of Japan, and the Resolution and Collection Corporation to put our assets in order. In the Middle Market Banking Unit and the Corporate Banking Unit, we will prevent a further deterioration in asset quality by formulating and executing action plans for designated borrowers, and creating incentive programs for our marketing force through the higher weighting of work-outs in performance evaluations. Therefore, by the end of fiscal 2003, we anticipate a significant reduction in problem assets and a corresponding fall in credit costs.

2. Further Enhancement of Earnings

Last fiscal year, fee-based income in our corporate banking business was solid, while increased earnings from foreign currency ALM contributed by our Treasury Unit resulted in our showing a banking profit of over ¥1 trillion for the second consecutive year. In fiscal 2003, as our commitment, we will achieve our banking profit of ¥1 trillion: while we expect a moderate decline in contribution from the Treasury Unit, we aim to bolster the earnings from all our marketing units

through high earnings business models and streamlined operations. In addition to banking profit, we aim to secure and expand the level of net income in fiscal 2003.

In corporate banking business, we will improve the risk-return profile of our loan portfolio through continuous efforts for reexamining our domestic lending practices, and through extension and expansion of risk-taking loan products for medium and small corporations. While we originated new loans worth over ¥1.2 trillion in risk-taking products including the *Business Select Loan*, in fiscal 2003 we are targeting ¥2.3 trillion in new originations by further expanding the *Business Select Loan* and by focusing more on medium-sized companies, whose demand for loans is relatively large scale. To that end, this year we will continue to reform our credit approval system by revamping our screening processes and establishing a more efficient and effective risk-taking structure. Also, we shall expand fee-based business, primarily through loan syndication.

In consumer business, the Group commands significant competitive advantages in marketing investment trusts and pension-type insurance, and home mortgages. In these fields, we will strengthen our initiatives further, and establish new business models through value added consulting services. Also, as attractive areas, we shall promote payment and settlement services, including remote banking, and consumer loans on a Groupwide basis.

As a result of accomplishing as fully-integrated domestic accounting system, we now boast a streamlined network of branches, and have achieved far greater cost efficiency. In addition to the effect from the momentum generated last year, in fiscal 2003 we will reorganize IT systems within the Group, further enhance the efficiency of branches and administrative functions all the more, and rationalize further through ongoing measures, such as reassessing procurement practices for supplies. Our original goal of having an annual cost structure of ¥600 billion at SMBC will be achieved within fiscal 2003, a full year ahead of schedule.

We shall continue the collaboration of Group companies including SMBC, and reap significant synergies. We shall combine mutual services and products, such as SMBC's "One's plus" with Sumitomo Mitsui Card, and the "Select Lease," the collaborative product provided at the Business Support Offices of SMBC with SMBC Leasing. Also, we have integrated the systems development function for SMBC at Japan Research Institute, and shall further reinforce and streamline systems capabilities of the whole Group. Through such steadfast initiatives, we shall raise the earnings potential Groupwide by capitalizing on the intrinsic strengths of each Group company.



In Closing

With the objective of maximizing SMFG's net worth within the coming two years, we will devote ourselves to expanding our business further. Looking ahead, for SMFG I have set our top priorities, to: "solidify our financial foundation," "establish business models with high earnings potential" and "secure and expand net income."

All of us at the Group stand united in our total commitment to and dedication in realizing significant results, thereby raising the net worth for our shareholders and gaining positive valuations from the markets. We respectfully continue to seek your valued support and guidance as SMFG takes a firm leap toward an era of great prosperity.

Yoshifumi Nishikawa
President and Chief Executive Officer
Sumitomo Mitsui Financial Group, Inc.

August 2003



SUMITOMO MITSUI BANKING CORPORATION

Sumitomo Mitsui Banking Corporation (SMBC) was established in April 2001 through the merger of The Sakura Bank, Limited and The Sumitomo Bank, Limited. In December 2002, Sumitomo Mitsui Financial Group, Inc. was established through a stock transfer as a holding company, under which SMBC became a wholly-owned subsidiary. In March 2003, SMBC merged with THE WAKASHIO BANK, LTD.

SMBC boasts a number of competitive advantages, including a strong customer base, the quick implementation of strategies, and an extensive lineup of financial products that leverage the expertise of strategic Group companies in specialized areas. As a pivotal member of SMFG, SMBC works closely with other Group companies to offer customers highly sophisticated, comprehensive financial services.

Business Profile:

- Deposit-taking
- Lending
- Trading securities
- Investment in securities
- Domestic exchange
- Foreign exchange
- Financial futures trading on customers' accounts
- Corporate bond trustee services
- Other services ancillary to the above



Company Name: Sumitomo Mitsui Banking Corporation
Business Profile: Banking
Establishment: June 6, 1996
Head Office: 1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo
President & CEO: Yoshifumi Nishikawa
Employees: 24,024 (as of March 31, 2003)

Network: (as of June 30, 2003)

Domestic:	1,412 locations*	Overseas:	37 locations
Branches	466	Branches	20
(including 28 specialized deposit account branches)		Subbranches	3
Subbranches	103	Representative offices	14
Agencies	2		
Offices handling nonbanking business	9		
Automated service centers	832		

*Excluding the number of ATMs installed at corporate client facilities and convenience stores

Consolidated

Year ended March 31	Billions of yen		
	2003	2002	2001
For the Year:			
Total income	¥ 3,561.8	¥ 3,809.1	¥ 4,501.2
Income (loss) before income taxes and minority interests	(542.7)	(604.3)	405.5
Net income (loss)	(429.4)	(463.9)	132.4
At Year-End:			
Total stockholders' equity	¥ 2,142.5	¥ 2,912.6	¥ 4,013.0
Total assets	102,394.6	108,005.0	119,242.7

Notes: 1. Figures for the year ended March 31, 2001 are combined figures for Sakura Bank and Sumitomo Bank.
 2. Figures for fiscal 2001 are those for SMBC, and include its then consolidated subsidiary, Wakashio Bank.

www.smbc.co.jp/global/





SUMITOMO MITSUI CARD COMPANY, LIMITED

Sumitomo Mitsui Card Company, Limited was established in December 1967 as The Sumitomo Credit Service Company, Limited. As the pioneer in the issuance of the Visa Card in Japan after starting operations in June 1968, it has been supported by many customers and continues to hold the leading position in the domestic card industry. Its name was changed to Sumitomo Mitsui Card Company, Limited in April 2001 at the same time as the birth of the Sumitomo Mitsui Banking Corporation. In July of that year, the company integrated the Visa and MasterCard opera-

tions of Sakura Card Co., Ltd., making it one of the largest card companies in Japan. In February 2003, the company became a member of SMFG. It is expected to play a major role as one of the strategic businesses of the Group.

Sumitomo Mitsui Card is making strenuous efforts to be a world-leading card company, providing customers with the most convenient and user-friendly card services.

Business Profile:

- **Credit card services**

Issuance of cards; shopping services; settling accounts with affiliated merchants

- **Credit finance**

Loans to members; cashing services; revolving/installment payments; loan guarantee business

- **Sales promotion**

Issuance of gift certificates; other services for members and affiliated merchants

- **Ancillary businesses**

Payment collection agency services; clerical work service provider (card issuance, invoicing members, settlement of accounts of other cards)



Company Name: Sumitomo Mitsui Card Company, Limited
Business Profile: Credit card services
Establishment: December 26, 1967
Head Office:
 Tokyo Head Office: 5-2-10, Shimbashi, Minato-ku, Tokyo
 Osaka Head Office: 4-5-15, Imahashi, Chuo-ku, Osaka
President & CEO: Michiyoshi Kuriyama
Employees: 1,687 (as of March 31, 2003)

▶ www.smbc-card.com



★ Currently available in Japanese only

Year ended March 31	Billions of yen		
	2003	2002	2001
For the Year:			
Revenues from credit card operations	¥3,035.5	¥2,813.1	¥2,469.5
Operating revenue	122.1	116.4	101.6
Operating profit	16.0	9.6	14.8
At Year-End:			
Number of cardholders (in thousands).....	12,118	11,708	8,464
Number of merchant outlets (in thousands)...	2,699	2,531	2,383



SMBC LEASING COMPANY, LIMITED

SMBC Leasing Company, Limited specializes in leasing for corporate customers' large-scale capital investment needs. SMBC Leasing has earned an excellent reputation by providing tailor-made solutions to customers through the effective use of the Internet. The company combines a broad spectrum of products such as leasing of overseas facilities, leasing of eco-friendly equipment, Internet leasing and sales-type leasing. SMBC Leasing is also actively promoting its "Select Lease," designed for responding promptly to the

needs of small and medium-sized businesses, as well as its rental business focused on IT-related equipment.

In recent years, the extremely fast pace of technological progress and the need for companies to greatly improve efficiency have made leasing, from the perspective of corporate management strategy, an effective option for plant and equipment investment. As a pioneer and industry leader, SMBC Leasing seeks to ensure consistently higher levels of quality in the services it provides.

Business Profile:

- **Corporate leasing**
Leasing to meet companies' domestic and overseas capital investment needs
- **Sales-type leasing and product leasing**
Leasing sales promotion tools for manufacturers and dealers
- **Internet leasing**
Effective leasing over the Internet
- **Select Lease**
Speedy leasing to small and medium-sized businesses
- **Leasing of eco-friendly equipment**
Leasing through a tie-up with companies providing energy conservation services
- **Car leasing**
Car leasing through SMBC Auto Leasing Company, Limited
- **Rental business**
Renting personal computers and other IT equipment



Company Name: SMBC Leasing Company, Limited
Business Profile: Leasing
Establishment: September 2, 1968
Head Office:
 Tokyo Head Office: 3-9-4, Nishishimbashi, Minato-ku, Tokyo
 Osaka Head Office: 3-10-19, Minamisenba, Chuo-ku, Osaka
President & CEO: Youhei Shiraga
Employees: 1,023 (as of March 31, 2003)

▶ www.smbcleasing.co.jp



★Currently available in Japanese only

Year ended March 31	Billions of yen		
	2003	2002	2001
Revenues from leasing operations	¥466.4	¥443.6	¥409.5
Operating revenue	515.0	479.0	470.0
Operating profit	20.4	16.9	16.4



The Japan Research Institute, Limited

The Japan Research Institute, Limited (JRI) is a “knowledge engineering” company that offers comprehensive high-value-added services, effectively combining the three functions of information systems integrator, consultant, and think-tank. Targeting customers in a wide range of sectors, the institute offers services such as the design and development of strategic information systems, and the provision of outsourced services. The institute particularly enjoys a high reputation in the development of financial systems. It is also active in research and analysis of

both domestic and overseas economies, formulation of policy recommendation and management innovation, and IT-related consulting. JRI also assists in the incubation of new markets and businesses.

In April 2003, SMBC's computer systems operation was transferred and integrated under the control of JRI. We intend to leverage the merits offered by SMBC's computer system resources, related expertise, and greater scale to enable us to provide still more sophisticated solutions and become the top player in this field.

Business Profile:

- **Computer systems development and information processing service**
Design and development of information systems; provision of outsourced services
- **Consulting business**
Consulting in the fields of management innovation and information technology

- **Think-tank services**
Economic analyses and strategy design; new business incubation



Company Name: The Japan Research Institute, Limited
Business Profile: Systems engineering, data processing, and management consulting and economic research
Establishment: November 1, 2002
Head Office:
 Tokyo Head Office: 16, Ichibancho, Chiyoda-ku, Tokyo
 Osaka Head Office: 1-5-8, Shimmachi, Nishi-ku, Osaka
President & CEO: Shunichi Okuyama
Employees: 2,513 (as of March 31, 2003)

▶ www.jri.co.jp/english/



Year ended March 31	Billions of yen		
	2003	2002	2001
Operating revenue.....	¥70.2	¥67.4	¥63.7
Operating profit.....	7.6	7.5	7.9

November 2002

- SMBC launches “One’s plus,” a new ordinary deposit with point-based benefits

December 2002

- Establishment of Sumitomo Mitsui Financial Group, Inc.

January 2003

- Agreements with Goldman Sachs that include investment by Goldman Sachs in SMFG convertible preferred stock

February 2003

- Sumitomo Mitsui Card, SMBC Leasing Company and the Japan Research Institute become wholly owned subsidiaries of SMFG

March 2003

- Strengthening of capital base through issuance of preferred stock
- Merger of former SMBC and Wakashio Bank
- Establishment of Sumitomo Mitsui Banking Corporation Europe in London
- Promotion of *Business Select Loan*

April 2003

- Further integration of the Group’s IT-related functions and resources

① SMBC launches a new ordinary deposit with points-based benefits

In November 2002, SMBC unveiled its new “One’s plus” ordinary deposit with point-based benefits. This is a completely new type of ordinary deposit that offers features unavailable in any other product.

The One’s plus deposit features a two-tiered system in which the interest rate depends on whether the balance is above or below ¥300,000. A passbook is optional.

One’s plus customers can use SMBC’s *One’s Direct* online service for 24-hour banking by telephone, or over the Internet.

Points can be earned according to the type of transaction, and accumulated One’s plus points can be converted into the *World Present* points of Sumitomo Mitsui Card Company, Limited, which can be exchanged for gifts or a VISA Gift Card.

One’s plus customers can apply for *One’s Quick* (Sumitomo Mitsui Card Loan) and use their cash card at ATMs outside of business hours free of charge (normally a ¥105 charge applies).

One’s plus customers can also use the *Life Event Service*: information and discounts on real estate transactions and ceremonial occasions offered in collaboration with Senyu Co., Ltd., a close affiliate of SMBC.

Through these services, SMBC promotes cross-selling of the Group’s mainstay offerings—*One’s Direct*, Sumitomo Mitsui VISA Card, and *One’s Quick* (Sumitomo Mitsui Card Loan)—thus expanding transactions. At the same time, SMBC is working to reduce costs by promoting the discontinued use of passbooks, and expanding remote operations.

In the future, the point system will be expanded to offer advantageous deposit and loan interest rates, and favorable bank transfer fees.



SMBC branch poster advertising “One’s plus”

② Agreements with Goldman Sachs that include investment by Goldman Sachs in SMFG convertible preferred stock

SMFG and The Goldman Sachs Group, Inc., have reached an agreement covering three areas: (1) investment by Goldman Sachs in convertible preferred stock issued by SMFG; (2) the provision by SMFG of credit loss protection to support Goldman Sachs' lending activities to U.S. and European customers; and (3) a broadening of business cooperation between the two institutions in Japan.

1. Capital raising through preferred stock

SMFG issued ¥150.3 billion in preferred stock subscribed solely by Goldman Sachs (issued on February 8, 2003).

(Certain Details of Preferred Stock)

- Preferred dividend rate: 4.5% per annum
- Conversion period: 25 years
- Mandatory conversion: 25 years after issuance
- Other conditions: Conversion restriction for the first two years and hedge restriction at least for the first two years

2. Provision of credit loss protection to support Goldman Sachs' lending activities

SMFG provides Goldman Sachs with an aggregate of up to \$1 billion in first loss protection to mitigate risks associated with extending credit to Goldman Sachs' U.S. and European investment-grade customers (rating of BBB or higher). SMFG also provides additional second loss protection up to an aggregate of \$1.25 billion to Goldman Sachs' medium-risk mezzanine customers (equivalent rating of BBB or higher). Fees charged for extending credit are based on the level of risk.

3. Business cooperation

SMFG and Goldman Sachs have agreed to expand their cooperative activities in Japan. The two institutions are working together on the disposition of SMBC's nonperforming assets and in other areas where Goldman Sachs' expertise can be of use.

③ Strengthening of capital base through preferred stock

SMFG has issued ¥345.0 billion of convertible preferred stock to an overseas special-purpose vehicle (SPV), which sold the mandatorily exchangeable preferred stock units (the "Units") to overseas investors.

Through this issuance, and the aforementioned issuance to Goldman Sachs, SMFG has raised a total of ¥495.3 billion in Tier I capital for SMFG, greatly reducing its exposure to potential risk.

(Certain Details of Preferred Stock)

- Preferred dividend rate: 2.25% per annum
- Issuance date: March 12, 2003
- Conversion period: April 14, 2003–July 12, 2005
- Other conditions:
 - Initial conversion price applicable to all conversions made before July 11, 2005
 - One-time downward reset of the conversion price (with floor) on July 11, 2005
- Mandatory exchange of the Units: The Units outstanding as of July 11, 2005 shall be mandatorily exchanged for SMFG's common stock

④ Merger between the former Sumitomo Mitsui Banking Corporation and Wakashio Bank

On March 17, 2003, Sumitomo Mitsui Banking Corporation (the former SMBC) merged with THE WAKASHIO BANK, LTD., with the latter as the surviving entity.

(Purposes of Merger)

1. Enhance financing for small businesses and individuals

Wakashio Bank offered an original business model based on highly professional services and know-how for low-cost operation, while the old SMBC's strengths were in its established brand power, ability to develop sophisticated financial services, nationwide network, and management infrastructure, including back office operations and systems. SMBC combines these attributes to provide higher value-added, convenient financial services to small businesses and individuals, especially in the Tokyo Metropolitan Area.

2. Strengthen financial base by reducing unrealized losses on stocks

Using the surplus created by the merger, the two banks greatly reduced unrealized losses on their securities portfolios. After writing off approximately ¥670 billion in unrealized losses in this way, SMBC will further reduce its stock price fluctuation risk. SMBC will not only meet equity-holding restrictions well before the effective date (September 2004), but also achieve a drastic reduction in risk from stock price fluctuations, which had been a major risk factor in banking operations.



⑤ Promotion of the *Business Select Loan*

SMBC's Middle Market Banking Unit focuses most of its efforts on providing loans to small and medium-sized companies.

March 2002 saw the full-scale launch of the *Business Select Loan*, a product designed specifically for small and medium-sized companies that allows qualified customers to borrow up to ¥50 million. Loan applications are processed rapidly and no collateral is required. To promote the *Business Select Loan*, SMBC engaged in a large-scale media campaign using television, radio, and newspapers. As a result, SMBC attracted more than 17,000 *Business Select Loan* customers by the end of March 2003, with a total loan balance in excess of ¥470 billion. About half of *Business Select Loan* users are first-time customers.

In addition to actively extending loans to small and medium-sized companies, SMBC is working to build a sound credit portfolio in other ways. These include developing a scoring system specifically for small and medium-sized companies, as well as monitoring the status of outstanding loans on a monthly basis.



TV commercial aired in February and March 2003: "Try SMBC."

The *Business Select Loan* is available via SMBC's Business Support Offices set up especially for small and medium-sized companies. (In areas without such offices, the product is handled by the Corporate Business Office.) SMBC has 47 Business Support Offices (as of March 31, 2003), staffed by 400 specialists to meet the diversified needs of customers. In addition, detailed information about the product and the nearest SMBC branch is available by telephone from our Business Promotion Office.

SMBC is building on its first-year success by further enhancing the attractiveness of the product. It will also strengthen the support network, covering Business Support Offices, the Corporate Business Office, and the Business Promotion Office to further improve services and contribute to the growth of small and medium-sized companies.

⑥ Further integration of the Group's IT-related functions and resources

Seeking to further raise efficiency among its Group companies, the SMFG has entrusted The Japan Research Institute, Limited (JRI), as its "Group IT Company" with core responsibility for information systems of the Group as a whole. In April 2003, SMFG centralized its IT systems as follows.

1. The systems planning, development, and data processing functions of SMBC were completely outsourced to JRI.
2. JRI accepted around 500 employees from the IT systems departments of SMBC, thus unifying the systems development function of the Group as a whole.
3. Management of Group IT-related orders was centralized, and systems-related resources within the Group are being incrementally transferred to JRI.

The new arrangement will facilitate a closer interaction among Group companies and reinforce the systems aspects of financial services provided by the Group, thus fostering a better response to customers' diversifying needs.

Financial Highlights

Sumitomo Mitsui Financial Group, Inc.

Consolidated

Year ended March 31	Millions of yen 2003
For the Year:	
Total income.....	¥ 3,518,293
Total expenses.....	4,109,207
Net income (loss).....	(465,359)
At Year-End:	
Total stockholders' equity.....	¥ 2,424,074
Total assets.....	104,607,449
Risk-monitored loans.....	5,770,700
Reserve for possible loan losses.....	2,243,542
Net unrealized gains (losses) on other securities.....	(30,643)
Capital ratio (BIS guidelines).....	10.10%
ROE.....	—%
PER (Times).....	—
Number of employees.....	42,996
Per Share (Yen):	
Stockholders' equity.....	¥106,577.05
Net income (loss).....	(84,324.98)
Net income — diluted.....	—

Note: The number of employees refers to full-time staff and includes locally hired overseas staff members but excludes employees temporarily transferred to other companies, temporary staff and part-time staff.

Nonconsolidated

Year ended March 31	Millions of yen 2003
For the Year:	
Operating income.....	¥ 131,519
Operating expenses.....	971
Net income.....	124,738
Capital stock.....	1,247,650
Number of shares issued	
Preferred stock.....	1,132,100
Common stock.....	5,796,000
At Year-End:	
Total stockholders' equity.....	¥3,156,086
Total assets.....	3,413,529
Capital ratio.....	92.46%
ROE.....	8.52%
PER (Times).....	11.21
Pay-out ratio.....	15.98%
Number of employees.....	94
Per Share (Yen):	
Stockholders' equity.....	¥231,899.30
Dividends:	
Common stock.....	3,000
Preferred stock (Type 1).....	10,500
Preferred stock (Type 2).....	28,500
Preferred stock (Type 3).....	13,700
Preferred stock (1st series Type 4).....	19,500
Preferred stock (2nd series Type 4).....	19,500
Preferred stock (3rd series Type 4).....	19,500
Preferred stock (4th series Type 4).....	19,500
Preferred stock (5th series Type 4).....	19,500
Preferred stock (6th series Type 4).....	19,500
Preferred stock (7th series Type 4).....	19,500
Preferred stock (8th series Type 4).....	19,500
Preferred stock (9th series Type 4).....	19,500
Preferred stock (10th series Type 4).....	19,500
Preferred stock (11th series Type 4).....	19,500
Preferred stock (12th series Type 4).....	19,500
Preferred stock (13th series Type 4).....	3,750
Net income.....	18,918.33
Net income — diluted.....	15,691.82

Note: All SMFG employees are on secondment assignment from SMBC.

Sumitomo Mitsui Banking Corporation

Consolidated

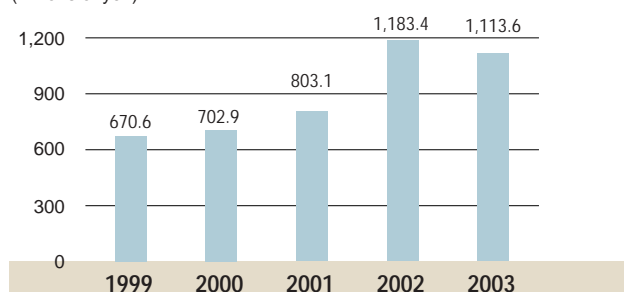
Year ended March 31	Millions of yen							
	2003	2002	2001		2000		1999	
For the Year:								
Total income	¥ 3,561,843	¥ 3,809,130	¥ 4,501,200	¥ 5,170,720	¥ 5,042,021			
Total expenses.....	4,104,514	4,413,469	4,095,685	4,828,078	6,507,309			
Net income (loss).....	(429,387)	(463,887)	132,408	124,456	(1,048,155)			
At Year-End:								
Total stockholders' equity	¥ 2,142,544	¥ 2,912,619	¥ 4,012,960	¥ 4,012,912	¥ 3,931,609			
Total assets.....	102,394,637	108,005,001	119,242,661	102,263,112	103,988,877			
Risk-monitored loans.....	5,683,134	6,484,367	3,256,418	3,864,758	4,107,498			
Reserve for possible loan losses.....	2,201,830	2,159,649	1,268,853	1,632,687	1,934,627			
Net unrealized gains (losses) on securities.....	(27,471)	(495,507)	(301,106)	1,834,215	/			
Capital ratio (BIS guidelines)								
	10.38%	10.45%	11.31%	10.94%	12.53%	11.60%	12.33%	10.95%
ROE.....								
	—%	—%	2.67%	6.05%	3.74%	4.55%	—%	—%
PER (Times).....								
	/	—	62.36	43.92	62.08	82.23	/	/
Number of employees								
	35,523	43,793	24,184	22,222	23,837	19,364	/	/
Per Share (Yen):								
Stockholders' equity	¥15,353.34	¥282.85	¥333.46	¥426.32	¥340.98	¥415.77	¥331.28	¥400.71
Net income (loss).....	(10,429.29)	(84.12)	9.22	25.50	12.58	18.61	(124.72)	(181.48)
Net income — diluted	—	—	9.21	24.93	—	18.17	—	—

- Notes: 1. Figures for the years ended March 31, 2001, 2000 and 1999 are combined figures of the former Sakura Bank and the former Sumitomo Bank.
 2. Total stockholders' equity as of March 31, 2003 and 2002, includes net unrealized losses on "other securities."
 3. Unrealized gains (losses) on securities represent the difference between the market prices and acquisition costs (or amortized costs) of "other securities" for 2003, 2002 and 2001, and of listed or over-the-counter securities for 2000 and 1999. In principle, the values of stocks are calculated using the average market prices during the final month for 2003, 2002 and 2001.
 4. Number of employees for the former Sumitomo Bank has been reported on the basis of full-time workers since 2000 and for the former Sakura Bank since 2001. Number of employees includes locally hired overseas staff members but excludes contract employees and temporary staff.
 5. Effective from the year ended March 31, 2002, treasury stock is disclosed as a deductive item from stockholders' equity. As a result, stockholders' equity per share and net income (loss) per share are calculated on the basis of the number of shares outstanding less treasury stock.

(Year ended March 31)

Banking Profit (excluding transfer to general reserve for possible loan losses) [Nonconsolidated]

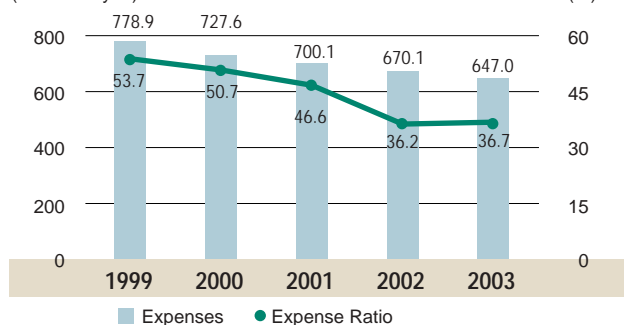
(Billions of yen)



(Year ended March 31)

Expenses and Expense Ratio (excluding nonrecurring losses) [Nonconsolidated]

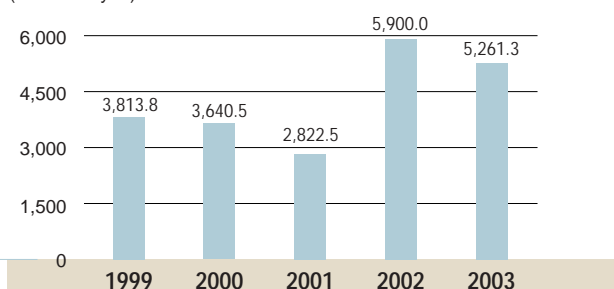
(Billions of yen)



(March 31)

Problem Assets Based on the Financial Reconstruction Law [Nonconsolidated]

(Billions of yen)



■ Nonconsolidated

Year ended March 31	Millions of yen									
	2003	2002	2001	2000	1999					
For the Year:										
Total income	¥ 2,424,023	¥ 2,818,189	¥ 3,292,668	¥ 4,115,276	¥ 4,118,467					
Total expenses.....	3,095,011	3,354,826	3,019,557	3,812,705	5,400,579					
Net income (loss).....	(478,304)	(322,852)	137,835	105,935	(749,438)					
(Appendix)										
Gross banking profit (A).....	¥ 1,760,684	¥ 1,853,515	¥ 1,503,203	¥ 1,434,480	¥ 1,449,532					
Banking profit.....	875,511	678,811	991,670	678,662	393,104					
Banking profit (excluding transfer to general reserve for possible loan losses).....	1,113,643	1,183,369	803,073	702,897	670,616					
Expenses (excluding nonrecurring losses) (B).....	647,040	670,145	700,128	727,556	778,915					
Expense ratio (B) / (A)	36.7%	36.2%	46.6%	50.7%	53.7%					
At Year-End:										
Total stockholders' equity.....	¥ 2,279,223	¥ 3,196,492	¥ 4,199,937	¥ 4,132,926	¥ 4,069,991					
Total assets.....	97,891,161	102,082,581	113,727,498	97,648,823	98,740,013					
Deposits.....	63,524,258	67,629,353	70,729,773	67,572,486	65,966,930					
Loans and bills discounted	57,282,365	59,928,368	61,747,880	63,298,512	66,008,121					
Securities.....	23,656,385	20,442,996	27,059,978	15,893,846	12,897,462					
Risk-monitored loans.....	5,169,531	5,816,452	2,732,590	3,556,458	3,720,423					
Problem assets based on the Financial Reconstruction Law.....	5,261,345	5,900,043	2,822,459	3,640,530	3,813,771					
Reserve for possible loan losses.....	2,074,797	1,971,849	1,095,841	1,569,493	1,788,520					
Net unrealized gains (losses) on securities	(17,857)	(481,654)	(429,844)	1,564,155	311,474					
Trust assets and liabilities.....	166,976	/	/	/	/					
Loans and bills discounted	35,080	/	/	/	/					
					Sakura Bank	Sumitomo Bank	Sakura Bank	Sumitomo Bank	Sakura Bank	Sumitomo Bank
Capital stock.....	¥ 559,985	¥ 1,326,746	¥1,042,706	¥ 752,848	¥1,042,706	¥ 752,848	¥1,042,706	¥ 752,848	¥1,042,706	¥ 752,848
Number of shares issued (Thousands)										
Preferred stock.....	967	967,000	802,577	167,000	802,772	167,000	811,307	167,000	811,307	167,000
Common stock	54,811	5,709,424	4,118,077	3,141,062	4,117,297	3,141,062	4,083,121	3,141,062	4,083,121	3,141,062
Pay-out ratio	—%	—%	34.71%	36.15%	53.42%	41.63%	—%	—%	—%	—%
Capital ratio (BIS guidelines).....	10.49%	11.50%	11.91%	11.80%	12.50%	12.46%	12.38%	11.94%	12.38%	11.94%
ROE.....	—%	—%	4.86%	3.72%	3.23%	3.32%	—%	—%	—%	—%
PER (Times).....	/	—	33.27	67.49	69.48	106.17	/	/	/	/
Number of employees	19,797	22,464	12,558	12,173	14,930	12,982	16,330	14,995	16,330	14,995
Per Share (Yen):										
Stockholders' equity	¥17,846.95	¥332.02	¥358.43	¥451.35	¥351.38	¥439.23	¥343.09	¥428.35	¥343.09	¥428.35
Dividends:										
Common stock.....	19.17	4.00	6.00	6.00	6.00	6.00	7.25	6.00	7.25	6.00
Preferred stock (Series II).....	/	/	15.00	/	15.00	/	15.00	/	15.00	/
Preferred stock (Series III) (Type 2).....	/	/	13.70	/	13.70	/	0.04	/	0.04	/
Preferred stock (First series Type 1).....	10.50	10.50	/	10.50	/	10.50	/	0.03	/	0.03
Preferred stock (Second series Type 1)	28.50	28.50	/	28.50	/	28.50	/	0.08	/	0.08
Preferred stock (Type 5).....	13.70	13.70	/	/	/	/	/	/	/	/
Preferred stock (Type 1).....	—	/	/	/	/	/	/	/	/	/
Preferred stock (Type 2).....	—	/	/	/	/	/	/	/	/	/
Preferred stock (Type 3).....	—	/	/	/	/	/	/	/	/	/
Net income (loss).....	68,437.74	(59.20)	17.28	16.59	11.24	14.41	(97.62)	(119.11)	(97.62)	(119.11)
Net income — diluted	66,527.24	—	17.24	16.25	—	14.12	—	—	—	—

- Notes: 1. Figures for the years ended March 31, 2001, 2000 and 1999 are combined figures of the former Sakura Bank and the former Sumitomo Bank.
2. Figures related to profit or loss for the year ended March 31, 2003 include the former SMBC's operating results for the period from April 1, 2002 to March 16, 2003 to make possible a substantive comparison with previous years.
3. As a result of the merger of the two banks, total stockholders' equity as of April 1, 2001, stood at ¥3,772,889 million.
4. Total stockholders' equity as of March 31, 2003 and 2002, includes net unrealized losses on "other securities."
5. Please refer to pages 119 and 120 for the definitions of risk-monitored loans and problem assets based on the Financial Reconstruction Law.
6. Unrealized gains (losses) on securities represent the difference between the market prices and acquisition costs (or amortized costs) of "other securities" for 2003, 2002 and 2001, and of listed or over-the-counter securities for 2000 and 1999. The values of stocks are calculated using the average market prices during the final month for 2003, 2002 and 2001. For details, please refer to page 53.
7. Number of employees of the former Sumitomo Bank has been reported on the basis of full-time workers since 2000 and of the former Sakura Bank since 2001. Number of employees includes locally hired overseas staff members but excludes contract employees, temporary staff, and executive officers who are not also Board members.
8. The former Sakura Bank's fiscal year-end dividend per share for 2001 was calculated assuming a dividend payment equivalent to the amount of money resulting from the merger. Dividend per share for the term ended March 31, 2003 represents an interim dividend per share paid by the former SMBC to its holding company.
9. Effective from the year ended March 31, 2002, treasury stock is disclosed as a deductible item from stockholders' equity. As a result, stockholders' equity per share and net income (loss) per share are calculated on the basis of the number of shares outstanding less treasury stock.

Asset Quality

Current Status of Problem Assets

Amid Japan's prolonged recession and growing uncertainty surrounding the domestic and global economies, SMBC has been making concentrated efforts to strengthen its balance sheet with the objective of achieving a 50% reduction in its ratio of problem assets to total assets in fiscal 2004, as called for in the Program for Financial Revival. An urgent priority for management will be the focused implementation of measures to facilitate the reconstruction and reorganization of troubled corporate customers. Such measures will be implemented by the Asset Restructuring Unit, established for this purpose in December 2002, drawing on its broad-based corporate restructuring know-how and a range of expert skills. This process will further accelerate the removal of problem assets from the balance sheets.

I. Self-Assessment, Write-Offs, and Reserves

1. Self-Assessment

SMBC conducts rigorous self-assessment of asset quality twice a year using criteria based on the *Financial Inspection Manual* of the Financial Services Agency and the *Practical Guideline* published by the Japanese Institute of Certified Public Accountants. Self-assessment is the latter stage of the obligor grading process for determining the borrower's ability to fulfill debt obligations, and the obligor grade substrates are consistent with the categories used in self-assessment. (For the obligor grading system, please refer to page 27.)

Self-assessment is a preparatory task for calculating the appropriate level of write-offs and reserves to ensure SMBC's asset quality, and each asset is assessed individually for its security and collectibility. Depending on the borrower's current situation, the borrower is assigned to one of five categories: Normal Borrowers, Borrowers Requiring Caution, Potentially Bankrupt Borrowers, Effectively Bankrupt Borrowers, and Bankrupt Borrowers. Based on the borrower's category, claims on the borrower are classified into Classification I, II, III, and IV assets according to their default and impairment risk levels, taking into account collateral, guarantees, etc. As part of our efforts to bolster risk management throughout the Group, our consolidated subsidiaries, in principle, carry out self-assessment in the same manner.

Borrower Categories, Defined	
Normal Borrowers	Borrowers with good business performance and in good financial standing without identified problems
Borrowers Requiring Caution	Borrowers identified for close monitoring
Potentially Bankrupt Borrowers	Borrowers perceived to have a high risk of falling into bankruptcy
Effectively Bankrupt Borrowers	Borrowers that may not have legally or formally declared bankruptcy but are essentially bankrupt
Bankrupt Borrowers	Borrowers that have been legally or formally declared bankrupt

Asset Classifications, Defined	
Classification I	Assets not classified under Classifications II, III, or IV
Classification II	Assets perceived to have an above-average risk of noncollectibility
Classification III	Assets for which final collection or asset value is very doubtful and which pose a high risk of incurring a loss
Classification IV	Assets assessed as uncollectible or worthless

2. Asset Write-Offs and Reserves

In cases where claims have been determined to be uncollectible, or deemed to be uncollectible, write-offs signify the recognition of losses on account books with respect to such claims. Write-offs can be made either in the form of loss recognition by offsetting uncollectible amounts against corresponding balance sheet items, referred to as a direct write-off, or else by recognition of a loan

loss provision on a contra account in the amount deemed uncollectible, referred to as an indirect write-off. Recognition of indirect write-offs is generally known as provision of reserves.

SMBC has write-off and reserve criteria for each self-assessment borrower category. Concomitant procedures are outlined as follows.

Self-Assessment Borrower Categories		Standards for Write-Offs and Reserves
Normal Borrowers		Amounts are recorded as general reserves in proportion to the expected losses over the next 12 months based on the historical bankruptcy rate for each obligor grading.
Borrowers Requiring Caution		These assets are divided into groups according to the risk of default. Amounts are recorded as general reserves in proportion to the expected losses based on the historical bankruptcy rate for each group. The groups are "claims to substandard borrowers," and "claims to other borrowers requiring caution" excluding claims to substandard borrowers. For the latter, the borrower's financial position and credit situation are additionally taken into account for establishing sub-groups. Additionally, SMBC uses the discounted cash flow (DCF) method to calculate the amount of reserve for possible losses on large-scale claims on substandard borrowers.
Potentially Bankrupt Borrowers		SMBC sets specific reserves for possible loan losses on the portion of Classification III assets (calculated for each borrower) not secured by collateral, guarantee, or other means.
Effectively Bankrupt/Bankrupt Borrowers		SMBC calculates the amount of Classification III assets and Classification IV assets for each borrower, and writes off the full amount of Classification IV assets (deemed to be uncollectible or of no value) and sets aside specific reserves for possible loan losses against the full amount of Classification III assets.
Notes	General reserve	Provisions made in accordance with general inherent default risks of loans, unrelated to specific individual loans or other claims
	Specific reserve	Provisions made for claims that have been found uncollectible in part or in total (individually evaluated claims)

Since fiscal 2002, SMBC has been using the discounted cash flow (DCF) method to calculate the amount of reserve for possible losses on large-scale claims to substandard borrowers. The DCF method is applied in cases where it is reasonable to estimate the cash inflow available for collecting the claims principal and interest, and provisions will then be made equivalent to the excess of claims book value over the said cash inflow discounted by the initial contractual interest rate or effective interest rate at the time of debt purchase. The adoption of the DCF method

prompted SMBC in fiscal 2002 to raise its reserve ratio for the unsecured portion of substandard loans to a level now providing sufficient protection against the risk of any future deterioration in asset quality.

As part of our overall measures to strengthen risk management throughout the Group, all consolidated subsidiaries, in principle, use the same standards as SMBC for write-offs and reserves.

II. Credit Cost

The amount required for the disposal of problem assets—known as “credit cost”—refers to the additional provision for loan losses in the case of provisioning, or the difference between the amount

of uncollectible loans and provisions already made in the case of write-offs. In income statements, the credit cost is stated as extraordinary loss. The credit cost for fiscal 2002 is shown in the table below.

■ Credit Cost (SMBC Nonconsolidated; year ended March 31, 2003)

(Billions of yen)

Credit cost	¥ 836.4
Write-off of loans	284.4
Transfer to specific reserve	375.4
Transfer to reserve for losses on loans sold	15.2
Losses on loans sold to CCPC	16.4
Losses on sale of delinquent loans	148.9
Transfer to loan loss reserve for specific overseas countries	(3.9)
Transfer to general reserve for possible loan losses	238.1
Total credit cost	¥1,074.5
Reserve for possible loan losses	¥2,074.8
Amount of direct reduction	¥ 954.0

■ Credit Cost (SMFG Consolidated; year ended March 31, 2003)

(Billions of yen)

Total credit cost	¥1,200.9
Reserve for possible loan losses	¥2,243.5
Amount of direct reduction	¥1,324.5

■ Reserve for Possible Loan Losses (March 31, 2003)

(Billions of yen)

	SMBC (Nonconsolidated)	SMFG (Consolidated)
Reserve for possible loan losses	¥2,074.8	¥2,243.5
General reserve	1,113.2	1,173.9
Specific reserve	950.0	1,058.0
Loan loss reserve for specific overseas countries	11.6	11.6

SMBC's total credit cost in fiscal 2002 stood at ¥1,074.5 billion on a nonconsolidated basis. This figure was influenced by the downgrading of borrower category, costs associated with the accelerated disposal of assets, measures taken to support large-loan borrowers, an increase in the loan loss provisioning ratio (including an increment resulting from the application of the DCF

method to large exposures), and other steps implemented by SMBC as it further strengthened its response to goals and objectives, such as those stated in the Program for Financial Revival. As a result of progress being made in the disposal of problem assets, SMBC's credit cost is expected to be lower in future terms.

III. Disclosure of Problem Assets and Off-Balancing

1. Disclosure of Problem Assets

Problem assets are loans and other claims of which recovery of either principal or interest appears doubtful, and are disclosed based on the Banking Law (risk-monitored loans) and the Financial Reconstruction Law (problem assets based on the

Financial Reconstruction Law). Problem assets are classified based on the borrower categories assigned during self-assessment. The following tables explain the asset classification stipulated by the Financial Reconstruction Law and the differences between risk-monitored loans and problem assets.

Classification of Problem Assets Based on the Financial Reconstruction Law	
Bankrupt and quasi-bankrupt assets	This category is defined as the sum of claims on Bankrupt Borrowers and Effectively Bankrupt Borrowers under self-assessment, excluding Classification IV assets, which are fully written off. Classification III assets are fully covered by reserves, and Classification I and II assets, the collectible portion, are secured by collateral, guarantees, or other means.
Doubtful assets	This category is defined as claims on Potentially Bankrupt Borrowers under self-assessment. Specific reserves are set aside for Classification III assets, and Classification I and II assets, the collectible portion, are secured by collateral, guarantees, or other means.
Substandard loans	This category is defined as claims on Borrowers Requiring Caution under self-assessment. This category comprises past due loans (three months or more) and restructured loans.
Normal assets	This category is defined as the term-end sum of loans, securities lending, export and import, accrued interest, suspense payments, and customers' liabilities for acceptances and guarantees that are not included in the other three categories.

□ Problem Assets Based on the Financial Reconstruction Law, and Risk-Monitored Loans

Category of borrowers under self-assessment	Problem assets based on the Financial Reconstruction Law		Risk-monitored loans	
	Total loans	Other assets	Total loans	Other assets
Bankrupt Borrowers	Bankrupt and quasi-bankrupt assets		Bankrupt loans	(C)
Effectively Bankrupt Borrowers			Non-accrual loans	
Potentially Bankrupt Borrowers	Doubtful assets		Past due loans (3 months or more)	
Borrowers Requiring Caution	Substandard loans		Restructured loans	
	(Normal assets)			
Normal Borrowers				
	(A)		(B)	(C)

2. Problem Asset Disclosure Amounts

SMBC's problem assets based on the Financial Reconstruction Law and risk-monitored loans at the end of fiscal 2002 are as stated on the next page. Doubtful assets fell ¥852.8 billion year-on-year, owing to concentrated efforts in asset disposal, progress made in work-outs through asset sales and other measures, and exclusion from the asset category due to borrowers being

upgraded to higher categories thanks to restructuring efforts. In contrast, substandard loans grew ¥167.2 billion from the previous year, reflecting an upgrading of borrowers in the category of Potentially Bankrupt Borrowers or below, due to such factors as restructuring efforts. As a result, the balance of disclosed problem assets fell by ¥659.0 billion.

■ Problem Assets Based on the Financial Reconstruction Law (March 31, 2003)

(Billions of yen)

	SMBC (Nonconsolidated)	Compared with March 31, 2002	SMFG (Consolidated)
Bankrupt and quasi-bankrupt assets	¥ 524.9	¥ 26.6	¥ 656.0
Doubtful assets	2,129.5	(852.8)	2,340.2
Substandard loans	2,606.9	167.2	2,857.6
Subtotal	¥ 5,261.3	¥ (659.0)	¥ 5,853.8
Normal assets	57,313.4	(3,600.9)	59,330.5
Total	¥62,574.7	¥(4,259.9)	¥65,184.3
Amount of direct reduction	¥ 954.0		¥ 1,324.5

■ Risk-Monitored Loans (March 31, 2003)

(Billions of yen)

	SMBC (Nonconsolidated)	Compared with March 31, 2002	SMFG (Consolidated)
Bankrupt loans	¥ 172.4	¥ (24.7)	¥ 201.4
Non-accrual loans	2,390.2	(809.5)	2,710.2
Past due loans (3 months or more)	114.7	22.1	130.3
Restructured loans	2,492.2	145.0	2,728.8
Total	¥5,169.5	¥(667.1)	¥5,770.7
Amount of direct reduction	¥ 925.5		¥1,273.4

■ Classification under Self-Assessment, Disclosure of Problem Assets, and Write-Offs/Reserves (SMBC Nonconsolidated; March 31, 2003)

(Billions of yen)

Category of borrowers under self-assessment	Problem assets based on the Financial Reconstruction Law	Classification under self-assessment				Reserve for possible loan losses	Reserve ratio
		Classification I	Classification II	Classification III	Classification IV		
Bankrupt Borrowers	Bankrupt and quasi-bankrupt assets (1) ¥524.9	Portion of claims secured by collateral or guarantees, etc. (5) ¥507.8	Fully reserved ¥17.1	Direct write-offs (Note 1)	Specific reserve ¥23.8 (Note 2)	100% (Note 3)	
Effectively Bankrupt Borrowers							
Potentially Bankrupt Borrowers	Doubtful assets (2) ¥2,129.5	Portion of claims secured by collateral or guarantees, etc. (6) ¥959.4	Necessary amount reserved ¥1,170.1		General reserve ¥926.2 (Note 2)	79.2% (Note 3)	
Borrowers Requiring Caution	Substandard loans (3) ¥2,606.9 (Claims to substandard borrowers)			Portion of substandard loans secured by collateral or guarantees, etc. (7) ¥1,078.4			General reserve for substandard loans ¥540.9
Normal Borrowers	Normal assets ¥57,313.4	Claims to borrowers requiring caution, excluding claims to substandard borrowers	Claims to normal borrowers	General reserve ¥1,113.2	6.0% [12.8%] (Note 4)	21.4% (Note 3)	
				Loan loss reserve for specific overseas countries ¥11.6			
	Total (4) ¥62,574.7	Problem asset ratio (A) / (4) 8.4% (Note 5)	Total reserve for possible loan losses (B) Specific reserve + General reserve for substandard loans ¥1,490.9		¥2,074.8	Reserve ratio (B) / (D) 54.9% (Note 6)	
	(A) = (1) + (2) + (3) ¥5,261.3	Portion secured by collateral or guarantees, etc. (C) = (5) + (6) + (7) ¥2,545.6	Unsecured portion (D) = (A) - (C) ¥2,715.7				
			Coverage ratio ((B) + (C)) / (A)			76.7%	

Notes: 1. Includes amount of direct reduction totaling ¥954.0 billion.

2. Includes reserves for assets that are not subject to disclosure under the Financial Reconstruction Law. (Bankrupt/Effectively Bankrupt Borrowers: ¥6.7 billion; Potentially Bankrupt Borrowers: ¥9.2 billion)

3. Reserve ratios for claims on Bankrupt/Effectively Bankrupt Borrowers, Potentially Bankrupt Borrowers, Substandard Borrowers, and Borrowers Requiring Caution: The proportion of each category's total unsecured claims covered by reserve for possible loan losses.

4. Reserve ratios for claims on Normal Borrowers and Borrowers Requiring Caution (excluding claims to Substandard Borrowers): The proportion of each category's total claims covered by reserve for possible loan losses. The reserve ratio of unsecured claims on Borrowers Requiring Caution (excluding claims to Substandard Borrowers) is shown in brackets.

5. Ratio of problem assets to total assets subject to Financial Reconstruction Law

6. Reserve ratio = (Specific reserve + General reserve for substandard loans) ÷ (Bankrupt and quasi-bankrupt assets + Doubtful assets + Substandard loans - Portion secured by collateral or guarantees, etc.)

3. Off-Balancing Problem Assets

Work-out of problem assets refers to the removal of such assets from bank balance sheets by way of sale, direct write-off or other means. In April 2001, the Japanese government passed the Emergency Economic Package, with the objective of simultaneously revitalizing the financial system and industry. Specific

measures contained in the package include “the radical disposal of problem assets.” This provision requires Japan’s major banks to dispose of loans categorized as “claims to potentially bankrupt borrowers” and worse. From fiscal 2001 onward, existing loans must be off-balanced within two years, and new loans within three years.

■ Breakdown of Off-Balancing (SMBC Nonconsolidated; March 31, 2003)

	March 31, 2001 ①	Fiscal 2001		March 31, 2002 ②	Fiscal 2002		March 31, 2003 ③
		New occurrences	Off-balanced		New occurrences	Off-balanced	
Bankrupt and quasi-bankrupt assets	¥ 594.0	¥ 137.2	¥ (233.0)	¥ 498.2	¥ 108.9	¥ (82.2)	¥ 524.9
Doubtful assets	1,954.1	2,084.4	(1,056.2)	2,982.3	1,293.3	(2,146.1)	2,129.5
Total	¥2,548.1	¥2,221.6	¥(1,289.2)	¥3,480.5	¥1,402.2	¥(2,228.3)	¥2,654.4
				Increase/Decrease (②-①)			Increase/Decrease (③-②)
Bankrupt and quasi-bankrupt assets				¥ (95.8)			¥ 26.7
Doubtful assets				1,028.2			(852.8)
Total				¥ 932.4			¥ (826.1)

4. Problem Assets by Region and Industry

■ Problem Assets by Domicile of Borrowers (SMBC Nonconsolidated; March 31, 2003)

	Financial Reconstruction Law Basis		Risk-Monitored Loans	
	Financial Reconstruction Law Basis	Percentage	Risk-Monitored Loans	Percentage
Domestic	¥ 5,112.0	97.2%	¥5,045.8	97.6%
Overseas	149.3	2.8	123.7	2.4
Asia	89.4	1.7	74.8	1.5
Indonesia	36.2	0.7	36.2	0.7
Hong Kong	12.2	0.2	8.1	0.2
India	7.6	0.1	5.1	0.1
China	2.7	0.1	2.7	0.1
Others	30.7	0.6	22.7	0.4
North America	50.5	1.0	45.7	0.9
Central and South America	7.8	0.1	1.6	0.0
Western Europe	1.6	0.0	1.6	0.0
Eastern Europe	—	—	—	—
Total	¥5,261.3	100.0%	¥5,169.5	100.0%

Note: “Domestic” means the total for domestic branches, excluding the special account for international financial transactions. “Overseas” means the total for overseas branches, including the special account for international financial transactions. The above countries and areas are categorized by the obligor’s domicile.

■ Problem Assets by Type of Borrowers (SMBC Nonconsolidated; March 31, 2003)

	Financial Reconstruction Law Basis		Risk-Monitored Loans	
	Financial Reconstruction Law Basis	Percentage	Risk-Monitored Loans	Percentage
Domestic	¥5,112.0	97.2%	¥5,045.8	97.6%
Manufacturing	222.1	4.2	220.0	4.3
Agriculture, forestry, fishery and mining	4.6	0.1	4.6	0.1
Construction	721.7	13.7	688.8	13.3
Transportation, communications, and other public enterprises	135.7	2.6	134.8	2.6
Wholesale and retail	540.0	10.3	533.6	10.3
Finance and insurance	168.1	3.2	166.1	3.2
Real estate	2,057.6	39.1	2,052.3	39.7
Services	961.7	18.3	949.2	18.4
Municipalities	—	—	—	—
Others	300.5	5.7	296.4	5.7
Overseas	¥ 149.3	2.8%	¥ 123.7	2.4%
Public sector	11.6	0.2	11.6	0.2
Financial institutions	1.4	0.0	1.4	0.0
Commerce and industry	136.3	2.6	110.7	2.2
Others	—	—	—	—
Total	¥5,261.3	100.0%	¥5,169.5	100.0%

Note: “Domestic” means the total for domestic branches, excluding the special account for international financial transactions. “Overseas” means the total for overseas branches, including the special account for international financial transactions.

Progress Report on the Plan for Strengthening the Financial Base of the Bank



Please check the SMFG website for the latest information.

Sumitomo Mitsui Banking Corporation (SMBC) has been raising its competitiveness and profitability through restructuring and rationalization based on the Plan for Strengthening the Financial Base of the Bank. The Plan was initially formulated in March 1999, when SMBC's two founding banks accepted an infusion of public funds through subscription to preferred stock. The preferred stock in SMBC held by the Japanese government was exchanged for the preferred stock of Sumitomo Mitsui Financial Group, Inc. upon its establishment through a stock transfer as the holding company for SMBC. The following is a summary of SMBC's progress in fiscal 2002 toward achieving the targets laid out in the Plan.

Earnings Plan

On a nonconsolidated basis, gross banking profit was ¥1,760.6 billion, ¥260.6 billion higher than the target of ¥1,500 billion. A major factor behind this increase was the strong profits from treasuries, achieved through successful asset liability management (ALM) operations made possible by the accurate forecasting of trends in Japanese and US interest rates.

Expenses, including ¥8.1 billion in expenses recorded by THE WAKASHIO BANK, LTD., totaled ¥647.0 billion, a reduction of ¥3 billion over the target. This was largely the effect of the continued streamlining of the workforce and a further reduction in bonuses, as well as domestic branch integration ahead of schedule and progress in the rationalization of operations. As a result, banking profit, excluding transfer to the general reserve for possible loan losses, was ¥1,113.6 billion, surpassing the original target by ¥263.6 billion.

Despite the above, however, SMBC posted a net loss of ¥478.3 billion, compared with the original net income target of ¥80 billion. This was due to two main factors: (1) a provision to the general reserve for possible loan losses of ¥1,074.5 billion, ¥574.5 billion in excess of the ¥500 billion estimated at the beginning of the term, owing to aggressive measures taken to dispose of problem assets; and (2) evaluation losses on equities of ¥635.7 billion, an increase of ¥565.7 billion over the initial estimate of ¥70 billion, due to a greater-than-expected decline in stock prices.

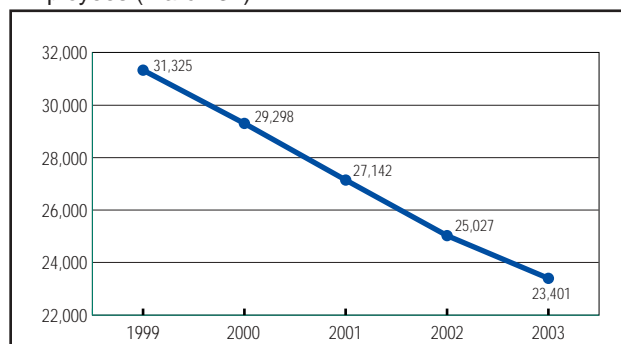
SMBC will continue to strive to increase the surplus available for repaying public funds by further strengthening its financial base through the cleaning-up of the balance sheet and by raising profitability through business reforms and operational restructuring.

Rationalization Plan

SMBC employees numbered 24,024 at the end of fiscal 2002. The number excluding the increase resulting from the merger with Wakashio Bank, however, was 23,401, which is below the original target of 23,500.

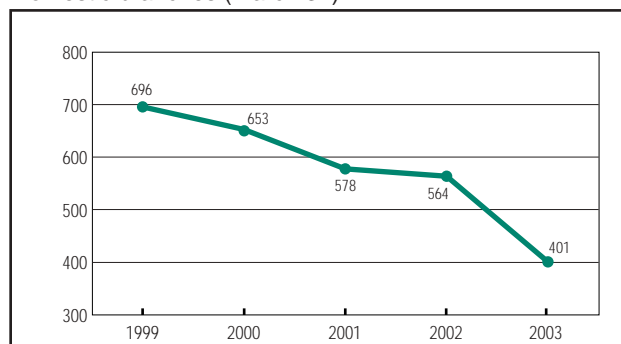
The number of domestic branches at the end of fiscal 2002 was 437, a year-over-year decrease of 127 branches, achieved through the consolidation of 161 branches. The figure, however, includes 34 branches of the former Wakashio Bank and four branches which were consolidated into two branches in April 2003. Thus, excluding these branches, the actual number of branches was 401, the original target.

Employees (March 31)



Note: The figure for 2003 excludes the increase in employees resulting from the merger with Wakashio Bank.

Domestic branches (March 31)



Note: The total for 2003 excludes Wakashio Bank's 34 branches and takes into account the two joint branches.

Corporate Governance

The SMFG Corporate Governance System

We have appointed outside directors to the Board of Directors to improve its effectiveness, and have reinforced the Board's oversight functions by setting up three subcommittees: the Risk Management Committee, the Compensation Committee, and the Nominating Committee. Two outside directors, one a certified public accountant and the other a lawyer, have been appointed to each committee. In particular, an outside director has been appointed as the Chairman of the Compensation Committee. This system allows the supervision of our operations to be conducted from a suitably objective perspective.

The Board has authorized the respective committees to consider the following issues and submit reports to the Board:

• Risk Management Committee

Groupwide Risk Management and Compliance

1. Issues related to the basic policies and the system of risk management

This includes policies and processes relating to corporate-wide risk management, credit risk management, market risk management, liquidity risk management, processing risk management, and systems risk management.

2. Other issues with a potential material impact on operations

• Compensation Committee

Remuneration of Board Members and Executive Officers of SMFG and SMBC

1. Issues related to remuneration, salaries, and incentive program
2. Issues related to the stock option program
3. Other remuneration issues

• Nominating Committee

Appointment of Directors of SMFG and SMBC

1. Issues related to the selection of candidates for Board directorships
2. Issues related to the appointment of managing directors having specific management responsibilities, and issues related to the appointment of representative directors
3. Other major personnel issues related to directors

SMFG has created the Management Committee, chaired by the president of SMFG, to act as the top decision-making body on business administration and management supervision of the entire Group. The committee, composed of directors chosen by the president, considers important matters relating to the execution of business, and the president has the authority to make the final decision after considering the committee's recommendations.

In addition to the above, SMFG has also set up a Group Strategy Committee to serve as a forum for the top management staff of all Group companies to exchange opinions and information on their respective business plans.

The SMBC Corporate Governance System

SMBC's Board of Directors has two functions: setting policy for important management issues and overseeing the execution of business activities. At SMBC, we place particular emphasis on the latter function. We employ an executive officer system that separates decision-making at the operational level from the Board's oversight functions. In particular, the Chairman of the Board does not assume direct responsibility for operational duties and is primarily charged with their oversight.

Executive officers are selected by the Board to manage each of SMBC's businesses. As of June 30, 2003, there were 66 executive officers, including the president, 12 of whom are concurrently appointed as directors.

The Management Committee is the highest decision-making body at the operational level. The president chairs the committee and selects its members from the executive officers. The committee members consider important management issues, and the president has the authority to make the final decision after considering the committee's recommendations.

The president designates certain members of the Management Committee as Authorized Management Committee Members in charge of particular Head Office departments, as well as supervisory officers, who are responsible for overseeing the operations of each business unit. All of these designated individuals are charged with implementing the directives of the Management Committee within the businesses they oversee.

SMBC has also set up the Advisory Board, which serves as a consultative body to its chairman and president. Consisting of top management members from major companies as well as management consultants, the Advisory Board provides advice across the whole spectrum of management issues.

Internal Audit System

The Audit Department of SMFG is responsible for objectively conducting internal audits for the Group in a process separate from the oversight exercised by the Board of Directors on the shareholders' behalf.

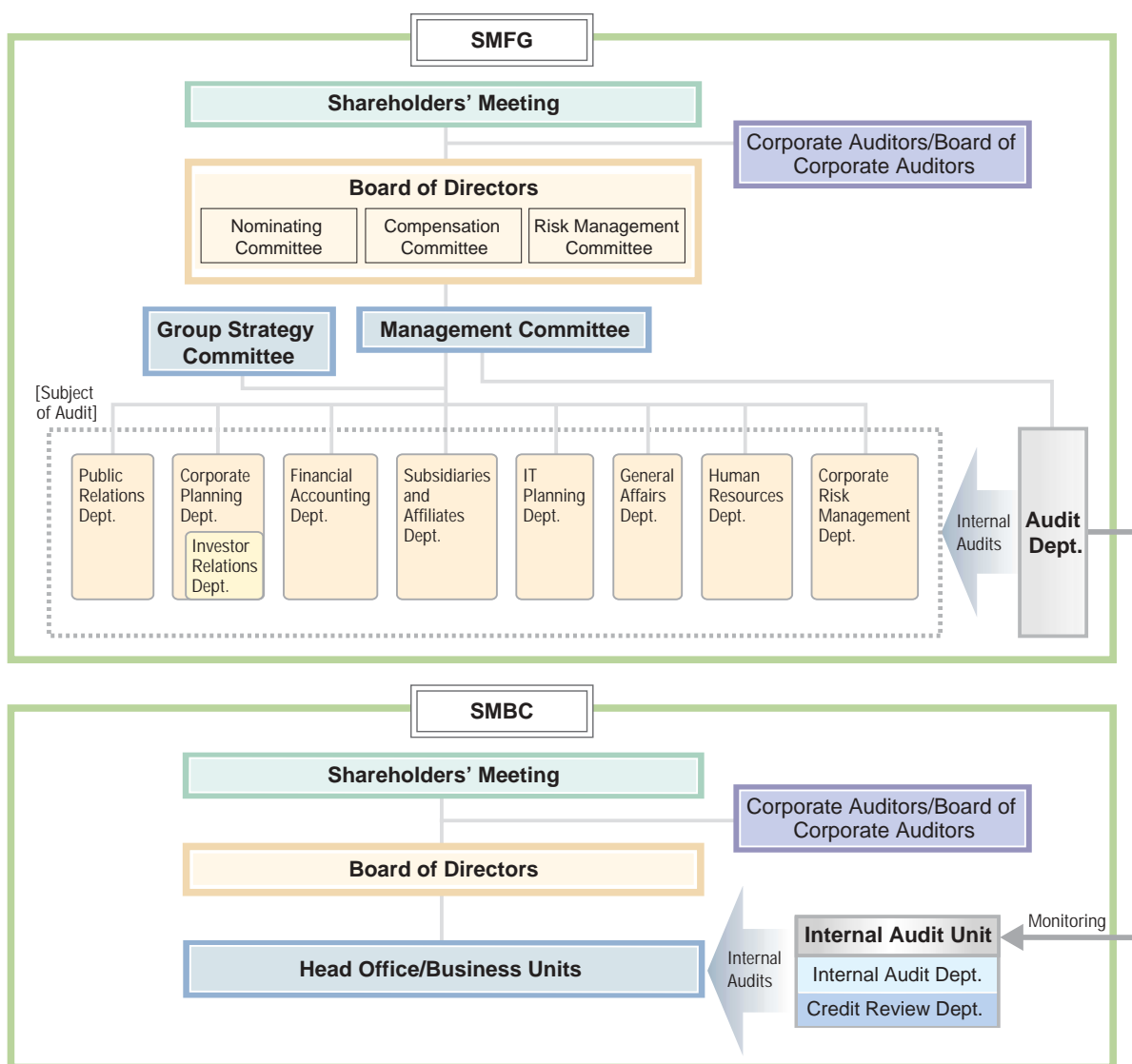
The Audit Department conducts internal audits to assess the soundness of business operations and assets, as well as to verify that the Group's internal control system, including compliance and risk management, is appropriate and effective. The Audit Department is also responsible for supervising internal audits at each Group company. It reviews the internal audit system of each company by monitoring the Company's internal audits on a regular basis.

The results of the audits are periodically reported to the Board

of Directors and the Management Committee. Based on these findings, the Audit Department administers guidance and makes proposals to the audited departments and offices, as well as to the respective auditing departments of Group companies.

At SMBC, the Internal Audit Department and the Credit Review Department have been set up within the Internal Audit Unit to conduct internal audits. The Internal Audit Department audits compliance as well as the management of market risk, liquidity risk, processing risk, and systems risk. The Credit Review Department monitors credit risk management, including the accuracy of ratings and self-assessment.

Recognizing the importance of internal auditing, other Group companies have also set up units to undertake this operation.



Compliance

Compliance at SMFG

Basic Concept

As a financial services complex that fulfills the important mission of serving a crucial part of the public infrastructure and meeting social responsibilities, SMFG has positioned the strengthening of the compliance system as one of the Group's top management priorities. As the core of its Groupwide philosophy, SMFG advocates its Business Ethics comprised of the following five principles. Through adherence to these principles, we endeavor to construct a solid compliance structure, and with this, become an outstanding global corporate group.

Business Ethics

I. Satisfactory Customer Services

We intend to be a financial services complex that has the trust and support of our customers. For this purpose, we will always provide services that meet the true needs of our customers in order to obtain their satisfaction and confidence in the Group.

II. Sound Management

We intend to be a financial services complex which maintains fair, transparent, and sound management based on the principle of self-responsibility. For this purpose, along with obtaining the firm confidence of our shareholders, our customers, and the general public, we take a long-term view of our business and operate it efficiently, and actively disclose accurate business information about the Group. Through these procedures, we will maintain continuous growth on a sound financial basis.

III. Contribution to Social Development

We intend to be a financial services complex which contributes to the healthy development of society. For this purpose, we recognize the importance of our mission to serve as a crucial part of the public infrastructure and also our social responsibilities. With such recognition, we undertake business operations that contribute to the steady development of Japan and the rest of the world, and endeavor, as a good corporate citizen, to make a positive contribution to society.

IV. Free and Active Business Environment

We intend to be a financial services complex for which all officers and other employees work proudly and with great spirit. For this purpose, we respect people, and train and produce employees with professional knowledge and ability, thereby creating a free and active business environment.

V. Compliance

We intend to be a financial services complex that always keeps in mind the importance of compliance. For this purpose, we constantly reflect our awareness of these Business Ethics in our business activities. In addition, we respond promptly to directives from auditors and inspectors. Through these actions, we observe all laws and regulations, and uphold moral standards in our business practices.

Group Management of the Compliance System

Since the establishment of Sumitomo Mitsui Financial Group, Inc. as a financial holding company in December 2002, we have been providing the appropriate directions and guidance, as well as monitoring each Group company's compliance system, from the perspective of ensuring the sound and proper conduct of business activities throughout the entire Group. To further promote such initiatives, we implement the following.

The Board of Directors and Management Committee

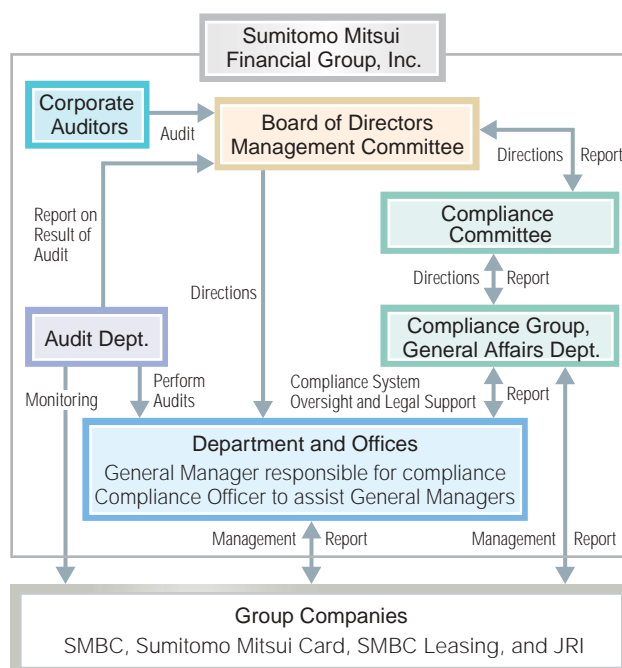
The Board of Directors and Management Committee make important decisions concerning compliance policy, review the progress of those measures taken in connection with ensuring compliance, and give instructions concerning these matters as appropriate.

The Compliance Committee

We set up the Compliance Committee to reinforce the Groupwide compliance system. The committee comprises the designated Board member responsible for compliance issues, the heads of departments involved with compliance matters, and legal advisors from outside the Group.

SMFG Compliance Manual and the Compliance Rules

We lay out specific Rules of Action for our Group companies in accordance with our *Compliance Manual*. The Rules specify the framework and operation that each company should establish as a member of SMFG, and define those items that require consultation or reporting to the holding company. With such Rules, we implement efficient and effective management of the compliance system throughout the Group.



Compliance at SMBC

Strengthening the Compliance System: A Top Management Priority

Compliance with laws, regulations, and other social standards is a matter of course for corporations. Ensuring compliance is a particularly important issue for banks because of their central role in the financial system and socioeconomic infrastructure.

With such a recognition, in accordance with the basic concept of compliance throughout the Group, SMBC expects and demands that all directors, officers, and other employees give utmost value to people's trust, abide by laws and regulations, maintain high ethical standards, and act fairly and sincerely.

SMBC firmly believes that adherence to these aspects of compliance in its daily operations will lead to its prosperity, as well as that of its customers and society in general.

SMBC's Compliance System and Management

As shown below, SMBC employs a dual structure whereby, firstly, each department and office is individually responsible for ensuring that its conduct complies with laws and regulations, and secondly, the independent Internal Audit Unit conducts impartial audits of department and branch compliance.

To make this basic structure effective, the Bank conducts the following operations.

Compliance Manual

Set out in accordance with the resolution of the Board of Directors, the *Compliance Manual* lays out specific Rules of Action. These Rules of Action comprise 60 items describing relevant laws and regulations, as well as providing procedural guidelines and specific examples of conduct that must be followed by all directors and employees of SMBC.

Compliance Program

The program's primary objective is to effectively implement the compliance system at SMBC and all consolidated subsidiaries. The Board of Directors annually updates the annual compliance program. The Board of Directors decides concrete annual plans regarding compliance, which include a review of rules and regulations, as well as the content and schedule of training programs, to further strengthen our compliance system.

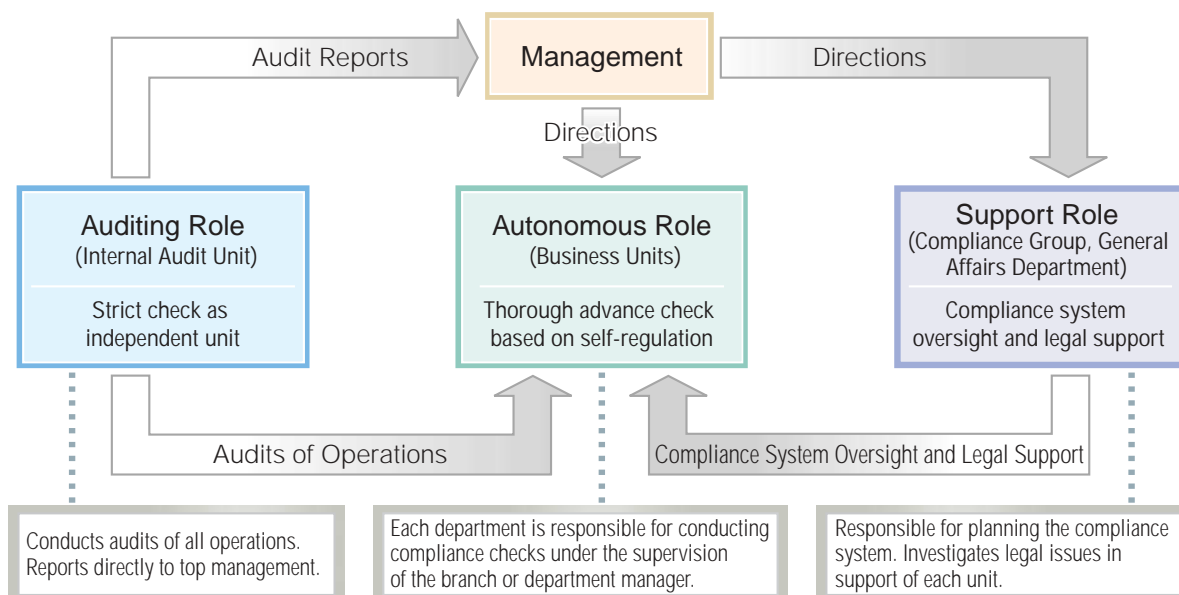
Appointment of Compliance Officers

A compliance officer has been assigned to each department and branch to ensure the integrity of the compliance framework.

To assure that the above operations concerning compliance are maintained, SMBC has established a Compliance Committee that encompasses the entire organization.

The Committee is chaired by the director responsible for compliance issues and includes the heads of 17 departments. In addition, with a view to enhancing objectivity, the Committee has legal advisors from outside as its council. This framework ensures that each section of SMBC is examined for compliance from an impartial, neutral perspective.

Compliance System Overview



Risk Management

Basic Principles

Financial and economic deregulation, globalization, and advances in IT are generating new business opportunities for financial institutions. The risks accompanying these new business opportunities are not only increasing in number but also growing in diversity and complexity. Accordingly, identifying, measuring, and controlling risks have never been more important in the management of a financial holding company.

SMFG has encapsulated the basic principles to be employed in risk management in the manual entitled *Regulations on Risk Management*. In the manual, we have specified the basic policies of risk management: 1) Set forth the basic policies to be followed by the whole Group after specifying the categories of risk to which these policies apply; 2) Provide all necessary guidance to Group companies to enable them to follow the basic risk management policies set forth by SMFG and set up their own appropriate risk management systems; 3) Monitor the implementation of risk management by all Group companies to ensure that their practices meet the relevant standards.

Types of Risk, and Risk Management System

At SMFG, we classify risk into the following categories: (1) credit risk, (2) market risk, (3) liquidity risk, (4) processing risk, and (5) systems risk. In addition, we provide individually tailored guidance to help Group companies identify categories of risk that need to be addressed. Risk categories are constantly reviewed, and new categories may be added in response to changes in the operating environment. To facilitate the management of all these categories of risk across the entire Group, we have set up the Corporate Risk Management Department, which works with the

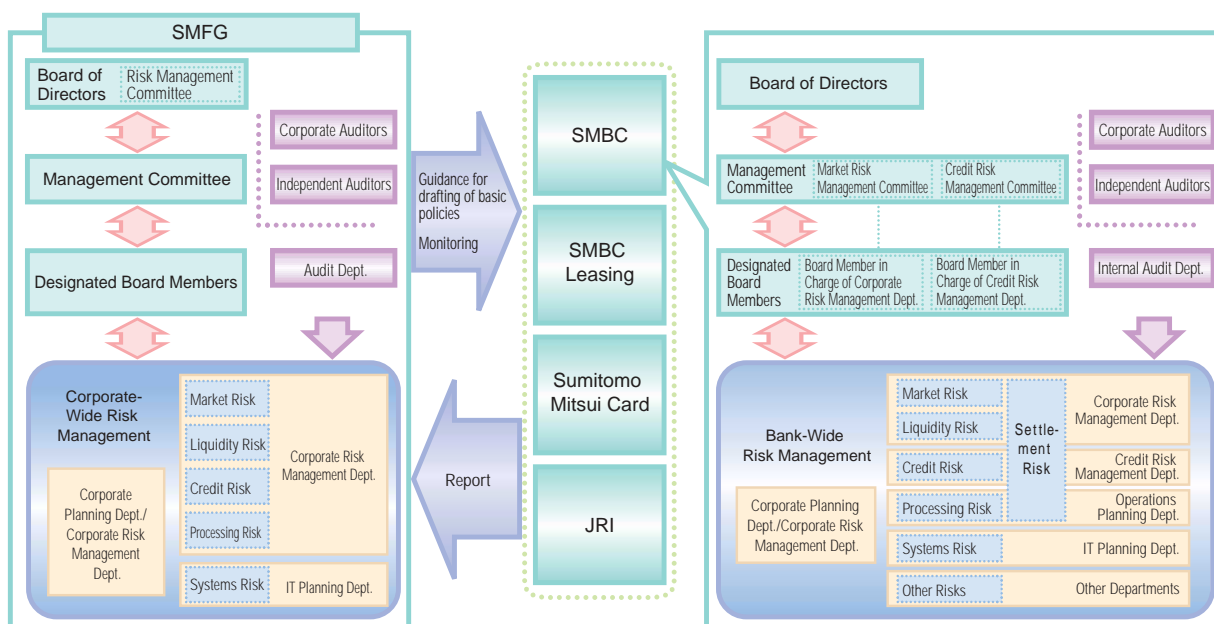
Corporate Planning Department to comprehensively and systematically manage risk.

Top management plays an active role in determining basic policies of risk management across the Group as a whole. The system works as follows: The basic policies of risk management are determined by the Management Committee and examined by the Board's Risk Management Committee before being authorized by the Board. The Management Committee, the designated Board members, and the relevant risk management departments perform risk management according to the basic policies.

Risk management systems are in place at the individual Group companies in accordance with the basic policies we have set out for Groupwide risk management. For example, at SMBC, specific departments have been appointed to oversee the handling of the five risk categories listed above, in addition to risks associated with settlement. Each risk category is managed taking into account the particular characteristics of that category. In addition, the Corporate Risk Management Department— independent of the operating units—comprehensively and systematically manages all categories of risk in cooperation with the Corporate Planning Department.

Furthermore, under our system top management plays an active role in the drafting of basic policies of risk management. The decision-making process for addressing market, liquidity and credit risk at the operating level is strengthened by the Market Risk Management Committee and the Credit Risk Management Committee, which are subcommittees of the Management Committee. The Management Committee is also attended by the relevant department heads.

SMFG's Risk Management System



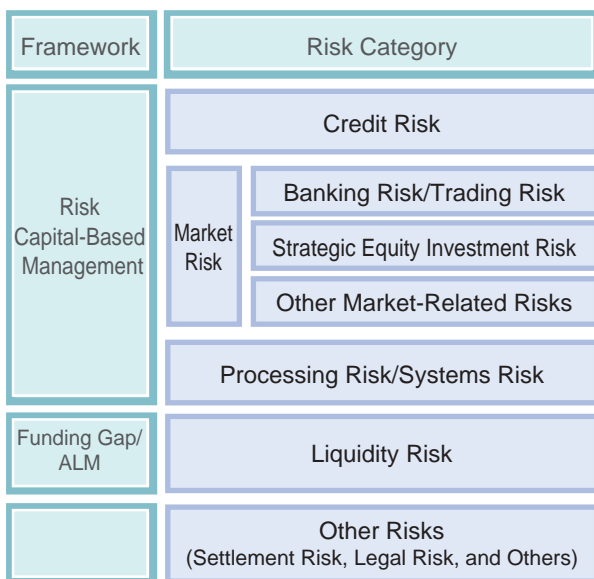
Risk Management Methods

SMFG's Groupwide basic risk management policies stipulate the basic risk management regulations that must be followed, and spell out risk management procedures from various perspectives. These include managing risk on a consolidated accounting basis, managing risk using quantification methods, ensuring consistency with business strategies, setting up a system of checks and balances, contingency planning for emergencies and serious situations, and verifying of preparedness to handle all conceivable risk situations. In addition, there are specific operational policies for implementing appropriate management of risk by all Group companies.

Under the Groupwide basic risk management policies, all Group companies periodically carry out reviews of said basic management policies for each risk category, or whenever deemed necessary, thus ensuring that the policies followed at any time are the most appropriate. The management of SMFG constantly monitors the conduct of risk management at Group companies, providing guidance when necessary.

Furthermore, in order to maintain a balance between risk and return as well as ensure the soundness of the Group from an overall perspective, we employ the risk capital-based management method, which allocates capital effectively to each department according to its role in our business strategies to keep total exposure to credit, market, processing, and systems risk within the scope of our management resources, i.e., capital.

■ Relationship between Risk Management Framework and Risk Category at SMBC



In the case of SMBC, for example, sufficient capital is allocated to cover the Bank's exposure to credit, market, processing, and systems risk. In the credit and market risk categories, in particular, the maximum risk capital that can be allocated during a period is predetermined and risk capital limits are set as necessary within this limit to manage these risks. Liquidity risk is managed within the context of maximum limits set for the funding gap and asset liability management (ALM). Other risk categories are managed with procedures closely attuned to the nature of the risk, as described in the following paragraphs.

Credit Risk

Credit risk is the possibility of a loss arising from a credit event, such as deterioration in the financial condition of a borrower, that causes an asset (including off-balance sheet transactions) to lose value or become worthless. Overseas credits also include an element of country risk, which is closely related to credit risk. This is the risk of loss caused by changes in foreign exchange, or political or economic situations.

All Group companies follow the basic policy established by SMFG to assess and manage credit risk on a Groupwide basis and further raise the level of accuracy and comprehensiveness of Groupwide credit risk management. Each Group company must comprehensively manage credit risk according to the nature of its business, and assess and manage credit risk of individual loans and credit portfolios quantitatively and using consistent standards. Credit risk is the most significant risk to which banks are exposed. Without effective credit risk management, the impact of the corresponding losses on operations can be overwhelming.

The purpose of credit risk management is to keep credit risk exposure within capital, to maintain the soundness of assets, and to ensure returns commensurate with risk. This leads to a loan portfolio that achieves high returns on capital and assets. SMBC's credit management policy and system are described below.

1. Credit Policy

SMBC's credit policy comprises clearly stated universal and basic operating concepts, policies, and standards for credit operations, in accordance with the business mission and rules of conduct. By promoting the understanding of and strict adherence to its credit policy among all managers and employees, SMBC aims to meet the global standards of credit risk management laid down by the New Basel Capital Accord, enhance shareholder value and play a key part in society by providing high value-added financial services.

2. Credit Risk Assessment and Quantification

To effectively manage the risk involved in individual loans as well as the credit portfolio as a whole, SMBC first acknowledges that every extension of credit poses risks, assesses the credit risk posed by each borrower and loan using an internal rating system, and quantifies that risk for control purposes.

(1) Internal Rating System

SMBC's internal rating system consists of two indicators: the obligor grading, which indicates the creditworthiness of a borrower; and the facility grading, which shows the probability of collecting for each facility. Facility gradings are assigned based on the borrower's obligor grading and transaction terms such as guarantee, tenor, and collateral. Overseas credits are subjected to a further analysis that takes into account country ranking, an indicator derived from analyses of each country's political and economic situation, international balance of payments, and external debt burden. Self-assessment is the obligor grading process for lower categories, and the borrower categories used in self-assessment are consistent with the overall obligor grade substrates.

(2) Quantification of Credit Risk

Quantifying credit risk is more than just calculating the probability of default for a particular obligor. It must also reflect the concentration of risk toward a specific customer or industry and fluctuations in the value of collateral, such as real estate and securities. This range of data must be analyzed to quantify the

risk of an entire portfolio or an individual loan.

To calculate credit risk, historical data for the obligor and facility are entered into a database, such parameters as the probability of a grade migration and the recovery ratio are set, and then the probability distribution of losses for the entire portfolio (amount of loss for a particular probability) is computed to determine the maximum potential loss in the future. SMBC obtains an understanding of the risk diversification effect and concentration risk by running a simulation of approximately 10,000 iterations. The quantified credit risk results are then used to formulate business plans and provide a standard against which individual credit applications are assessed.

3. Framework for Managing Individual Loans

(1) Credit Assessment

Credit assessment involves a variety of financial analyses, including cash flow, to predict an enterprise's capability of loan repayment and its growth prospects. These quantitative measures, when combined with qualitative analyses of industrial

■ SMBC's Internal Rating System

Obligor Grading			Facility Grading	Financial Reconstruction Law Based Disclosure Category (Domestic)
Grading	Subrating	Definition	Grading	
1	a	Extremely high probability of redemption	S	Normal Assets
	b			
	c			
2	a	High probability of redemption	I	
	b			
	c			
3	a	Reasonable probability of redemption	II	
	b			
	c			
4	A	Redemption is likely, but the debtor may be affected by large shifts in business conditions or its industry.	III	
	B			
	C			
5	A	No problem at present with redemption, but the future prospects are not solid and the debtor may be affected by trends in business conditions or its industry.	IV	
	B			
	C			
6	A	No problem at present with redemption, but there are reasons for concern about the debtor's financial condition and the possibility of future problems with recovery.	V	
	B			
	C			
7	A	Requires management because there are problems meeting loan conditions or with collection, the business is weak or unstable, or the financial position is poor. (Customers requiring caution among this rating)	VI	
	B			
	R			
8	A	Although the debtor is not bankrupt, its business is in difficulty, restructuring progress is poor, and it is recognized that the business may fall into bankruptcy.	VII	
	B			
	R			
9	A	Although the debtor is not legally or formally in a state of bankruptcy, it is virtually bankrupt because its business is in deep trouble and there are no prospects for restructuring.	VIII	
	B			
	R			
10		The debtor is legally and formally bankrupt.	IX	Bankrupt and Quasi-Bankrupt Assets

trends, the enterprise's R&D capabilities, the competitiveness of its products or services, and its management caliber, result in a comprehensive credit assessment. The loan application is also analyzed in terms of the intended utilization of the funds, the repayment schedule, and the state of its collateral. Thus, SMBC is able to arrive at an accurate and fair credit decision based on an objective examination of all relevant factors.

Increasing the transparency of loan conditions and approval standards for specific borrowing purposes and loan categories is a part of SMBC's ongoing review of lending practices, which includes the revision of all loan contract forms with the chief aim of clarifying lending conditions. SMBC is also making steady progress in rationalizing its credit assessment process. For example, its Business Support Offices now offer the highly convenient *Business Select Loan*, which employs a credit-scoring model. In this and other ways, SMBC is building a system capable of efficiently meeting the funding requirements of businesses, especially small and medium-sized enterprises.

(2) Credit Monitoring System

In addition to analyzing loans at the application stage, the Credit Monitoring System is utilized to reassess obligor grading, and review self-assessment and credit policies so that problems can be detected at an early stage and quick and effective action can be taken. The system includes periodic monitoring carried out each time an obligor enterprise discloses financial results, as well as continuous monitoring performed each time the credit conditions change, as indicated in the diagram below.

4. Framework for Credit Portfolio Management

In addition to managing individual loans, SMBC applies the following basic policies to the management of the entire credit portfolio to maintain and improve its soundness and profitability over the medium to long term.

(1) Risk-Taking within the Scope of Capital

To control credit risk within the scope of capital, SMBC sets credit risk capital limits for internal control purposes and manages risk-taking within these limits under a regular monitoring system.

(2) Controlling Concentration Risk

Because concentration of credit risk in an industry or corporate group has the potential to substantially reduce the capital, SMBC implements measures to avoid excessive concentration of loans in an industry and to control large-scale credit provision to individual companies or corporate groups by setting guidelines for maximum loan amounts. To manage country risk, SMBC also has credit limit guidelines based on each country's creditworthiness.

(3) Balancing Risk and Return

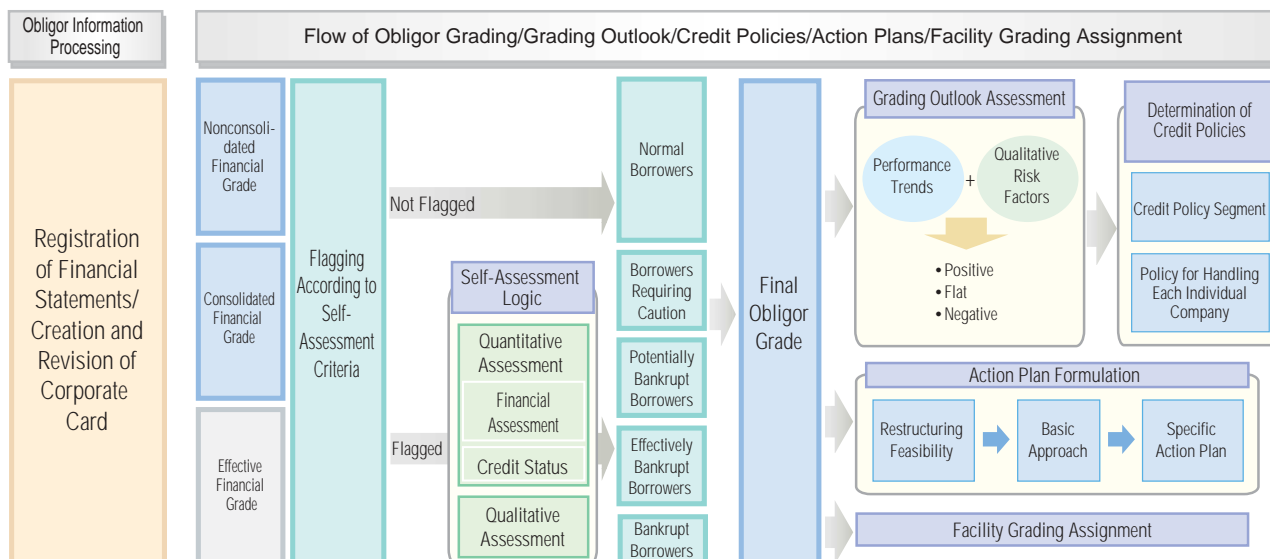
SMBC runs the credit operations on the basic principle of earning returns that are commensurate with credit risk. From fiscal 2002, SMBC began to negotiate with borrowers to gain their acceptance of suitable interest rate spreads based on a standardized interest rate structure.

Thus, SMBC is constantly seeking to further optimize the balance of risk and return so as to reduce the cost of managing credit and capital risks in order to improve net profit on core banking operations.

(4) Reduction of Problem Loans

In order to counter concerns of increasing losses from the deterioration of existing problem loans or the occurrence of new ones, SMBC is striving to respond quickly by preventing deterioration of existing loans and normalizing problem borrowers by

■ SMBC's Credit Monitoring System



reviewing loans to set new measures and clarify action plans, and by strengthening recovery and security schemes.

(5) Toward Active Portfolio Management

In addition to controlling the individual loan approval process, SMBC also actively manages the loan portfolio on an aggregate basis, and makes active use of the markets, such as credit derivatives and loan securitization, to proactively manage its portfolio.

5. Credit Risk Management System

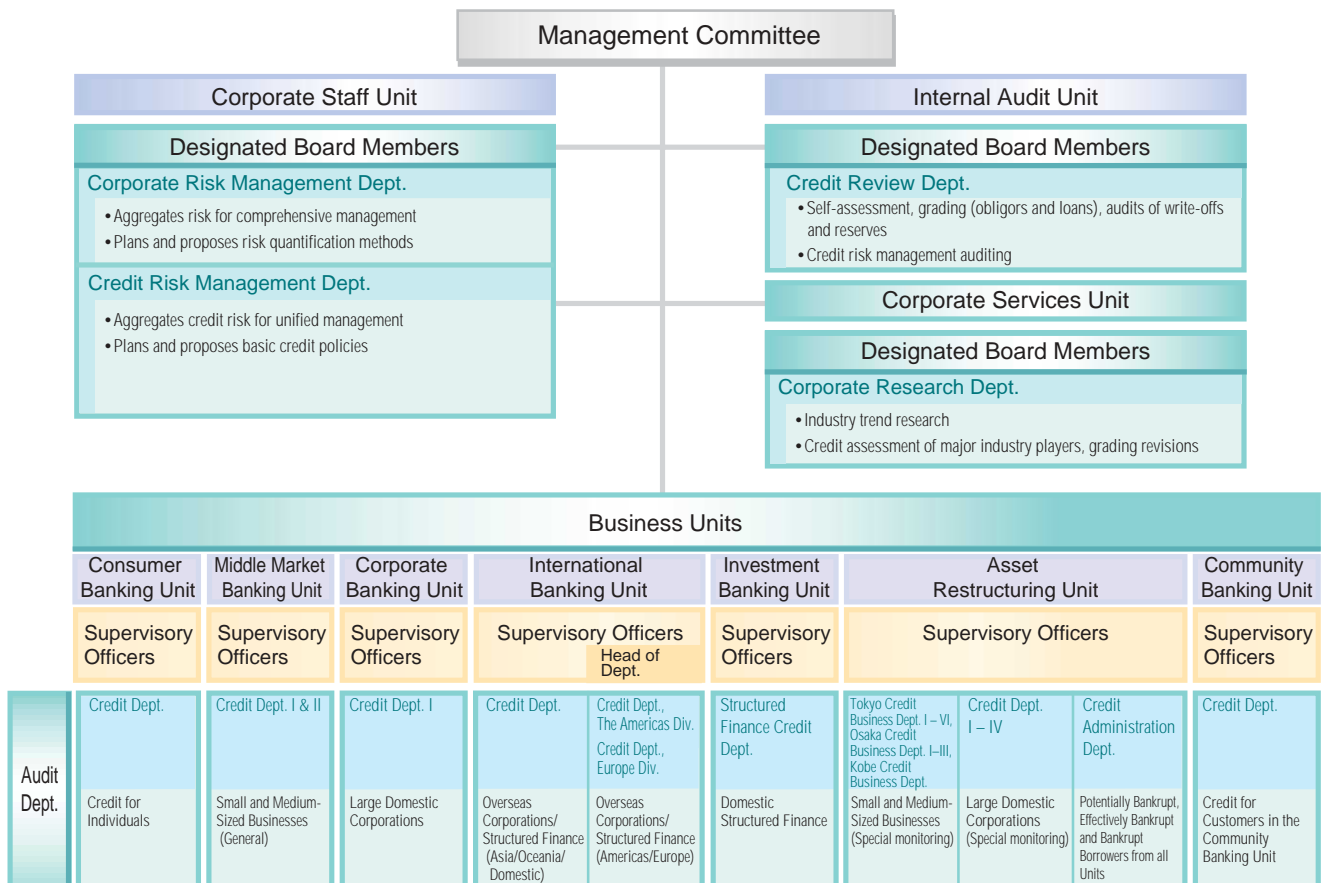
The Credit Risk Management Department within the Corporate Staff Unit is responsible for the comprehensive management of credit risk. This department determines credit policies, makes proposals on the internal rating system, develops credit risk quantification methods, plans credit limits and approval limits, and manages problem loans, loan securitization and other aspects of loan portfolio administration.

The Corporate Research Department within the Corporate Services Unit performs research on industries as well as investigates the business situations of borrower enterprises to detect early signs of problems or growth potential.

The credit departments within each business unit conduct credit risk management for loans handled by their business units and manage their business units' portfolios. The credit limits they use are based on the baseline amounts established for each grading category, with particular attention paid to evaluating and managing customers or loans perceived to have particularly high credit risk. The Asset Restructuring Unit was set up in fiscal 2002, and is staffed by specialists with the financial and business management know-how required for corporate revitalization and the off-balancing of nonperforming loans. Entrusted with the task of revitalizing select problem companies, the Unit determines whether a company has the potential to revive itself and then provides support for its revitalization, or else proceeds with off-balancing.

The Credit Review Department, operating independently of the business units, audits asset quality, accuracy of gradings, self-assessment, and state of credit risk management, and reports the results directly to the Board of Directors and the Management Committee.

■ SMBC's Credit Risk Management System



Market and Liquidity Risks

Market and Liquidity Risk Management System

Market risk is the possibility that fluctuations in interest rates, foreign exchange rates, or stock prices will change the market value of financial products, leading to a loss.

Liquidity risk is the possibility of encountering an obstacle to raising the funds required for settlement due either to a mismatch between the use and procurement of funds or to an unexpected outflow of funds, or being forced to borrow at higher interest rates than usual.

SMFG is working to further enhance the effectiveness of market and liquidity risk management across the entire Group by setting allowable risk limits; ensuring the transparency of the risk management process; clearly separating front-office, middle-office, and back-office operations; and establishing a highly efficient system of mutual checks and balances.

SMBC's Corporate Risk Management Department, which is independent of the business units that handle market transactions, manages market and liquidity risks together. The Department

operates according to the principles of market risk and liquidity risk management determined by the Market Risk Management Committee in line with the basic policies of risk management followed by the entire Group, and sends daily risk reports to senior management via e-mail.

To prevent operational errors or the manipulation of transaction data, it is important to establish a system of checks and balances in the business units (front office). At SMBC, both the processing departments (back office) and the administrative departments (middle office) conduct backup checks. In addition, SMBC's independent Internal Audit Unit periodically performs comprehensive internal audits to verify that the risk management system is functioning properly.

Market Risk

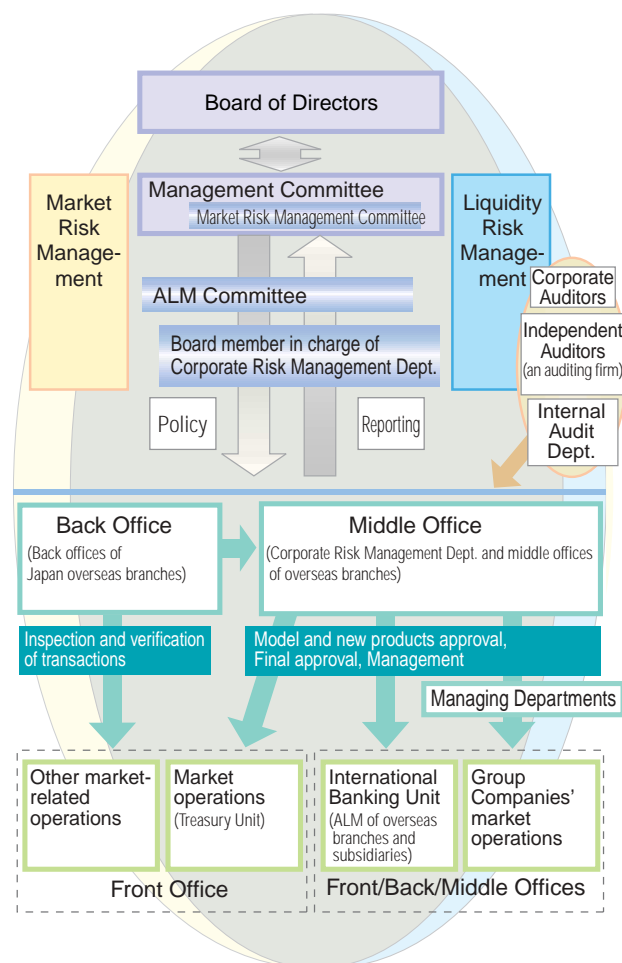
The value-at-risk (VaR) method is used to control market risk. This method predicts the maximum potential loss for a given probability. The SMBC VaR model calculates the maximum loss through a Monte Carlo simulation of changes in profits and losses, i.e., 10,000 scenarios of market fluctuations based on historical data for one year. This method appropriately measures the risk of products that have option risk and calculates the VaR for trading operations making active use of derivatives.

Market risk can be divided into various factors: foreign exchange rate, interest rate, equity price, and option risk. Fine-tuned management for each risk category is achieved by employing the VaR method in conjunction with suitable indicators for managing the risk of individual financial instruments such as the basis-point-value (BPV) indicator, which measures the potential change in earnings stated at market value for every 0.01 percentage-point fluctuation in interest rates.

At SMBC, whenever the VaR, owing to sharp changes in the market, is likely to exceed the guidelines, which have been determined conservatively to maintain consistency with the market risk capital limit set according to the business strategy, contingency plans are put into effect and the ALM Committee convenes an extraordinary meeting. The market risk of its strategic equity investments held by units other than the Treasury Unit and the market risk taken by the major subsidiaries are also included in the integrated risk measurement performed by the Corporate Risk Management Department. The VaR is regularly calculated and reported to the Board of Directors and the Management Committee.

The VaR results of the trading and banking accounts on a consolidated basis for fiscal 2002 were as follows:

■ SMBC's Market Risk and Liquidity Risk Management Organization Chart



■ SMBC's VaR Results

(Billions of yen)

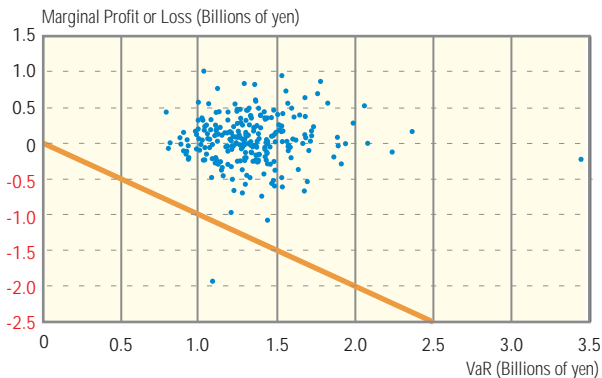
	Maximum	Minimum	Average	Last Day of Term
Trading Accounts	1.9	0.8	1.3	1.7
Banking Accounts	48.4	29.7	39.5	36.4

(VaR for a one-day holding period with one-sided confidence interval of 99.0%. The VaR model for trading accounts includes major consolidated subsidiaries. Figures for trading accounts exclude specific risks.)

The market occasionally undergoes extreme fluctuations that exceed projections. To manage market risk, therefore, it is important to run simulations (stress tests) of situations that may occur only once in many years. At SMBC, periodic stress tests are conducted to prepare for unforeseeable swings.

The internal model used by SMBC (SMBC VaR) has been periodically evaluated by an independent auditing firm and certified as appropriate. In addition, the relationship between the VaR calculated with the model and the actual profit and loss data is back-tested. The back-testing results for SMBC's trading accounts for fiscal 2002 are shown below. A data point below the diagonal line indicates a loss in excess of the predicted VaR for that day. On only one day during the period did an actual loss exceed the model's predicted VaR. This fact demonstrates that the SMBC VaR model, with a one-sided confidence interval of 99.0%, is sufficiently reliable.

■ SMBC's Back-Testing Results (Trading Accounts)

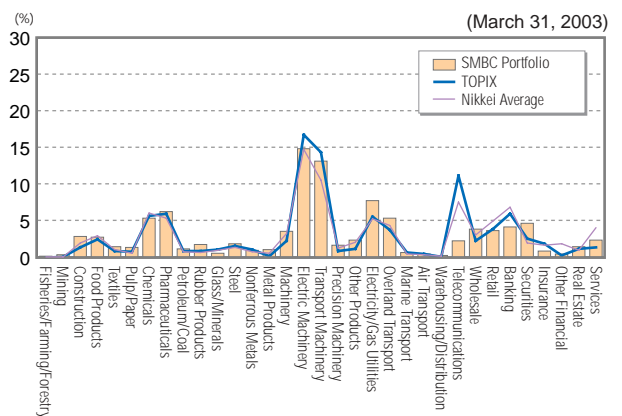


To manage the risk of yen-denominated banking accounts, SMBC uses gap analysis employing maturity ladders and the earnings-at-risk (EaR) model, in addition to the VaR model. In the case where an external factor, such as interest rates, moves in an unfavorable direction, the EaR model can indicate the largest estimated change in earnings (interest rate spread) for a set period at a given probability. Because strategy and budgetary planning is based on the earnings for a period, SMBC uses the EaR model to supplement the VaR model. Using Monte Carlo simulations to generate 1,000 scenarios, SMBC tests the magnitude of the effect that new deposits and loans will have on a period's earnings.

Stock price fluctuations have a major effect on financial statements. At SMBC, strengthening the management of stock price fluctuation risk is one of the most important management goals.

While taking steps to maintain a level of strategic equity investment that matches financial strength, as shown by such indicators as shareholders' equity, SMBC is also working to effectively manage stock price fluctuation risk. Specifically, the Corporate Risk Management Department establishes strict limits on total allowable market risk, including risk related to strategic equity investment, and manages those limits.

■ Composition, by Industry, of Listed Equity Portfolio



Liquidity Risk

At SMBC, liquidity risk is one of the major risks. So as not to be overly dependent on market-based funding to cover short-term cash outflows, SMBC's liquidity risk management is based on a framework consisting of setting funding gap limits and guidelines, maintaining a system of highly liquid supplementary funding sources, and establishing contingency plans.

In daily risk management operations, SMBC prevents a cumulative increase in liquidity risk by adjusting the funding gap limits and guidelines. For emergency situations, there are contingency plans in place to reduce the funding gap limits and guidelines and other measures. To prevent the possibility of market crises interfering with funding, SMBC carries highly liquid assets, such as U.S. Treasury securities, and has emergency borrowing facilities in place, which also enable foreign currency-denominated liquidity management.

Processing Risk

Processing risk is the possibility of losses arising from negligent administration by employees, accidents, or unauthorized activities.

SMFG recognizes that all work processes inevitably involve a certain element of risk. We are therefore working to raise the level of sophistication of our management of processing risk across the whole Group by ensuring that each branch conducts its own regular investigations of processing risk; minimizing losses in the event of processing errors or negligence by drafting exhaustive contingency plans; and carrying out thorough quantification of the risks under management.

In the administrative regulations of SMBC, in line with the basic policies of risk management followed by the whole Group, the basic administrative regulations are summarized as “comprehending the risks and costs of administration and transaction processing, and managing them accordingly,” and “seeking to raise the quality of administration to deliver high-quality service to customers.” Adding new policies or making major revisions to existing ones for processing risk management requires the approval of both the Management Committee and the Board of Directors.

In the administrative regulations, SMBC has also defined specific rules for processing risk management. The rules allocate processing risk management tasks among six types of departments: the Operations Planning Department, compliance departments, operations departments, transaction execution departments (primarily front-office departments and branches), the Internal Audit Department, and the Customer Relations Department. In addition, there is a specialized group within the Operations Planning Department to strengthen administrative procedures throughout the SMBC Group.

SMBC includes processing risk in the calculation of risk capital requirements and has allocated a certain percentage of risk capital to cover it, based on the risk quantification model.

Systems Risk

Systems risk is the possibility of a loss arising from the failure, malfunction, or unauthorized use of a computer system. SMFG recognizes that the provision of a reliable computer system is essential for the effective implementation of management strategy in view of the IT revolution. We strive to minimize systems risk by drafting regulations and specific management standards, including a security policy. We also have contingency plans with the goal of minimizing losses in the event of a systems failure. The development of such a systems risk management system ensures that the Group as a whole is undertaking adequate risk management.

At SMBC, safety measures are strengthened according to risk assessment based on the Financial Services Agency's *Financial Inspection Manual*, and the *Security Guidelines* published by The Center for Financial Industry Information Systems (FISC).

Because computer-related trouble at financial institutions now has greater potential to impact the public, and with systems risk diversifying owing to the IT revolution, the resulting expansion of networks and the rise in the number of personal computer users, the necessary steps are taken to ensure the smooth, secure operation of our information systems. We have duplicated all systems and infrastructures, and the computer centers in eastern and western Japan have been fully proofed against earthquakes and other disasters. To maintain the confidentiality of customer information and prevent information leaks, sensitive information is encrypted, unauthorized external access is blocked, and all known countermeasures to secure data are implemented. There are also contingency plans and training sessions held as required to ensure full preparedness in the event of an emergency. To maintain security, countermeasures are revised as new technologies and usage patterns emerge.

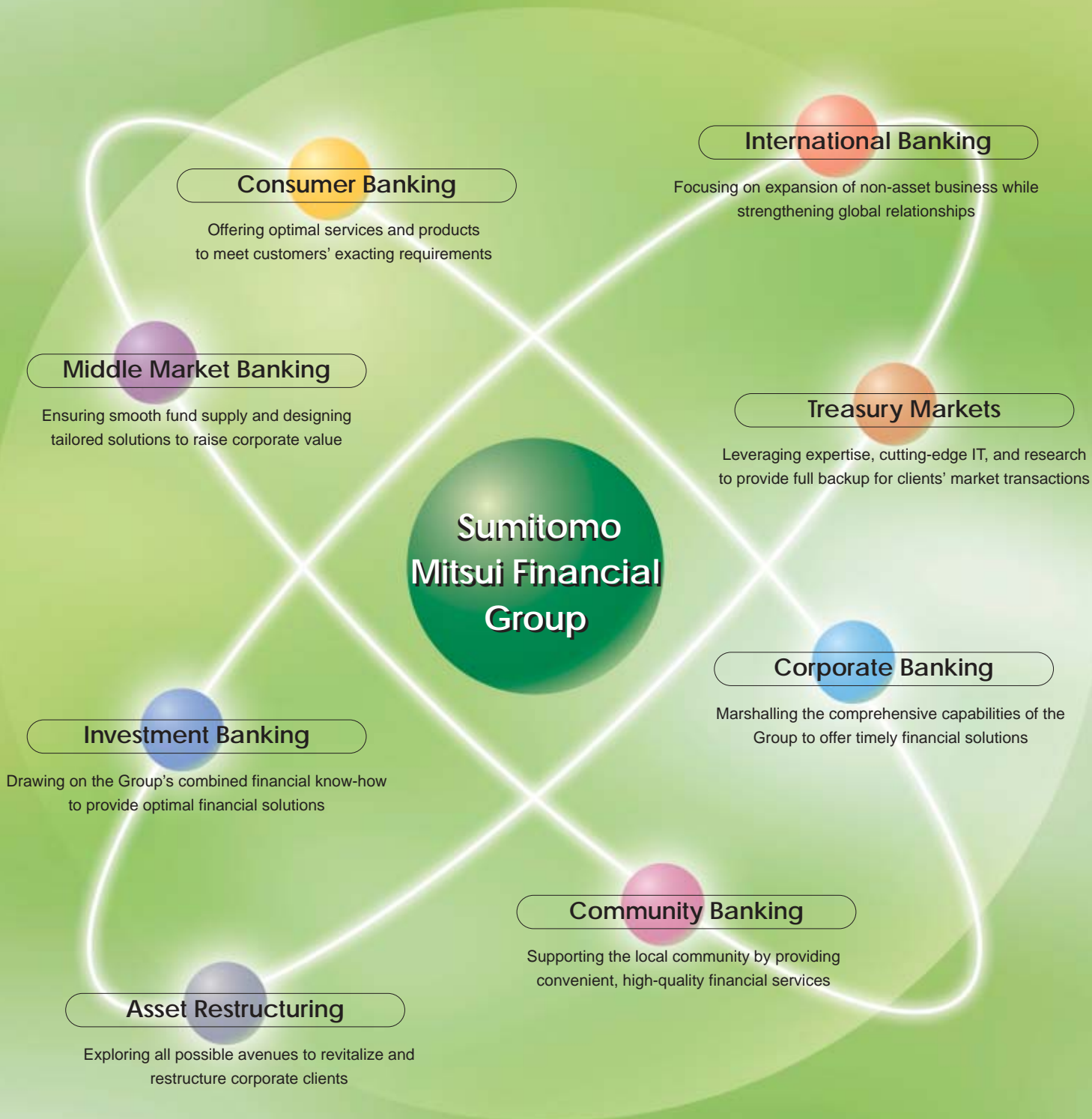
SMBC also includes systems risk in the calculation of risk capital requirements and has allocated a certain percentage of risk capital to cover it, based on the risk quantification model.

Settlement Risk

Settlement risk is the possibility of a loss arising from a transaction that cannot be settled as planned. Because this risk comprises elements of several types of risk, including credit, liquidity, processing, and systems risk, it requires interdisciplinary management. At SMBC, the Operations Planning Department is charged with coordinating the management of settlement risk with the Credit Risk Management Department, which oversees credit risk, and the Corporate Risk Management Department, which oversees liquidity risk.

The Financial Services Complex

Maximizing Synergies, Customizing Solutions



In consumer banking, SMFG offers high-value-added financial services, leveraging the advantageous industry position that SMBC has commanded since its establishment in April 2001. We endeavor to maximize our capabilities to develop outstanding products, services and distribution channels, as well as our consulting abilities, provided by personnel with high levels of expertise.

SMFG will continue to give priority to the consumer banking business. We aim to maintain our position as a leading financial services complex, creating new *de facto* standards with our business models and our earnings structure.

To this end, we have been propelling our business dynamically and efficiently by: (1) establishing a consulting-focused business model; (2) reshaping the earnings structure of the settlement financing business; and (3) reinforcing low-cost operations with a view to maximizing core business results.

The central theme of consumer banking operations at SMBC, our banking subsidiary, is “One’s *Next*,” which refers to our goal of helping customers determine the next step of their financial plans according to their stage of life. Under this initiative, we offer our customers new value: a sense of security and greater convenience.



SMBC's new branch model emphasizes personalized customer service. (Sannomiya Branch)

Establishing a Consulting-Focused Business Model

At SMFG, centering on SMBC's Consumer Banking Unit, we provide a comprehensive range of financial products and services addressing both the asset management and financial requirements of the individual. To respond to each customer's needs and promote our business effectively, we have specified consulting services as our core task, especially in private banking and asset management (focusing on business owners and other high net worth individuals seeking highly professional and objective consulting for specific asset-management needs), as well as asset-building (focusing on wage earners and pensioners). To these customer segments, services are provided by experienced private bankers and professional financial consultants operating in our Block Consumer Business Offices and Asset Management Plazas, and the “Money-Life” consultants assigned to our branches.

To support this initiative, we continuously expand our lineup of products such as investment trusts and pension funds, and strengthen human resource development to enable our staff to provide an even higher level of consulting service. At the same time, we have been expanding our proposal tools and upgrading our customer databases including our customer relationship management (CRM) system. Such data enable us to provide individuals with solutions that address their specific financial needs at particular life stages. We are also taking steps to improve our marketing and promotion efforts. Such measures include modifying branches and counters into sales promotion sites, with dedicated staff available for consultation.

Regarding home mortgages, our objects are two-fold: obtaining returns commensurate with credit risk, and increasing our market share. To reach our goals, we are introducing risk-adjusted strategic pricing and automatic credit screening systems to accelerate processing speed and to obtain accurate risk assessments. Additionally, through the life-plan consulting services provided by Money-Lifestyle Consulting Desks, available in 293 branches, we offer highly focused solutions to customers' specific borrowing needs, which include mortgage refinancing, home renovations, and education.

Reshaping the Earnings Structure of the Settlement Finance Business

Regarding the settlement business, we are developing a business model which incorporates a unified Groupwide settlement infrastructure, with a view to further integrating and improving the quality of our financial services. Through this approach, we will be able to further enhance customer convenience, while also promptly responding to settlement-related financing needs, thus accelerating the speed of bringing our settlement service to the profit-generation stage.

For example, by undertaking cross-selling of our new card loan (One's Quick) and credit cards, among other key products, using the new ordinary account with the point system initiated in November 2002 (One's plus) as our platform, we were able to integrate the services of SMBC and Sumitomo Mitsui Card Company, Limited, leading to the unified provision of cash settlement, credit card settlement, and payment and settlement services for individuals.

In addition, to further improve customer convenience we are upgrading the features of the popular online service "One's Direct." We are also working on enhancements in other areas, such as the expansion of ATM arrangements with non-banks and the provision of Internet-based financial services through The Japan Net Bank, Ltd.

In the consumer finance business, cooperation is being strengthened among SMBC, At-Loan Co., Ltd., and Sumitomo Mitsui Card, as well as other Group companies. This aims at aggressive expansion of operations across a wide market, taking into account individual business models and the strengths of each company's customer base, infrastructure, and other strategic attributes.

SMBC is taking steps to meet the need for a stable supply of settlement funds created by the new card loan. At-Loan is a dedicated provider that responds promptly to a variety of customers, drawing on its credit screening know-how for individuals. Sumitomo Mitsui Card offers financing solutions for the settlement of consumer purchases.

We will continue to forge mutual cooperative arrangements leveraging individual strengths, while expanding and enhancing our consumer finance business, so as to provide all types of support for consumers' diversifying modes of consumption.

Reinforcing Low-Cost Operations

Each Group company has worked continuously to raise operational efficiency, on the basis that improving our expense ratio is the principal source of competitive strength. This is particularly true of the consumer finance business. Consequently, to optimize the performance of our core business of consumer finance, we are making every effort to reduce our costs.

In July 2002 we completed systems integration of our manned branch network. After taking into consideration branch proximity, customer convenience, location, market and other factors, we consolidated 178 branches, which reduced the total to 401 branches (including the SMBC head office). Consequently, we decreased operating expenses and raised efficiency within the branch network.

We are further reducing costs, enhancing customer convenience, and meeting customers' diverse needs by improving the features of One's Direct and actively working to expand ATM service availability at convenience stores. Other efforts include the radical streamlining of business processing-routines at branches and an improved cost performance for manpower through outsourcing. Thus we will continue to raise efficiency while simultaneously enhancing the quality of our customer service.



SMFG provides various solutions to small and medium-sized companies, leveraging its Groupwide strength to meet their diversifying needs.

During the past year, we have focused especially on: (1) ensuring a steady supply of funds, realizing our function as a capital market intermediary; and (2) fostering closer business relationships with customers through the provision of tailored solutions to enhance their net worth. In fiscal 2003, we aim to provide speedier, higher value-added services that improve customer convenience, thus firmly reinforcing the SMFG brand in this business area.

Providing a Steady Supply of Funds and Intermediary Services

To ensure a steady supply of funds as a capital market intermediary, thereby forging ever-stronger bonds of trust with customers, we have actively promoted a novel approach to banking relationships, placing special emphasis on:

- (1) Developing a flexible system that enables us to respond more effectively to customer needs
- (2) Explaining clearly to customers the way we set interest rates at the level appropriate for each loan, taking into account the customer's financial condition and the repayment period, and advising customers on ways to improve their financial condition and business performance
- (3) Responding promptly to loan applications

Under this approach, implemented mainly through SMBC's nationwide branch network, we have made progress in building a lending system that enables credit risk-taking based on appropriate returns and affords greater flexibility in catering to the financing needs of small and medium-sized companies in particular.

Specifically, we have assigned specialists to the branches to proactively market an extensive lineup of loan products based on a proprietary credit rating system specially designed for small and medium-sized businesses. Such loan products include our *Business Select Loan*, an unsecured loan allowing qualified customers to borrow up to ¥50 million without a third-party guarantee.

Responding to the needs of a wide range of middle market customers, we extended 41,000 such loans, with a total value of ¥1,250 billion. In particular, our strong advertising campaign comprising television commercials and newspaper advertisements enabled us to register 24,000 *Business Select Loans* with a total value of ¥450 billion.

During fiscal 2002, we were able to extend loans to 14,000 first-time customers, with a total loan amount of ¥980 billion.

Enhancing Customers' Net Worth

At SMFG, through the proposal of solutions to customers for increasing their net worth, we have developed closer ties with customers and won the level of trust necessary for becoming the first choice for their banking needs.

Specifically, experts at each of SMBC's Corporate Business Offices and specialists at Head Office collaborate closely to offer customers highly sophisticated financial services in a timely manner.

As a result, we have secured a large market share in domestic exchange transactions and increased the number of foreign exchange transactions.

We provide services such as securitization and loan syndication to help customers improve their capital efficiency, and propose business matching, M&As, and expansion into overseas markets as means of increasing profitability. We have assigned teams of specialists to further enhance the implementation of these solutions and have many customers using our service.

Regarding syndicated loans, we have realized a substantial rise in the number of contracts compared with the previous fiscal year, having successfully communicated the advantages of loan syndication as a new means of fund procurement for small and medium-sized corporate customers. M&As and other restructuring solutions we have developed jointly with Daiwa Securities SMBC Co. Ltd. have also been well received.

We have also enjoyed much positive feedback on the China Seminars we offered 23 times during fiscal 2002, which were attended by 1,600 companies interested in establishing a presence in China, as well as three business matching events held by SMBC Consulting Co., Ltd. for 1,700 companies.

Increasing Customers' Trust

In fiscal 2003, we will continue to meet customers' expectations on financing at all branches and offices by offering higher added-value services and responding more quickly to customer needs.

To make our loans more accessible, we will expand the scope of requirements for loan eligibility beyond the current routine screening. To speed up our response to loan applications, we will transfer more authority to our branches.

We are making full efforts to meet the diversifying needs of small and medium-sized companies. Such efforts include the introduction of a streamlined credit rating system for foreign exchange transactions and increased support for customers considering initial public offerings. We will also continue to invest our energies into providing solutions that enhance our customers' net worth.

A growing number of public enterprises are privatizing and becoming independent. To meet the special needs of this new client sector we are creating project teams tasked with improving existing business solutions. Regarding business matching, for which we earned considerable recognition in the previous term, we will increase the number of matches by focusing on region and business type.

In loan syndication, which is gaining wide acceptance as a fund-procurement method, SMBC has pioneered debt IR* activities in the domestic market, thereby expanding fund procurement opportunities. Thus, the Group is providing support for the smooth and reliable supply of funds. To improve customer convenience through the rationalization of the settlement process, we released *Web21*, an electronic banking currency exchange service, and the *Global e-Trade Service* for electronic trade transactions.

Through these initiatives and approaches, we aim to win increased trust and support for our solution-driven marketing, thereby continuing to develop stronger relationships with our customers.

* Debt IR refers to Investor Relations activities targeting our creditors (such as other banks with whom we conduct business and holders of our debentures) and credit rating agencies.



The Corporate Business Office



The Business Support Office

SMFG, primarily through SMBC's Corporate Banking Unit, provides a wide array of services to leading corporations and their group companies—a customer segment with a broad range of management and financial issues and strategies. Our mission is to develop optimal solutions for our customers by marshalling the comprehensive financial services of the entire Group.

SMBC's Corporate Banking Departments in Tokyo, Nagoya, and Osaka work together with the Investment Banking Unit, as well as Group companies and affiliates, such as Daiwa Securities SMBC Co. Ltd. and The Japan Research Institute, Limited. The staff of these departments and companies pool their wealth of knowledge and expertise to devise the most suitable strategies for augmenting our customers' enterprise value and ensuring the smooth execution of transactions.

Major Accomplishments

In a departure from a “product-push” approach, which emphasizes the marketing of existing products and services to customers, we have strongly promoted a “demand-pull” approach that gives priority to providing tailor-made solutions for each client.

Financial solutions

Central to these services is the provision of financial solutions designed to assist customers in their balance sheet management. As a recent financial strategy, companies are striving to create financial balances that will garner trust internationally while possessing the strength to generate revenue in any operating environment. To this end, we discuss with clients their entire assets and liabilities on an item-by-item basis. Responding to the individual needs of each customer, we utilize a variety of methods and instruments, including asset finance, off-balancing such as securitization, and risk-hedging. In this way, we provide customized solutions to meet the exacting demands of our customers.

Business management solutions

Business management solutions constitute yet another cornerstone of our service lineup. With a view to increasing our customers' enterprise value, we conduct multifactor analyses, taking into consideration such factors as growth potential and core-business synergies. Based on the resulting hypothesis, as well as intensive discussions with each customer, we propose and implement mergers, acquisitions, and divestitures, as well as management buyouts or whatever is appropriate, actively employing the ample resources of SMFG. Through this process, we work to create the portfolio of businesses most suited to a particular customer.

Key Goals

In Japan, economic trends and the corporate business environment have been changing at a dizzying pace. We are resolved to further expand our services and product lineup so as to increase customer satisfaction by promptly responding to such environmental changes and providing financial services in a timely manner.

Increasingly sophisticated financial and business-management solutions

Corporate demand remains strong for balance sheet management and corporate restructuring. To respond to these increasingly complex and evolving requirements, we are continuously broadening our knowledge base with the objective of providing optimal solutions.

Responding to the diversification of funding methods

Although domestic private-sector funding needs remain low overall, there is a positive demand for financing among certain companies. To meet this demand, we offer a range of fundraising methods that effectively utilize debt capital market financing instruments such as loan syndications.

Facilitating risk hedging

Drawing on SMFG's extensive database of risk-related information, we will continue to offer our customers means for managing and hedging various types of risk, such as credit risk.

Providing settlement know-how

We are actively developing an array of cash management services (CMS) in the broadest sense, utilizing all varieties of administrative know-how possessed by SMFG. These services include support for the establishment of overseas operations, notably in China, cash management at foreign locations, efficient cash management tools, and linkage of corporate accounting systems. We also provide consulting and support services for the settlement of transactions and the outsourcing of office work.

Community Banking

With a view to enhancing our banking services for small businesses and individuals in the greater Tokyo metropolitan area, SMFG established the Community Banking Unit upon the merger on March 17, 2003 of SMBC and THE WAKASHIO BANK, LTD. As successor to the branches and head office functions of Wakashio Bank, the Community Banking Unit began operating as a new unit of SMBC, in charge of 34 branches, mostly within central Tokyo.

Major Accomplishments

The central mission of Wakashio Bank has been to provide support to the local community by offering convenient, high-quality financial services to small and medium-sized businesses and individual customers.

Promotion of the *Business Quick Loan*

In October 2002, the previously available loan product *Business Support* was improved to assure greater ease of use, and then released under the brand name *Business Quick Loan*, as a large business loan. In March 2003, the lending ceiling for this product was raised from ¥30 million to ¥50 million. As a result, for the six-month period following the product's launch, the number of loans extended reached 929, with a total value of ¥17.5 billion. New customers accounted for roughly half of this total.

Establishment of the Wakashio Business Club

In November 2002, the Wakashio Business Club was set up in collaboration with SMBC Consulting Co., Ltd. Established as a membership organization for business owners, the Club provides all kinds of information to members, and also offers consulting and other services, addressing the various management issues facing entrepreneurs.

Expansion of services and products for individuals

To further improve customer convenience, the mutual use of ATMs was realized with SMBC as well as with post offices. For individual customers, pension funds were added to the lineup of products in October 2002.

Expansion of the community banking branch network

We are expanding our network of community banking branches with the aim of further improving customer convenience and providing high-quality financial services with a personal touch.

Key Goals

The Community Banking Unit will address the significant challenge of enhancing its business model, building on the achievements of Wakashio Bank and focusing on services for customers in the local community. By blending such a business model with SMBC's established brand and high capability for providing sophisticated financial services, we aim to provide tailored solutions to meet our customers' needs, with even higher added value and improved convenience.



Poster announcing the start of the Community Banking Unit

The international banking operations of SMFG, centering on SMBC's International Banking Unit, serve all customers outside Japan, including Japanese and foreign companies, financial institutions, sovereign governments, and public entities, as well as offices and subsidiaries of multinational corporations in Japan.

Fiscal 2002—SMFG's first year of operation—marked the beginning of a period of fundamental reforms. We have reexamined our business approach, and now stand ready to promote a full-scale program for realizing more efficient and strategic international operations. Major accomplishments in fiscal 2002, the year ended March 31, 2003, and key goals for fiscal 2003 are outlined below.

Major Accomplishments

(1) Improved ROA and expanded fee-based business

By strategically deploying resources to businesses that are not asset-based, such as cash management service (CMS) contracts, clearing, custody and exchange services, we serve a broad range of our customers' financial requirements while simultaneously realizing more efficient asset management for the Group as a whole.

(2) Strengthened liabilities-related services

Liabilities-related services are another priority. Through close cooperation between SMBC's International Banking Unit and the Treasury Unit, we expanded our deposit base to ensure a stable source of funds. In particular, we emphasized liabilities-related services, which mainly entailed marketing our CMS business, especially in Asia, to increase deposits.

(3) Implemented "right-sizing" to create a strategic global network

We aggressively restructured operations to utilize our network more efficiently and flexibly. Simultaneously, we invested in strategic regions while making further staff reductions and undertook an exhaustive review of business methods. We also took steps to further enhance the quality of our services.

Especially in China-related business, we set up new support systems both in Japan and overseas, upgrading the all-embracing support provided to Japanese companies operating in China and others planning to enter that market.

We also established Sumitomo Mitsui Banking Corporation Europe Limited, a wholly owned subsidiary of SMBC, in March 2003 to centralize operations in Europe and thereby raise efficiency.

Key Goals

(1) Expand our service lineup through tie-ups with Japanese and overseas partners

In Asia, and particularly China, which has been posting remarkable growth in recent years, SMFG provides comprehensive services to

Japanese companies entering these markets through the newly established China Business Promotion Department within the Middle Market Banking Unit of SMBC, SMBC branches in China, The Japan Research Institute, Limited, and SMBC Leasing Company, Limited. Through such collaborations, we provide information on local markets, assist in local fund procurement, conduct transactions with local banks, and settle payments within China and overseas.

Meanwhile, SMBC's Global Client Business Department, which serves foreign companies operating in Japan, is working more closely with overseas bases in Europe and the Americas. This enables us to provide international clients with customized services for their operations in Japan and Asia, drawing on the Group's worldwide resources.

(2) Provide a full line of financial services

SMFG provides a wide range of financial services, including CMS, trade finance, and securities-related services. To ensure the highest quality CMS support, we will introduce new CMS products and services, and make extensive use of alliances with local banks. In trade finance, we launched a comprehensive Internet service for foreign exchange transactions. In securities, we are working to supply Japanese and foreign institutional investors with optimal solutions for dealing with the reform of the Japanese securities settlement system. We are in the process of creating an all-round securities-related business that goes well beyond the traditional custody business.

(3) Review of credit-related services

Loans and other credit-related services remain a major source of earnings for SMFG. To increase our service diversity, we will augment our capabilities for conducting credit checks and credit management, as well as review all other related activities to raise the efficiency of asset management while simultaneously promoting our credit-related business. We will efficiently expand our credit business with foreign companies in Europe and the Americas through our credit extension facility for the Goldman Sachs Group and by other innovative initiatives.

We will pursue differentiated strategies in the Americas, Europe and Asia for the future development of SMFG's international banking operations. Our international business encompasses both Japanese companies operating in overseas markets and foreign companies doing business in Japan. In line with this, SMFG will continue to emphasize service formats that are not asset-based. To this end, SMFG companies will not only intensify cooperation among themselves, they will also form ties with overseas financial institutions to offer more extended services.

Treasury Markets

SMFG aims to provide its clients with world-class support services for their market transaction needs.

Supporting Customers' Transactions

Within SMFG, the Treasury Unit of SMBC undertakes operations in the domestic and international money, foreign exchange, bonds, and derivatives markets. Based on a careful evaluation of each client's needs, we design financial products and services that deliver optimal value-added solutions. Particularly noteworthy are the advances achieved in fiscal 2002 through the expansion of our product lineup and the development of related systems, with the aim of realizing a dramatic increase in customer satisfaction.

i-Deal

In November 2002, the Treasury Unit introduced *i-Deal*, an easy-to-use online dealing system allowing customers to directly and speedily conclude foreign exchange forward contracts over the Internet from their personal computers. More than just a direct trading channel, *i-Deal* offers many additional functions to customers—such as the provision of extensive market data—to help increase the efficiency of their business operations.

In just the first six months of service, *i-Deal* attracted 3,000 corporate subscribers and has received high marks for its ease of use.

Enhanced Marketing Capabilities in Asia

To offer Asian markets the full range of customer support services in funding, foreign exchange, and derivatives, we operate sales desks in Tokyo, Hong Kong, and Singapore. In addition to these cities, we have also established a sales desk in Bangkok in response to rising customer demand. Our customers across the region can rely on us to provide information and insightful advice relating to their particular areas of interest, and these sales desks enhance our ability to promptly handle customer transactions.

Strategic Outlook

To provide the highest level of services in the industry to support clients' market transactions, we keep abreast of the latest developments in financial technology and IT systems, and are further strengthening our capabilities in market research and analysis. We are also reinforcing our processing infrastructure, including our back-office functions and compliance.

Asset Liability Management and Dealing Operations

Through its Asset Liability Management and securities trading operations, SMBC's Treasury Unit strives to maximize earnings by pursuing appropriate control of market risk and liquidity risk, as well as promoting various well-timed arbitrage operations.

Business Performance

In Asset Liability Management and dealing operations involving funds denominated in yen and foreign currencies, we conduct dynamic and swift operations by accurately interpreting movements on domestic and foreign markets, while carefully assessing and monitoring all associated market and liquidity risks. Through these operations we posted record-high earnings in fiscal 2002.

We will continue to pursue bold but fine-tuned position-taking. We will also promote the expansion of transactions with customers, develop new earnings sources, and optimally leverage our talented staff through the deployment of a performance-linked pay and promotion policy. Moreover, we will further strengthen our risk management system. Through these developments, we are striving to secure a high and stable level of earnings. We will also promote closer cooperation among SMFG companies in the area of Asset Liability Management.



In investment banking, SMFG offers corporate customers a variety of fundraising methods, provides financial solutions such as M&As and securitization, and offers asset-management products such as investment trusts and pension assets. For corporate customers seeking to develop financial and business strategies, we draw on the combined know-how of the Group's finance companies—such as SMBC's Investment Banking Unit and Daiwa Securities SMBC Co. Ltd.—in creating optimal financial solutions that will satisfy customers' requirements.

Major Accomplishments

Developments in our loan syndication business in fiscal 2002 included new initiatives such as supporting customers' information disclosure by holding debt IR seminars, thereby facilitating smooth fundraising.

As a result, the number of domestic syndications organized by SMBC in fiscal 2002 surged to 349, an increase of 157 compared with a year earlier, for a total value of ¥4,500 billion, reflecting an expansion of ¥900 billion from the previous year. The number of private bond placements also displayed significant growth, rising to 2,227, for a total issue amount of ¥740 billion, a more than threefold expansion compared with the previous year as measured by both number of placements and total value.

Two Group companies are drawing recognition for their strong performances. Daiwa Securities SMBC, a key player in debt and equity markets, ranked first in the league table for lead management in corporate straight bonds including those of banks and securities companies, and ranked second for initial public equity offerings and secondary public equity offerings. It also advanced to second in the Thomson Financial M&A league table for Japan, up from 10th a year earlier. In asset management operations, Daiwa SB Investments Ltd. attained the top rank overall for the second year running in a survey by R&I.* Thus, we succeeded in expanding our market presence thanks to our ability to provide a wide range of sophisticated financial services.

Furthermore, in December 2002, SAKURA INVESTMENT MANAGEMENT CO., LTD. merged with four other asset management subsidiaries of the Mitsui and Sumitomo groups and formed the new entity, Sumitomo Mitsui Asset Management Company, Limited. The merger in April 2003 of Meiko National Securities Co., Ltd. and Sakura Friend Securities Co., Ltd. gave rise to the establishment of SMBC Friend Securities Co., Ltd. These developments exemplify SMFG's progress in making its Group management more efficient.

Noteworthy also from the perspective of cooperation within the Group was SMBC's establishment of joint outlets with Meiko National Securities, Sakura Friend Securities (now SMBC Friend Securities), and DLJ*direct* SFG Securities Inc. in November 2002.

Key Goals

In fiscal 2003, we will continue our efforts to leverage the comprehensive financial capabilities of the Group to provide clients with ever more effective investment banking services. In particular, we are confident that our cutting-edge financial services, provided through close cooperation between Daiwa Securities SMBC and SMBC, will enable our clients to achieve business success.

In the field of corporate revitalization, we are making full use of our extensive information network to design value-added solutions, such as M&As. To meet the funding needs of an even broader range of clients, we will further promote loan syndications and effective execution of debt IR activities, and offer our customers the advantage of greater diversity in fund procurement methods. In April 2003, SMBC became the first Japanese bank to act as an advisor in the formulation of a securitization program for patent rights.

This is just one example of the active efforts being made by the Group companies to quickly develop and launch new financial services, which include management buyouts (MBOs) and debtor-in-possession (DIP) financing, as well as trust banking services offered by SMBC.

Notes

* *Newsletter on Pensions and Investment* (Published by Rating and Investment Information, Inc.; Nov. 18, 2002 issue)



Daiwa Securities SMBC

SMFG, led by SMBC's new Asset Restructuring Unit, will continue making strenuous efforts to promote corporate revitalization.

Major Accomplishments

To enable a more effective focus on the restructuring and reengineering of the businesses of corporate customers, the Asset Restructuring Unit was established in December 2002 through the integration of existing departments, as shown below.

- (1) Credit Administration Department (transferred from the Corporate Services Unit)
- (2) Tokyo Credit Business Departments I–VI, Osaka Credit Business Departments I–III, and Kobe Credit Business Department (transferred from the Middle Market Banking Unit)
- (3) Credit Departments I–IV (transferred from the Corporate Banking Unit)

To supervise and support these departments, we set up a Planning Department within the Asset Restructuring Unit. The department is staffed by specialists in the tools for corporate revitalization—such as securitization, corporate restructuring, and the creation of corporate revitalization funds—as well as professionals with accounting and legal expertise drawn from throughout the bank.

The Asset Restructuring Unit has authority over approximately eighty percent of SMBC's problem assets disclosed under the Financial Reconstruction Law.

The Unit's first major task was to get the Japan Revival Fund up and running. The Fund was jointly set up by SMBC, The Bank of Tokyo-Mitsubishi, Ltd. and 13 regional banks, and began operations in the second half of fiscal 2002. These operations consist primarily of the purchase from financial institutions of claims on companies in need of rehabilitation, and equity investment in these companies.

SMBC's securitization of nonperforming loans increased from ¥467.4 billion in fiscal 2001 to ¥1,124.5 billion in fiscal 2002, of which ¥931.1 billion was achieved in the second half. In this way, the establishment of the Asset Restructuring Unit has enabled us to accelerate the off-balancing of problem assets.

Key Goals

From here on, we intend to put even more effort into the restructuring and reengineering of the business of corporate customers, as well as speed up the final disposal (off-balancing) of problem assets. To achieve these aims, we will make increasing use of approaches and methods developed by investment banks. We also plan to work with government organizations such as the Industrial Revitalization Corporation of Japan and the Resolution and Collection Corporation, with foreign-owned financial institutions, and with property management companies and other experts in the field. In this way, we are preparing for the early realization of a sounder loan portfolio in line with the introduction of the new BIS standards.

To achieve optimal results in corporate revitalization requires the focusing of extensive expertise, as well as the courage and ability to make swift decisions in critical situations. It is thus a very difficult line of business, but it offers tremendous opportunities for the development of new business, such as M&As. Moreover, the current moves toward the securitization of loan assets and real estate, and the creation of corporate revitalization funds could well lead to further major changes in the structure of Japan's financial market.

We will actively undertake these initiatives, as we seek ways to improve performance in response to the ongoing structural reforms of Japanese industry and ensure our future prosperity.



Environmental Preservation Initiatives

 [Please check the SMFG website for the latest information.](#)

SMFG assigns a high management priority to environmental issues. We have drawn up the Group Environmental Policy to serve as the Group's basic action guidelines and have also formed the Group Environmental Committee. Through these initiatives, we promote coordinated, Groupwide environmental activities.

The Group Environmental Policy

Basic Concepts

Recognizing the importance of realizing a sustainable society, SMFG is making continuous efforts to harmonize environmental preservation and corporate activities, so as to both support the economy and contribute to the general well-being of society as a whole.

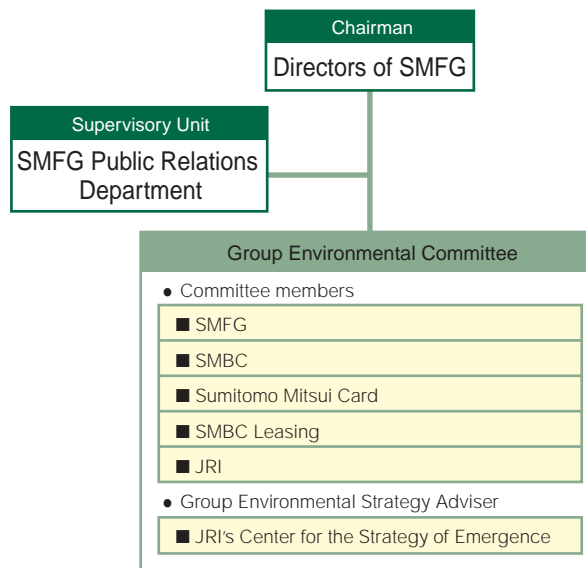
Specific Environmental Policies

- We provide environment-friendly financial products, information, and solutions that help our customers in their own efforts to preserve the eco-system
- We devise ways to reduce levels of environmental risk posed by our own activities and those of society at large
- We are determined to fulfill our social responsibilities through conservation of resources, energy saving, and the reduction of waste
- We enforce a policy of strict adherence to environment-related laws and regulations
- We practice a high level of disclosure of information relating to the Group's environmental activities, and make ceaseless efforts to improve our contribution to environmental preservation, incorporating the views of our own staff and concerned persons from outside the Group
- We place a high priority on thoroughly educating our staff in our environmental principles, and in ensuring that they conform to these principles in the performance of their work
- To ensure optimal effectiveness in environmental management, we set separate qualitative goals and numerical targets for each fiscal year; the results are then reviewed and incorporated into new plans to realize a process of continuous improvement
- These policies are published on the Group's website, and are also available in printed form upon request

June 1, 2003

Yoshifumi Nishikawa
President & Chief Executive Officer
 Sumitomo Mitsui Financial Group, Inc.

Group Environmental Committee



[Group Environmental Initiatives]

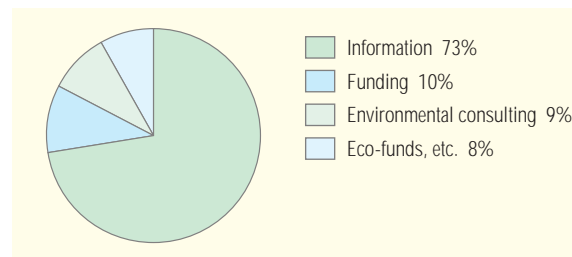
Environmental Seminars

SMFG held its first environmental seminar for client companies on March 4, 2003. The seminar was a success, with approximately 500 persons attending.



An environmental seminar at SMBC's Otemachi Head Office

■ Environmental initiatives demanded of the financial sector



(From questionnaire responses by attendees at seminar)

Publication of Environmental Magazine SAFE

SMFG provides a variety of environment-related information to clients and others through the bimonthly publication of the magazine *SAFE*.

1st edition: April 1996 (May 2003 edition is No. 42)

Published by: SMFG Public Relations Department

Number of copies: approximately 4,000 per edition

Description of Contents: Interviews with top management personnel at companies in the forefront of the environmental preservation movement

*Available on SMFG's Japanese-language website only.



Signatory to the UNEP Statement by Financial Institutions

The United Nations Environment Programme (UNEP), a UN organization established in 1972 and dedicated to environmental issues, drew up the Statement by Financial Institutions on the Environment and Sustainable Development (written in 1992, revised 1997). Thus far, 190 financial institutions in 46 countries have become signatories.

SMFG is a signatory to this statement, and the Group is assisting in preparations for the annual UNEP Conference for 2003, to be held in Tokyo in October.

ISO 14001 Certification

SMBC and The Japan Research Institute, Limited (JRI) have acquired ISO 14001 certification, the international standard for environmental management systems.



SMBC
(ISO certified: Headquarters, Osaka Head Office, Otemachi Head Office and Kobe Head Office)



JRI
(ISO certified: all offices with exception of Nagoya and Sapporo)

Social Contribution

 [Please check the SMFG website for the latest information.](#)

As a responsible corporate citizen, each SMFG company undertakes a wide range of activities to contribute to the welfare of society as a whole.

Social Welfare

Group companies organize and participate in a wide range of social welfare activities, and also support organizations devoted to such causes to help create a more benevolent society.

SMBC Volunteer Fund

The SMBC Volunteer Fund makes donations to volunteer organizations dedicated to providing assistance in the case of disasters and economic hardship. This fund is financed by SMBC employees who make a voluntary contribution of ¥100 per month. Donations were made to 11 organizations in fiscal 2002.



Cambodian children

Major Donations by the Fund in Fiscal 2002

- Desks, chairs and educational materials for an elementary school in Cambodia
- Operating costs for a medical center in Haiti
- Funds to support the education of children of Afghan refugees

Donating Voided Postcards, Unused Stamps, etc.

SMBC encourages employees to donate voided or otherwise unusable postcards and unused telephone cards to volunteer groups. At Sumitomo Mitsui Card Company, Limited, employees are encouraged to donate used stamps and prepaid cards to volunteer groups.

International Cooperation

SMFG engages in a variety of international cooperation activities.

Supporting UNICEF

- ★ At SMBC, foreign coin collection boxes are placed at the entrances of all manned branches in Japan. Coins donated by customers are later sorted by currency and sent to UNICEF. SMBC also offers the *UNICEF Donation Account*, through which customers donate their net interest to UNICEF and a matching amount is donated by SMBC.
- ★ Through its *World Present* points service for members of the VISA Japan Association, Sumitomo Mitsui Card collects donations from VISA cardholders every year and presents them to the Japan Committee for UNICEF. Sumitomo Mitsui Card also issues cards incorporating donations to specified charities, such as the *UNICEF VISA Card* and the *Red Feather VISA Card* (offered in cooperation with the Central Community Chest of Japan). The Company makes its own donations to the working funds of all these organizations out of the revenues it receives from the card business.

Donation of Staff Uniforms

Sumitomo Mitsui Card recently discontinued the use of uniforms for its staff, and donated approximately 4,400 ensembles to the Tokyo-based volunteer organization Motherland Academy, which distributes them to needy people throughout the world. Countries receiving donations thus far include Liberia and Mali.

SMBC Global Foundation

The SMBC Global Foundation provides scholarships to university students in Asian countries such as Thailand, China, Indonesia, and Singapore.

SMBC Foundation

Through its education and international exchange programs, the SMBC Foundation aims to help nurture the human resources necessary to achieve sustainable development in developing countries. To this end, the foundation offers scholarships to students and provides subsidies to researchers and research institutions around the world undertaking projects related to developing countries.

Supporting Employees' Volunteer Activities

SMFG actively supports employees' participation in volunteer activities.

YUI—an SMBC Volunteer Organization

YUI, a volunteer organization at SMBC, engages in welfare activities aimed at promoting interaction between SMBC employees and the general public. In fiscal 2002 the organization started offering computer courses for people with impaired hearing. It also donates to various charitable causes the proceeds of bazaars and movie screenings organized by members.

Sign-Language Courses

SMBC offers sign-language courses to employees, thereby promoting communication with and enhanced understanding of persons with hearing disabilities.

Seminars for Experiencing Volunteer Activities

SMBC holds training sessions for its staff after working hours



Sign-language class

as well as on weekends and holidays. One such session enables participants to experience what it feels like to be visually impaired. SMBC also provides employees with information on various volunteer activities, and encourages their participation in such events.

Neighborhood Cleanup Programs

At SMBC Leasing Company, Limited, the staff at the Osaka headquarters make extensive efforts to beautify the surrounding area. Such efforts include a regular neighborhood cleanup conducted along Midosuji Street, a major thoroughfare. In August 2002, the company received a letter of thanks from the Director-General of the Kinki Regional Development Bureau, within the Ministry of Land, Infrastructure and Transport.

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Financial Section

The following is a summary of SMFG's consolidated and SMBC's nonconsolidated financial results for fiscal 2002, ended March 31, 2003.

Financial Review (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year-on-year comparisons are with consolidated figures of SMBC.

1. Operating Results

Consolidated financial results for fiscal 2002, include the results of 170 consolidated subsidiaries (124 in Japan and 46 overseas) and 47 subsidiaries and affiliates accounted for by the equity method (20 in Japan and 27 overseas).

Consolidated gross profit showed a year-on-year increase of ¥106.3 billion, to ¥2,184.0 billion. This was the result of success in improving earnings power through across-the-board measures to raise efficiency and strengthen operations, as well as vigorous efforts to improve the cost structure. Operating expenses decreased by ¥46.3 billion year-on-year, to ¥889.2 billion, but valuation losses on equity holdings worsened from the previous business term, in addition to further progresses in disposal of nonperforming loans. Ordinary loss came to ¥515.7 billion. Extraordinary losses, income taxes, and minority interests resulted in net loss of ¥465.3 billion.

Deposits (excluding negotiable certificates of deposit) as of March 31, 2003, stood at ¥62,931.0 billion, a ¥2,054.9 billion decrease compared with a year earlier.

Loans and bills discounted declined ¥2,562.6 billion over the same period to ¥61,082.9 billion, while securities increased ¥3,423.8 billion to ¥24,118.5 billion.

Despite a capital increase of ¥495.3 billion during the term, total stockholders' equity declined by ¥488.5 billion year-on-year, to ¥2,424.0 billion due to posting of net loss, and valuation losses on securities holdings stemming from lower stock prices.

Number of Consolidated Subsidiaries, and Subsidiaries and Affiliates Accounted for by the Equity Method

March 31	2003 (A)	2002 (B)	Increase (decrease) (A) - (B)
Consolidated subsidiaries.....	170	144	26
Subsidiaries and affiliates accounted for by the equity method.....	47	38	9

Income Summary

Year ended March 31	Millions of yen		
	2003 (A)	2002 (B)	Increase (decrease) (A) – (B)
Consolidated gross profit	¥2,184,006	¥2,077,681	¥ 106,325
Net interest income	1,399,504	1,449,783	(50,279)
Trust fees	7	—	7
Net fees and commissions	352,900	319,532	33,368
Net trading income	205,770	129,432	76,338
Net other operating income	225,823	178,932	46,891
General and administrative expenses	¥ (889,237)	¥ (935,553)	¥ 46,316
Total credit cost	(1,200,904)	(1,703,363)	502,459
Write-off of loans	(364,605)	(391,923)	27,318
Transfer to specific reserve	(407,963)	(681,457)	273,494
Transfer to general reserve for possible loan losses	(250,636)	(527,445)	276,809
Others	(177,698)	(102,537)	(75,161)
Gains (losses) on stocks	¥ (621,526)	¥ (17,808)	¥(603,718)
Equity in earnings of affiliates	5,718	2,964	2,754
Other income (expenses)	6,193	(4,547)	10,740
Ordinary profit (loss)	¥ (515,749)	¥ (580,628)	¥ 64,879
Extraordinary gains (losses)	(75,164)	(23,710)	(51,454)
Income (loss) before income taxes and minority interests	(590,914)	(604,338)	13,424
Income taxes, current	(66,068)	(101,860)	35,792
deferred	225,190	289,305	(64,115)
Minority interests in net income	(33,567)	(46,993)	13,426
Net income (loss)	¥ (465,359)	¥ (463,887)	¥ (1,472)
[Reference]			
Consolidated banking profit (Billions of yen)	¥ 1,131.0	¥ 991.9	¥ 139.1

Notes: 1. Consolidated gross profit = (Interest income – Interest expenses) + Trust fees + (Fees and commissions (income) – Fees and commissions (expenses)) + (Trading profits – Trading losses) + (Other operating income – Other operating expenses)
 2. Consolidated banking profit = SMBC's nonconsolidated banking profit (excluding transfer to general reserve for possible loan losses) + SMFG's ordinary profit + Other subsidiaries' ordinary profit (excluding nonrecurring factors) + Equity method affiliates' ordinary profit x Ownership ratio – Internal transactions (dividends, etc.)

Assets, Liabilities and Stockholders' Equity

March 31	Millions of yen		
	2003 (A)	2002 (B)	Increase (decrease) (A) – (B)
Assets	¥104,607,449	¥108,005,001	¥(3,397,552)
Loans and bills discounted	61,082,946	63,645,586	(2,562,640)
Securities	24,118,520	20,694,632	3,423,888
Liabilities	101,186,654	104,108,534	(2,921,880)
Deposits	62,931,007	64,985,976	(2,054,969)
Negotiable certificates of deposit	4,853,017	6,662,097	(1,809,080)
Minority interests	996,720	983,847	12,873
Stockholders' equity	2,424,074	2,912,619	(488,545)

2. Unrealized Gains (Losses) on Securities

Steps were taken to eliminate unrealized losses on securities when two consolidated subsidiaries—the former SMBC and the former Wakashio Bank—merged on March 17, 2003. Before the merger, the former SMBC posted impairment loss on securities and, on the day of the merger, the merger surplus was used to write-off the remaining unrealized losses of the former SMBC.

Although SMFG recorded net unrealized loss of ¥24.8 billion for fiscal 2002 due to the drop in stock prices, this was a significant year-on-year improvement of ¥473.6 billion. Net unrealized loss on other securities (including other money held in trust), changes in which are directly charged to stockholders' equity, amounted to ¥30.6 billion.

Unrealized Gains (Losses) on Securities

March 31	Millions of yen						
	2003				2002		
	Net unrealized gains (losses) (A)	(A) – (B)	Unrealized gains	Unrealized losses	Net unrealized gains (losses) (B)	Unrealized gains	Unrealized losses
Held-to-maturity securities.....	¥ 5,882	¥ 4,990	¥ 5,988	¥ (105)	¥ 892	¥ 1,262	¥ (370)
Other securities	(30,643)	464,864	272,943	(303,587)	(495,507)	260,042	(755,549)
Stocks.....	(165,442)	343,863	112,952	(278,395)	(509,305)	192,620	(701,926)
Bonds	111,164	74,705	117,093	(5,928)	36,459	58,810	(22,351)
Others.....	23,634	46,295	42,897	(19,263)	(22,661)	8,610	(31,271)
Other money held in trust	(44)	3,781	510	(555)	(3,825)	135	(3,960)
Total.....	(24,805)	473,635	279,443	(304,248)	(498,440)	261,440	(759,881)
Stocks.....	(165,442)	343,863	112,952	(278,395)	(509,305)	192,620	(701,926)
Bonds	116,016	79,382	121,945	(5,928)	36,634	59,303	(22,669)
Others.....	24,620	50,389	44,545	(19,925)	(25,769)	9,515	(35,284)

Notes: 1. The figures above include unrealized gains (losses) on negotiable certificates of deposit in "Deposits with banks" and commercial papers as well as beneficiary claims on loan trust in "Commercial paper and other debt purchased."
 2. In principle, the values of stocks are calculated using the average market prices during the final month of the respective reporting period. The values of bonds and others are calculated using market prices at the end of the respective reporting period.
 3. "Other securities" and "Other money held in trust" are valued at market prices. Consequently, the figures in the table above indicate the differences between the acquisition costs (or amortized costs) and the balance sheet amounts.

3. Consolidated Capital Ratio (BIS Guidelines)

SMFG's consolidated capital ratio (BIS guidelines) at the fiscal year-end was 10.10%. (Please refer to the "Capital Ratio" section on page 98 for more information.)

Total capital, which constitutes the numerator in the capital ratio calculation equation, was ¥5,978.9 billion, representing a ¥1,081.8 billion decline from the previous fiscal year-end. This decline was due to the posting of net loss and

a decline in the market value of securities, which more than offset the capital increase during the term. On the other hand, risk-adjusted assets, the denominator in the equation, decreased ¥8,381.1 billion to ¥59,166.8 billion. This decline was mainly caused by the accelerated disposal of nonperforming loans and the sale of stockholdings, in addition to reductions in unprofitable overseas assets and domestic loans as a result of sluggish fund demand in Japan.

Consolidated Capital Ratio (BIS Guidelines)

March 31	Millions of yen		
	2003 (A)	2002 (B)	Increase (decrease) (A) – (B)
Tier I capital (A).....	¥ 3,255,936	¥ 3,719,366	¥ (463,430)
Tier II capital (B).....	2,961,619	3,504,772	(543,153)
Deductions (C)	(238,633)	(163,331)	(75,302)
Total capital (D) = (A) + (B) – (C).....	¥ 5,978,922	¥ 7,060,807	¥(1,081,885)
Risk-adjusted assets (E)	¥59,166,864	¥67,548,012	¥(8,381,148)
Capital ratio (BIS guidelines) = (D) / (E) × 100.....	10.10%	10.45%	(0.35%)

4. Dividend Policy

Given the public nature of its business and respecting the stockholders interest, SMFG subscribes to a fundamental policy of paying dividends as deemed appropriate in view of the need to increase capital and preserve sound operation. After

appropriating retained earnings to increase capital and in recognition of the year's large net loss, SMFG paid an annual dividend of ¥3,000 per share of common stock. Annual dividends for preferred stock were paid in the predetermined amounts for each category of preferred stock.

Financial Review (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Figures shown for fiscal 2001, ended March 31, 2002, are sum of the financial results of the former SMBC and the former Wakashio Bank. Figures for fiscal 2002, ended March 31, 2003, include the operating results of the former SMBC for the period from April 1, 2002 to March 16, 2003.

1. Operating Results

Banking profit (excluding transfer to general reserve for possible loan losses) in fiscal 2002 decreased ¥72.8 billion to ¥1,113.6 billion year-on-year, as a result of a ¥104.2 billion decrease in gross banking profit to ¥1,760.7 billion and a ¥31.4 billion decrease in expenses (excluding nonrecurring losses) to ¥647.0 billion. Banking profit (excluding transfer to general reserve for possible loan losses), however, surpassed the ¥1 trillion benchmark for two consecutive terms.

Ordinary loss, calculated by adjusting banking profit (excluding transfer to general reserve for possible loan losses) for nonrecurring items such as credit costs and losses on stocks, was ¥597.2 billion. Total credit cost (including transfer to general reserve for possible loan losses) at ¥1,074.5 billion was within banking profit (excluding transfer to general reserve for possible loan losses), and losses on stocks totaled ¥635.7 billion.

After adjusting for extraordinary gains (losses) and income taxes, net loss amounted to ¥478.3 billion.

2. Income Analysis

Gross Banking Profit

Despite a decline in extraordinary dividend payments from overseas subsidiaries of approximately ¥220.0 billion, gross

banking profit declined only ¥104.2 billion year-on-year to stand at ¥1,760.7 billion. This was mainly the result of strong revenue from sales of derivatives and fees and commissions on loan syndications. In addition, a successful asset-liability management based on accurate projections of interest rate declines in the United States and elsewhere also contributed to increased earnings.

Expenses

Expenses (excluding nonrecurring losses), despite the costs stemming from the integration of the computer systems during fiscal 2002, decreased ¥31.4 billion year-on-year, to ¥647.0 billion. This was mainly due to a ¥22.5 billion decline in personnel expenses, and a ¥12.1 billion reduction in nonpersonnel expenses through integration of domestic and overseas branches and improved efficiency of sales channels, including ATMs.

Banking Profit

Banking profit (excluding transfer to general reserve for possible loan losses) decreased ¥72.8 billion from the previous fiscal year, to ¥1,113.6 billion.

Banking Profit

Year ended March 31	Millions of yen		
	2003 (A)	2002 (B)	Increase (decrease) (A) – (B)
Gross banking profit.....	¥1,760,684	¥1,864,879	¥(104,195)
Gross banking profit (excluding gains (losses) on bonds)	1,625,025	1,797,744	(172,719)
Net interest income.....	1,223,336	1,487,039	(263,703)
Trust fees.....	7	—	7
Net fees and commissions	194,665	165,512	29,153
Net trading income	196,000	121,289	74,711
Net other operating income	146,672	91,037	55,635
Gross domestic banking profit	1,252,898	1,267,680	(14,782)
Gross international banking profit.....	507,785	597,198	(89,413)
Transfer to general reserve for possible loan losses	¥ (238,132)	¥ (504,663)	¥ 266,531
Expenses (excluding nonrecurring losses)	(647,040)	(678,393)	31,353
Personnel expenses	(253,907)	(276,453)	22,546
Nonpersonnel expenses.....	(357,682)	(369,823)	12,141
Taxes.....	(35,450)	(32,115)	(3,335)
Banking profit.....	¥ 875,511	¥ 681,821	¥ 193,690
Banking profit (excluding transfer to general reserve for possible loan losses).....	1,113,643	1,186,484	(72,841)
Banking profit (excluding transfer to general reserve for possible loan losses and gains (losses) on bonds)	977,984	1,119,350	(141,366)

Nonrecurring Losses (Credit Costs, etc.)

Nonrecurring losses totaled ¥1,472.7 billion in fiscal 2002. Credit cost of disposing specific problem loans amounted to ¥836.4 billion, and total credit cost (including transfer to general reserve for possible loan losses) decreased ¥471.7 billion to ¥1,074.5 billion, which was within banking profit (excluding transfer to general reserve for possible loan losses). Net loss on stocks was ¥635.7 billion due to decreases in stock prices, of which net loss on sale of stocks was ¥108.2 billion and loss on devaluation of stocks based on SMBC's self-assessment rule was ¥527.5 billion. (Please refer to the "Asset Quality" section beginning on page 14 for more information on problem assets and progress in reducing such assets.)

Ordinary Profit (Loss)

As a result of the foregoing, ordinary loss increased ¥75.6 billion year-on-year to ¥597.2 billion.

Ordinary Profit and Net Income

Year ended March 31	Millions of yen		
	2003 (A)	2002 (B)	Increase (decrease) (A) - (B)
Banking profit (excluding transfer to general reserve for possible loan losses).....	¥1,113,643	¥1,186,484	¥ (72,841)
Transfer to general reserve for possible loan losses	(238,132)	(504,663)	266,531
Banking profit	¥ 875,511	¥ 681,821	¥ 193,690
Nonrecurring gains (losses)	(1,472,700)	(1,203,449)	(269,251)
[Total credit cost] (Notes 1, 2).....	[(1,074,517)]	[(1,546,199)]	[(471,682)]
Credit cost			
Write-off of loans	(284,418)	(285,363)	945
Transfer to specific reserve	(375,359)	(663,960)	288,601
Transfer to reserve for losses on loans sold.....	(15,245)	(37,034)	21,789
Losses on loans sold to CCPC.....	(16,370)	(8,363)	(8,007)
Losses on sale of delinquent loans	(148,870)	(50,589)	(98,281)
Transfer to loan loss reserve for specific overseas countries.....	3,879	4,546	(667)
Gains (losses) on stocks	(635,708)	(130,757)	(504,951)
Gains on sale of stocks	51,205	54,256	(3,051)
Losses on sale of stocks	(159,448)	(54,306)	(105,142)
Losses on devaluation of stocks.....	(527,465)	(130,708)	(396,757)
Enterprise taxes by local government	(7,811)	(30,000)	22,189
Others	7,204	(1,926)	9,130
Ordinary profit (loss)	¥ (597,188)	¥ (521,629)	¥ (75,559)
Extraordinary gains (losses)	(73,799)	(14,985)	(58,814)
Gains (losses) on disposition of premises and equipment	(26,169)	(14,334)	(11,835)
Amortization of net transition obligation from initial application of the new accounting standard for employee retirement benefits	(20,167)	(20,167)	—
Income taxes, current	(40,299)	(32,759)	(7,540)
Income taxes, deferred	232,983	246,522	(13,539)
Net income (loss).....	¥ (478,304)	¥ (322,852)	¥(155,452)

Notes: 1. Total credit cost includes transfer to general reserve for possible loan losses.

2. Total credit cost in fiscal 2002 includes extraordinary losses of ¥770 million that was booked by the former Wakashio Bank.

Extraordinary Gains (Losses)

Net extraordinary losses amounted to ¥73.8 billion. The major components of extraordinary losses were ¥20.2 billion in amortization expenses for transitional obligations on employees' retirement benefits, in addition to one-off expenses for branch integration resulting from systems integration due to the merger.

Net Income (Loss)

Net loss in fiscal 2002 increased ¥155.5 billion year-on-year to ¥478.3 billion. The current portion of income taxes under tax-effect accounting totaled ¥40.3 billion, while the deferred portion was ¥233.0 billion under tax-effect accounting. This relatively modest figure is partly due to conservative estimates of future earnings and the effects of the introduction of a taxation standard for enterprise tax based on revenue scale.

3. Assets, Liabilities and Stockholders' Equity

Assets

SMBC's total assets at the fiscal year-end stood at ¥97,891.2 billion, a ¥4,689.6 billion decrease compared with a year earlier. Deposits with banks decreased ¥2,232.1 billion, due mainly to a reduced scale of international operations with the aim of raising the efficiency of foreign-currency-denominated fund operations. Loans and bills discounted also decreased by ¥3,020.0 billion, owing to a reduction in the amount of unprofitable loans overseas, weak corporate loan demand amid the prolonged economic slump and increased efforts by SMBC to collect on problem loans.

Liabilities

Liabilities at the fiscal year-end decreased ¥3,752.3 billion year-on-year to ¥95,611.9 billion. A decline of ¥2,901.3 billion in deposits and a drop of, ¥1,672.5 billion in negotiable certificates of deposit were the main factors resulting from reduced fund procurement from the market in line with reduced overseas assets.

Stockholders' Equity

Stockholders' equity decreased by ¥937.3 billion year-on-year to ¥2,279.2 billion at the end of fiscal 2002. The major reasons for this decline include a reduction in the market value of equity holdings caused by lower stock prices, and net loss for the reporting term.

Assets, Liabilities and Stockholders' Equity

March 31	Millions of yen		
	2003 (A)	2002 (B)	Increase (decrease) (A) – (B)
Assets	¥97,891,161	¥102,580,796	¥(4,689,635)
Loans and bills discounted	57,282,365	60,302,319	(3,019,954)
Securities.....	23,656,385	20,496,287	3,160,098
Liabilities	95,611,937	99,364,232	(3,752,295)
Deposits.....	58,610,731	61,512,006	(2,901,275)
Negotiable certificates of deposit.....	4,913,526	6,586,039	(1,672,513)
Stockholders' equity	2,279,223	3,216,563	(937,340)

4. Unrealized Gains (Losses) on Securities

Steps were taken to eliminate unrealized losses on securities when the former SMBC and the former Wakashio Bank merged on March 17, 2003. Before the merger, the former SMBC posted impairment loss on securities and, on the day of the merger, the merger surplus was used to write-off the remaining unrealized losses of the former SMBC. Although

decreases in stock prices during the period from March 17 to 31, 2003, resulted in a net unrealized loss on securities of ¥34.5 billion at the fiscal year-end, this was a significant year-on-year improvement of ¥450.7 billion. Unrealized losses on other securities (including other money held in trust), changes in which are directly charged to stockholders' equity, amounted to ¥17.9 billion.

Unrealized Gains (Losses) on Securities

March 31	Millions of yen							
	2003				2002			
	Net unrealized gains (losses) (A)	(A) – (B)	Unrealized gains	Unrealized losses	Net unrealized gains (losses) (B)	Unrealized gains	Unrealized losses	
Held-to-maturity securities.....	¥ 3,803	¥ 2,657	¥ 3,909	¥ (105)	¥ 1,146	¥ 1,165	¥ (19)	
Stocks of subsidiaries and affiliates	(20,428)	(20,327)	624	(21,052)	(101)	12,740	(12,841)	
Other securities	(17,857)	464,556	257,680	(275,537)	(482,413)	244,628	(727,042)	
Stocks	(152,354)	348,352	105,269	(257,624)	(500,706)	181,134	(681,841)	
Bonds	108,712	71,138	112,417	(3,705)	37,574	55,768	(18,195)	
Others	25,785	45,066	39,993	(14,207)	(19,281)	7,723	(27,005)	
Other money held in trust.....	(44)	3,781	510	(555)	(3,825)	135	(3,960)	
Total	(34,526)	450,667	262,725	(297,251)	(485,193)	258,669	(743,864)	
Stocks	(172,782)	328,026	105,894	(278,677)	(500,808)	193,875	(694,683)	
Bonds	111,528	73,523	115,234	(3,705)	38,005	56,200	(18,195)	
Others	26,727	49,118	41,597	(14,869)	(22,391)	8,593	(30,985)	

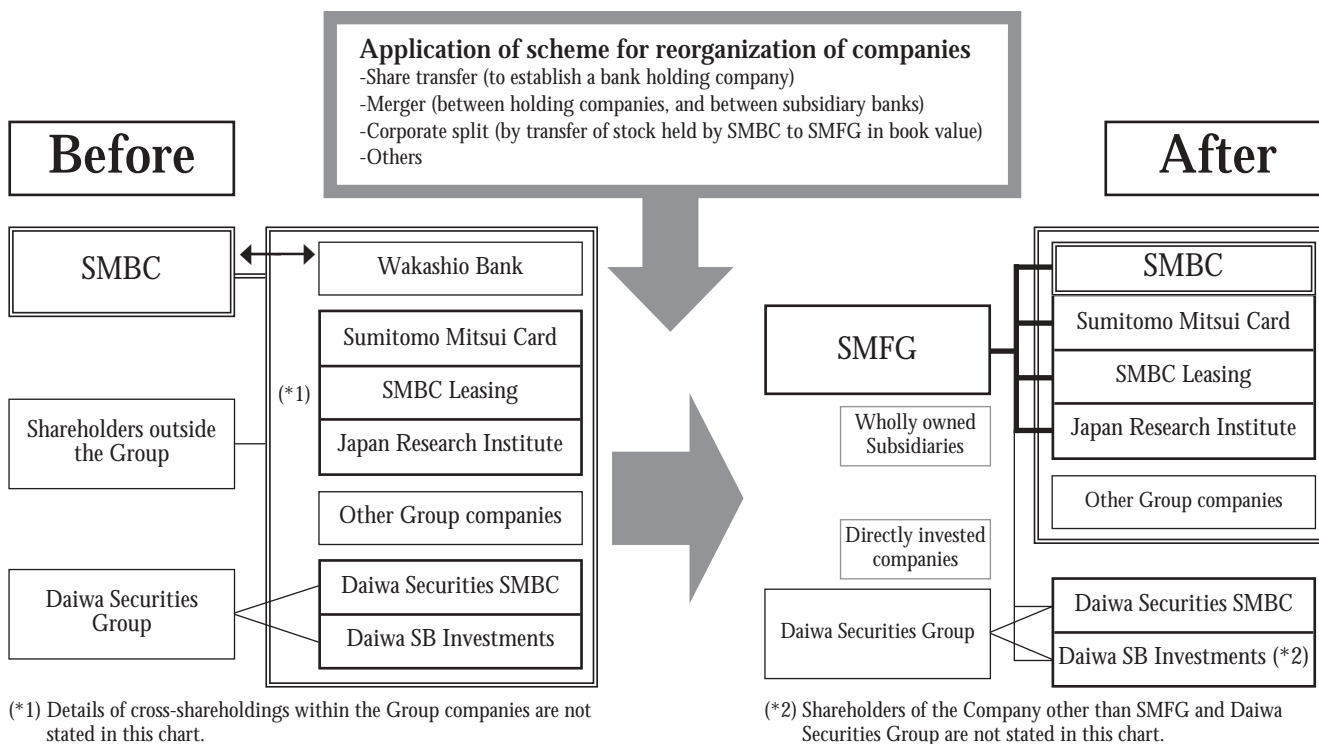
- Notes: 1. The figures above include unrealized gains (losses) on negotiable certificates of deposit in "Deposits with banks" and commercial papers as well as beneficiary claims on loan trusts in "Commercial paper and other debt purchased."
2. The values of stocks excluding stocks of subsidiaries and affiliates are calculated using average market prices during the final month of the respective reporting period. The values of stocks of subsidiaries and affiliates are calculated using market prices at the end of the respective reporting period.
3. "Other securities" and "Other money held in trust" are valued at market prices. Consequently, the figures in the table above indicate the differences between the acquisition costs (or amortized costs) and the balance sheet amounts.
4. Unrealized losses as of the end of March 2003 represent figures for newly recognized losses after the merger. Please refer to page 55 for an outline of succession procedures resulting from the merger.

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.

Consolidated Balance Sheet

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

March 31, 2003	Millions of yen	Millions of U.S. dollars (Note 1)
Assets		
Cash and due from banks (Note 9)	¥ 2,900,991	\$ 24,135
Deposits with banks (Notes 9, 28)	541,532	4,505
Call loans and bills bought	187,563	1,560
Receivables under resale agreements.....	109,710	913
Receivables under securities borrowing transactions	1,981,243	16,483
Commercial paper and other debt purchased (Note 28).....	363,981	3,028
Trading assets (Notes 3, 9, 28).....	4,495,396	37,399
Money held in trust (Note 28).....	24,629	205
Securities (Notes 4, 9, 28).....	24,118,520	200,653
Loans and bills discounted (Notes 5, 9, 27).....	61,082,946	508,178
Foreign exchanges.....	749,974	6,239
Other assets (Notes 6, 9)	3,219,009	26,781
Premises and equipment (Notes 7, 9, 15).....	1,007,905	8,385
Lease assets (Note 8)	996,344	8,289
Deferred tax assets (Note 24)	1,956,103	16,274
Deferred tax assets for land revaluation (Note 15)	724	6
Goodwill	30,031	250
Customers' liabilities for acceptances and guarantees	3,084,383	25,660
Reserve for possible loan losses	(2,243,542)	(18,665)
Total assets	¥104,607,449	\$870,278
Liabilities, minority interests and stockholders' equity		
Liabilities		
Deposits (Notes 9, 10)	¥ 67,784,025	\$563,927
Call money and bills sold (Note 9)	8,953,084	74,485
Payables under repurchase agreements (Note 9)	4,144,735	34,482
Payables under securities lending transactions (Note 9)	4,807,245	39,994
Commercial paper	187,800	1,562
Trading liabilities (Notes 9, 11).....	2,851,391	23,722
Borrowed money (Notes 9, 12)	2,580,135	21,465
Foreign exchanges.....	397,666	3,308
Bonds (Note 13)	3,583,754	29,815
Due to trust account	5,953	50
Other liabilities (Notes 9, 14).....	2,558,956	21,289
Reserve for employee bonuses	22,079	184
Reserve for employee retirement benefits (Note 25)	101,408	844
Reserve for possible losses on loans sold	20,665	172
Other reserves	649	5
Deferred tax liabilities (Note 24).....	43,930	366
Deferred tax liabilities for land revaluation (Notes 15, 24)	58,788	489
Acceptances and guarantees (Note 9).....	3,084,383	25,660
Total liabilities	¥101,186,654	\$841,819
Minority interests (Note 16)	¥ 996,720	\$ 8,292
Stockholders' equity (Note 17)		
Capital stock (Note 17).....	¥ 1,247,650	\$ 10,380
Capital surplus	856,237	7,123
Retained earnings	311,664	2,593
Land revaluation excess (Notes 15, 24).....	101,440	844
Net unrealized losses on other securities (Note 28)	(24,197)	(201)
Foreign currency translation adjustments	(53,515)	(445)
Treasury stock.....	(15,204)	(127)
Total stockholders' equity	¥ 2,424,074	\$ 20,167
Total liabilities, minority interests and stockholders' equity	¥104,607,449	\$870,278

See accompanying notes to consolidated financial statements.

Consolidated Statement of Operations

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31, 2003	Millions of yen	Millions of U.S. dollars (Note 1)
Income		
Interest income:		
Interest on loans and discounts	¥1,266,271	\$10,535
Interest and dividends on securities	268,261	2,232
Interest on receivables under resale agreements	1,352	11
Interest on receivables under securities borrowing transactions	225	2
Interest on deposits with banks	34,768	289
Other interest income	246,028	2,047
Trust fees	7	0
Fees and commissions (Note 18)	424,238	3,529
Trading profits (Note 19)	206,496	1,718
Other operating income (Note 20)	946,957	7,878
Other income (Note 21)	123,683	1,029
Total income	¥3,518,293	\$29,270
Expenses		
Interest expenses:		
Interest on deposits	¥ 159,950	\$ 1,331
Interest on borrowings and rediscounts	56,485	470
Interest on payables under repurchase agreements	18,185	151
Interest on payables under securities lending transactions	28,830	240
Interest on bonds and bonds with subscription rights for shares	76,219	634
Other interest expenses	77,732	647
Fees and commissions (Note 18)	71,338	593
Trading losses (Note 19)	725	6
Other operating expenses (Note 22)	721,134	5,999
General and administrative expenses	889,237	7,398
Transfer to reserve for possible loan losses	654,711	5,447
Other expenses (Notes 23, 24)	1,354,655	11,270
Total expenses	¥4,109,207	\$34,186
Loss before income taxes and minority interests	¥ 590,914	\$ 4,916
Income taxes (Note 24):		
Current	¥ 66,068	\$ 550
Deferred	(225,190)	(1,873)
Minority interests in net income	¥ 33,567	\$ 279
Net loss	¥ 465,359	\$ 3,872
	Yen	U.S. dollars (Note 1)
Per share data:		
Net loss	¥84,324.98	\$701.54
Net income — diluted	—	—
Declared dividends on common stock	3,000	24.96
Declared dividends on preferred stock (Type 1)	10,500	87.35
Declared dividends on preferred stock (Type 2)	28,500	237.10
Declared dividends on preferred stock (Type 3)	13,700	113.98
Declared dividends on preferred stock (First to Twelfth series Type 4)	19,500	162.23
Declared dividends on preferred stock (Thirteenth series Type 4)	3,750	31.20

See accompanying notes to consolidated financial statements.

Consolidated Statement of Stockholders' Equity

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31, 2003	Millions of yen							Total
	Capital stock (Note 17)	Capital surplus	Retained earnings	Land revaluation excess	Net unrealized losses on other securities	Foreign currency translation adjustments	Treasury stock	
Balance at March 31, 2002.....	¥1,326,746	¥1,684,373	¥117,743	¥121,244	¥(304,837)	¥(15,174)	¥(17,475)	¥2,912,619
Establishment of SMFG.....	(326,746)	326,746						—
Issuance of stocks.....	247,650	247,650						495,300
Merger with The Japan Research Institute Holdings, Ltd.		3,069	15,813					18,882
Merger of subsidiaries.....		(1,405,507)	658,443		672,810			(74,253)
Change due to increase/decrease of subsidiaries and affiliates.....			5,246					5,246
Losses on disposition of treasury stock.....		(93)						(93)
Transfer of land revaluation excess.....			17,125	(17,125)				—
Change of tax rate and others.....				(2,678)				(2,678)
Cash dividends paid.....			(37,349)					(37,349)
Net loss.....			(465,359)					(465,359)
Change of net unrealized losses on other securities.....					(392,171)			(392,171)
Change of foreign currency translation adjustments.....						(38,340)		(38,340)
Change of treasury stock.....							2,270	2,270
Balance at March 31, 2003.....	¥1,247,650	¥ 856,237	¥311,664	¥101,440	¥ (24,197)	¥(53,515)	¥(15,204)	¥2,424,074

Year ended March 31, 2003	Millions of U.S. dollars (Note 1)							Total
	Capital stock (Note 17)	Capital surplus	Retained earnings	Land revaluation excess	Net unrealized losses on other securities	Foreign currency translation adjustments	Treasury stock	
Balance at March 31, 2002.....	\$11,038	\$14,013	\$ 980	\$1,008	\$(2,536)	\$(126)	\$(146)	\$24,231
Establishment of SMFG.....	(2,718)	2,718						—
Issuance of stocks.....	2,060	2,060						4,120
Merger with The Japan Research Institute Holdings, Ltd.		26	132					158
Merger of subsidiaries.....		(11,693)	5,478		5,597			(618)
Change due to increase/decrease of subsidiaries and affiliates.....			44					44
Losses on disposition of treasury stock.....		(1)						(1)
Transfer of land revaluation excess.....			142	(142)				—
Change of tax rate and others.....				(22)				(22)
Cash dividends paid.....			(311)					(311)
Net loss.....			(3,872)					(3,872)
Change of net unrealized losses on other securities.....					(3,262)			(3,262)
Change of foreign currency translation adjustments.....						(319)		(319)
Change of treasury stock.....							19	19
Balance at March 31, 2003.....	\$10,380	\$ 7,123	\$2,593	\$ 844	\$ (201)	\$(445)	\$(127)	\$20,167

Consolidated Statement of Cash Flows

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31, 2003	Millions of yen	Millions of U.S. dollars (Note 1)
1. Cash flows from operating activities:		
Loss before income taxes and minority interests	¥ (590,914)	\$ (4,916)
Depreciation of premises, equipment and others	89,414	744
Depreciation of lease assets	312,562	2,600
Amortization of goodwill	10,171	85
Equity in earnings of affiliates	(5,718)	(48)
Net change in reserve for possible loan losses	82,688	688
Net change in reserve for possible losses on loans sold	(65,706)	(547)
Net change in reserve for employee bonuses	(140)	(1)
Net change in reserve for employee retirement benefits	(47,563)	(396)
Interest income	(1,816,908)	(15,116)
Interest expenses	417,404	3,473
Net losses on securities	471,528	3,923
Net loss from money held in trust	4,003	33
Net exchange losses	170,155	1,416
Net losses from disposition of premises and equipment	33,301	277
Net losses from disposition of lease assets	1,505	12
Net change in trading assets	(1,253,569)	(10,429)
Net change in trading liabilities	569,881	4,741
Net change in loans and bills discounted	2,472,161	20,567
Net change in deposits	(2,024,876)	(16,846)
Net change in negotiable certificates of deposit	(1,806,894)	(15,032)
Net change in borrowed money (excluding subordinated debt)	(261,965)	(2,179)
Net change in deposits with banks	2,947,705	24,523
Net change in call loans, bills bought and receivables under resale agreements	1,280,173	10,650
Net change in receivables under securities borrowing transactions	1,039,276	8,646
Net change in call money, bills sold and payables under repurchase agreements	902,660	7,510
Net change in commercial paper	(979,700)	(8,151)
Net change in payables under securities lending transactions	1,632,445	13,581
Net change in foreign exchanges (assets)	42,144	351
Net change in foreign exchanges (liabilities)	99,013	824
Issuance and redemption of bonds (excluding subordinated bonds)	457,319	3,805
Net change in due to trust account	5,953	50
Interest received	1,956,975	16,281
Interest paid	(464,798)	(3,867)
Other, net	(100,004)	(832)
Subtotal	¥ 5,579,686	\$ 46,420
Income taxes paid	(136,485)	(1,135)
Net cash provided by operating activities	¥ 5,443,200	\$ 45,285

(Continued)

	Millions of yen	Millions of U.S. dollars (Note 1)
2. Cash flows from investing activities:		
Purchases of securities	¥(49,938,065)	\$(415,458)
Proceeds from sale of securities	37,711,992	313,744
Proceeds from maturity of securities.....	7,907,363	65,785
Purchases of money held in trust	(14,622)	(122)
Proceeds from sale of money held in trust.....	23,624	197
Purchases of premises and equipment.....	(69,884)	(581)
Proceeds from sale of premises and equipment.....	73,677	613
Purchases of lease assets	(336,512)	(2,800)
Proceeds from sale of lease assets	33,900	282
Purchases of stocks of subsidiaries.....	(15,444)	(129)
Proceeds from sale of stocks of subsidiaries	53	0
Net cash used in investing activities	¥ (4,623,917)	\$ (38,469)
3. Cash flows from financing activities:		
Proceeds from issuance of subordinated debt.....	¥ 165,000	\$ 1,373
Repayment of subordinated debt	(286,500)	(2,384)
Proceeds from issuance of subordinated bonds, bonds with subscription rights for shares	223,950	1,863
Repayment of subordinated bonds, bonds with subscription rights for shares	(565,522)	(4,705)
Proceeds from issuance of stocks	495,300	4,121
Dividends paid	(37,348)	(311)
Proceeds from minority stockholders.....	220	2
Dividends paid to minority stockholders.....	(39,621)	(330)
Purchases of treasury stock.....	(7,875)	(65)
Proceeds from sale of treasury stock.....	8,479	71
Net cash used in financing activities	¥ (43,919)	\$ (365)
4. Effect of exchange rate changes on cash and due from banks	¥ (2,629)	\$ (22)
5. Net change in cash and due from banks	¥ 772,734	\$ 6,429
6. Cash and due from banks at beginning of year.....	¥ 2,128,742	\$ 17,710
7. Change in cash and due from banks due to merger of consolidated subsidiaries.....	¥ 0	\$ 0
8. Change in cash and due from banks due to decrease of consolidated subsidiaries	¥ (486)	\$ (4)
9. Cash and due from banks at end of year.....	¥ 2,900,991	\$ 24,135

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31, 2003

1. Basis of Financial Statements

Sumitomo Mitsui Financial Group, Inc. ("SMFG") was established on December 2, 2002 as the holding company for the SMFG group through a statutory share transfer (*kabushiki iten*) of all of the outstanding equity securities of the former Sumitomo Mitsui Banking Corporation ("former SMBC") in exchange for SMFG's newly issued securities. SMFG is a joint stock corporation with limited liability (*Kabushiki Kaisha*) incorporated under the Commercial Code. Upon formation of SMFG and completion of the statutory share transfer, the former SMBC became a direct wholly owned subsidiary of SMFG.

SMFG merged with The Japan Research Institute Holdings, Ltd. ("JRIH") on February 1, 2003 and The Japan Research Institute, Ltd. became a direct wholly owned subsidiary of SMFG. As a result, SMFG succeeded JRIH's assets of ¥39,852 million (\$332 million) and issued 86,576.53 common stocks.

SMFG and its consolidated domestic subsidiaries maintain their official accounting records in Japanese yen, and in accordance with the provisions set forth in the Japanese Commercial Code and accounting principles and practices generally accepted in Japan ("Japanese GAAP").

The accounts of overseas consolidated subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles and practices prevailing in the respective countries of domicile.

Certain accounting principles and practices generally accepted in Japan are different from International Accounting Standards and standards in other countries in certain respects as to application and disclosure requirements. Accordingly, the accompanying consolidated financial statements are intended for use by those who are informed about Japanese accounting principles and practices.

The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions and the inclusion of consolidated statements of stockholders' equity) from the consolidated financial statements of SMFG prepared in accordance with Japanese GAAP.

Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

Amounts less than one million yen have been omitted. As a result, the totals in Japanese yen shown in the financial statements do not necessarily agree with the sum of the individual amounts.

For the convenience of the readers, the accompanying U.S. dollar financial statements have been translated from Japanese yen, as a matter of arithmetical computation only, at the rate of ¥120.20 to US\$1, the exchange rate prevailing at March 31, 2003. The translations should not be construed as a representation that Japanese yen have been, could have been, or could in the future be, converted into U.S. dollars at that rate.

2. Significant Accounting Policies

(1) Consolidation and equity method

(a) Scope of consolidation

Japanese accounting standards on consolidated financial statements require a company to consolidate any subsidiaries of which the company substantially controls the operations, even if it is not a majority owned subsidiary. Control is defined as the power to govern the decision making body of an enterprise.

(i) Consolidated subsidiaries

SMFG has 170 consolidated subsidiaries and principal subsidiaries are as follows:

Sumitomo Mitsui Banking Corporation ("SMBC")

THE MINATO BANK, LTD.

The Bank of Kansai, Ltd.

Sumitomo Mitsui Banking Corporation Europe Limited
Manufacturers Bank

SMBC Leasing Company, Limited

Sumitomo Mitsui Card Company, Limited

SMBC Capital Co., Ltd.

SMBC Finance Co., Ltd.

Sakura Friend Securities Co., Ltd.

Meiko National Securities Co., Ltd.

The Japan Research Institute, Limited

SMBC Capital Markets, Inc.

SMBC Finance Co., Ltd., Mitsui Finance Service Co., Ltd., and Sakura Finance Service Co., Ltd. merged and formed SMBC Finance Services Co., Ltd. on April 1, 2003.

Sakura Friend Securities Co., Ltd. and Meiko National Securities Co., Ltd. merged and formed SMBC Friend Securities Co., Ltd. on April 1, 2003.

(ii) Nonconsolidated subsidiaries

Principal company

SBCS Co., Ltd.

Ninety-nine subsidiaries including S.B.L. Mercury Co., Ltd. are silent partnership for lease transactions and their assets and profits/losses do not belong to them substantially. Therefore, pursuant to Article 5 Paragraph 1 Item 2 of Consolidated Financial Statements Regulation, they were excluded from consolidation.

Other nonconsolidated subsidiaries' total assets, ordinary income, net income and retained earnings have no significant impact on the consolidated financial statements.

(b) Application of the equity method

Japanese accounting standards also require any nonconsolidated subsidiaries and affiliates on which SMFG is able to exercise material influence over their financial and operating policies are to be accounted for by the equity method.

(i) Nonconsolidated subsidiaries accounted for by the equity method — 4 companies

Principal company

SBCS Co., Ltd.

(ii) Affiliates accounted for by the equity method — 43 companies

Principal companies

Daiwa Securities SMBC Co. Ltd.

Daiwa SB Investments Ltd.

Sumitomo Mitsui Asset Management Company, Limited
QUOQ Inc.

(iii) Nonconsolidated subsidiaries that are not accounted for by the equity method

Ninety-nine subsidiaries including S.B.L. Mercury Co., Ltd. are silent partnership for lease transactions and their assets and profits/losses do not belong to them substantially. Therefore, pursuant to Article 10 Paragraph 1 Item 2 of Consolidated Financial Statements Regulation, they are not treated as affiliated companies accounted for by the equity method.

(iv) Affiliates that are not accounted for by the equity method

Principal company

Daiwa SB Investments (USA) Ltd.

Net income and retained earnings of nonconsolidated subsidiaries and affiliates that are not accounted for by the equity method have no significant impact on the consolidated financial statements.

(c) The balance sheet dates of consolidated subsidiaries

(i) The dates of year-end account closing of consolidated subsidiaries are as follows:

September 30	5 Companies
October 31	1 Company
December 31	62 Companies
January 31	2 Companies
March 31	100 Companies

(ii) As for the companies whose balance sheet dates are September 30 and October 31, the accounts were provisionally closed as of March 31 and January 31 for the purpose of consolidation, respectively. The other companies are consolidated on the basis of their respective balance sheet dates.

As for the consolidated overseas subsidiary that was established in February 2003 and whose balance sheet date is December 31, the accounts were provisionally closed as of March 31 for the purpose of consolidation.

Appropriate adjustments were made for significant transactions during the periods from their respective balance sheet dates to the consolidated closing dates.

(d) Application of pooling-of-interests method

As mentioned above, SMFG was established on December 2, 2002 as the holding company through a statutory share transfer of all of the outstanding equity securities of the former SMBC in exchange for SMFG's newly issued securities. The accounts were consolidated using the pooling-of-interests method, assuming that the Group's economics were not changed, pursuant to "Accounting for the consolidation of the holding company established by Stock Exchange or Stock Transfers" (JICPA Accounting Committee Report No. 6).

(e) Valuation of consolidated subsidiaries' assets and liabilities

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to the minority stockholders, are evaluated using the fair value at the time SMFG acquired control of the respective subsidiaries.

(f) Amortization of goodwill

Goodwill on Sumitomo Mitsui Card Company, Limited is amortized using the straight-line method over five years and goodwill on other companies is charged or credited to income directly when incurred.

(2) Statement of cash flows

For the purposes of the consolidated statement of cash flows, cash and cash equivalents represent cash and due from banks.

Reconciliation of the opening balance at the time of consolidation with respect to acquisition of the five companies including Meiko National Securities Co., Ltd. and MITSUI AUTO LEASING, LTD. were as follows:

	Millions of yen	Millions of U.S. dollars
Assets	¥ 191,318	\$ 1,592
Lease assets.....	82,346	685
Liabilities.....	¥(150,698)	\$(1,254)
Borrowed money	(96,817)	(805)
Minority interests.....	(26,881)	(224)
Goodwill.....	5,013	42
Acquisition costs for the five companies' stocks (a)	¥ 18,751	\$ 156
Cash and due from banks of the five companies (b).....	(3,306)	(27)
(a) - (b) Cash expenditure for acquisition of the five companies.....	¥ 15,444	\$ 129

(3) Trading assets and liabilities

Financial instruments, such as derivatives and trading securities, which are held for the short term in anticipation of market gains, are recorded at fair value. Such gains and losses are included in trading profits or losses on the consolidated statement of operations. Trading assets and liabilities are recorded at trade date.

(4) Securities

As for securities other than trading purposes, debt securities that consolidated subsidiaries have the intent and ability to hold to maturity (held-to-maturity securities) are carried at amortized cost (straight-line method) using the moving-average method.

Investments in nonconsolidated subsidiaries and affiliates that are not accounted for by the equity method 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 price 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."

Securities included in money held in trust account are carried in the same manner as for securities mentioned above.

- (5) Derivative transactions
Derivative transactions, excluding those classified as trading derivatives, are carried at fair value, though some consolidated overseas subsidiaries account for derivative transactions in accordance with local accounting standards.
- (6) Hedge accounting
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:
- (a) Loans, deposits and other interest-earning assets and interest-bearing liabilities as a whole shall be recognized as the hedged portfolio.
- (b) Derivatives as hedging instruments shall effectively reduce the interest rate exposure of the hedged portfolio.
- (c) 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 recorded on an accrual basis using the short-cut method (exceptional treatment for interest rate swaps) in view of consistency with the risk management policy.
- Certain consolidated subsidiaries use the deferred hedge accounting or the short-cut method. A consolidated domestic subsidiary (a leasing company) applies the accounting method that is permitted by the Industry Audit Committee Report No. 19 “Temporary Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Leasing Industry” issued by JICPA.
- Net amount of deferred unrealized gains on hedging instruments to which hedge accounting is applied is recognized as deferred profit on hedge and is included in “Other liabilities.” Gross deferred unrealized losses and gross deferred unrealized gains on hedging instruments at March 31, 2003, were ¥952,712 million (\$7,926 million) and ¥1,095,321 million (\$9,112 million), respectively.
- (7) Non-accrual loans
Loans are generally placed on non-accrual status when such loans are classified as Bankrupt, Effectively Bankrupt or Potentially Bankrupt by the self-assessment rule (see (10) Reserve for possible loan losses).
- (8) Premises and equipment
Premises and equipment owned by SMFG and SMBC are generally stated at cost less accumulated depreciation. Depreciation for premises is computed using the straight-line method over the estimated useful lives of the respective assets. The depreciation for equipment is computed using the declining-balance method over the estimated useful lives of the respective assets. The estimated useful lives of major items are as follows:
- Buildings: 7 to 50 years
Equipment: 2 to 20 years
- Depreciation of premises and equipment owned by other consolidated subsidiaries is mainly computed using the straight-line method over the estimated useful lives of respective assets.
- (9) Software costs
Capitalized software for internal use is depreciated using the straight-line method over its estimated useful life (mainly five years) at consolidated domestic subsidiaries, and is included in “Other assets.”
- (10) Reserve for possible loan losses
Reserve for possible loan losses of SMBC and major consolidated subsidiaries 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 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 claims to large borrowers of “Past due loans (3 months or more)” or “Restructured loans”:
- (a) 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.
- (b) 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.

Reserve for possible loan losses of other consolidated subsidiaries for general claims is provided in the amount deemed necessary based on the historical loan-loss ratio, and for doubtful claims in the amount deemed uncollectible based on assessment of each claim.

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 write-off was ¥1,324,459 million (\$11,019 million).

(11) Reserve for possible losses on loans sold

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.

(12) Reserve for employee bonuses

Reserve for employee bonuses is provided, in provision for payment of bonuses to employees, by the amount of estimated bonuses, which are attributable to the respective fiscal year.

(13) Reserve for employee retirement benefits

Under the terms of SMBC and consolidated subsidiaries' retirement plan, substantially all employees are entitled to a lump-sum payment at the time of retirement. The amount of the lump-sum payment is, in general, calculated based on length of service, basic salary at the time of retirement and reason for retirement. In addition, SMBC and consolidated subsidiaries have defined benefit pension plans which cover substantially all employees.

Reserve for employee retirement benefits is recorded based on an actuarial computation, which uses the present value of the projected benefit obligation and pension assets, due to employee's credited years of services at the balance sheet date. Unrecognized prior service costs are amortized using the straight-line method over certain years (mainly 10 years) within the average remaining service period of active employees. Unrecognized net actuarial gain or loss is amortized from the next fiscal year using the straight-line method over certain years (mainly 10 years) within the average remaining service period of active employees. Unrecognized net obligation from initial application of the new accounting standard for employee retirement benefits is amortized using the straight-line method mainly over five years.

Some domestic consolidated subsidiaries received an approval from Minister of Health, Labor and Welfare for exemption from future retirement benefit obligations with respect to the entrusted portion of the employee pension fund, in accordance with the implementation of the "Defined benefit enterprise pension plan law." They apply the temporary treatment that is regulated by Article 47-2 of "Practical Guidelines of Accounting for Retirement Benefits (Interim

Report)" (JICPA's Accounting Committee Report No. 13), and derecognize retirement benefit liabilities on the entrusted portion and plan assets equivalent to the amount to be returned. The equivalent amount of return of plan assets was ¥23,906 million (\$199 million) as of the fiscal year-end.

(14) Other reserves

Other reserves required by special laws are reserve for contingent liabilities from financial futures transaction of ¥18 million (\$0 million) in accordance with Article 82 of the Financial Futures Transaction Law, and reserve for contingent liabilities from securities transaction of ¥631 million (\$5 million) in accordance with Article 51 of the Securities Exchange Law.

(15) Translation of foreign currencies

SMBC's assets and liabilities denominated in foreign currencies and overseas branches' accounts are translated into Japanese yen mainly at the exchange rate prevailing at the consolidated balance sheet date, with the exception of stocks of subsidiaries and affiliates translated at rates prevailing at the time of acquisition.

Other consolidated subsidiaries' assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at their respective balance sheet dates.

(16) Lease transactions

Financing leases where the ownership of the property is deemed to be transferred to the lessee are capitalized, while other financing leases are allowed to be accounted for in the same manner as operating leases.

Lease assets are depreciated using the straight-line method over the lease term with estimated salvage value.

Lease-related income is recognized on a straight-line basis over the full term of the lease, based on the contractual amount of lease fees per month.

(17) Appropriation of retained earnings

The consolidated statement of stockholders' equity reflects the appropriation of retained earnings approved by the board of directors and/or the general meeting of shareholders.

(18) Amounts per share

Net income (loss) per share is computed by deducting dividends for preferred stock from net income (loss), divided by the weighted average number of shares of common stock, excluding treasury stock outstanding during each fiscal year.

Declared dividends represent the cash dividends declared applicable to respective years, including dividends to be paid after the end of the year.

3. Trading Assets

Trading assets at March 31, 2003 consisted of the following:

March 31, 2003	Millions of yen	Millions of U.S. dollars
Trading securities	¥ 225,610	\$ 1,877
Derivatives of trading securities	81	1
Derivatives of securities related to trading transactions	121	1
Trading-related financial derivatives	3,060,803	25,464
Other trading assets	1,208,779	10,056
	<u>¥4,495,396</u>	<u>\$37,399</u>

4. Securities

Securities at March 31, 2003 consisted of the following:

March 31, 2003	Millions of yen	Millions of U.S. dollars
Japanese government bonds*	¥12,901,646	\$107,335
Japanese local government bonds	375,204	3,121
Japanese corporate bonds	2,370,553	19,722
Japanese stocks**	3,474,463	28,906
Other**	4,996,652	41,569
	<u>¥24,118,520</u>	<u>\$200,653</u>

* Includes ¥999 million (\$8 million) of unsecured loaned securities for which borrowers have the rights to sell or pledge and loaned securities of ¥140 million (\$1 million) for which borrowers only have the rights to pledge and not to sell.

As for the unsecured borrowed securities for which SMBC has the rights to sell or pledge and the securities which SMBC purchased under resale agreements, that are permitted to sell or pledge without restrictions, ¥2,084,632 million (\$17,343 million) of securities are pledged, ¥99,624 million (\$829 million) of securities are held in hand as of the consolidated balance sheet date. SMBC may pledge the borrowed securities as well.

** Japanese stocks and other include investments in nonconsolidated subsidiaries and affiliates of ¥196,317 million (\$1,633 million).

5. Loans and Bills Discounted

Loans and bills discounted at March 31, 2003 consisted of the following:

March 31, 2003	Millions of yen	Millions of U.S. dollars
Bills discounted	¥ 735,614	\$ 6,120
Loans on notes	7,697,374	64,038
Loans on deeds	45,037,597	374,689
Overdrafts	7,612,359	63,331
	<u>¥61,082,946</u>	<u>\$508,178</u>

The following summarizes the non-accrual loans at March 31, 2003:

March 31, 2003	Millions of yen	Millions of U.S. dollars
Bankrupt loans	¥ 201,392	\$ 1,676
Non-accrual loans	2,710,164	22,547
Total non-accrual loans	<u>¥2,911,556</u>	<u>\$24,223</u>

The amounts above include the trusted amount with the Resolution and Collection Corporation of ¥40,811 million (\$340 million), which will be treated as off-balancing.

In addition to the non-accrual loans, SMBC and major consolidated subsidiaries also classify past due loans (3 months or more) as substandard loans, and such loan balances at March 31, 2003 were ¥130,353 million (\$1,084 million).

Restructured loans are loans for which SMBC and major consolidated subsidiaries have adjusted the terms of the loans in favor of borrowers as a means of financial assistance. These restructured loans are also classified as substandard and amounted to ¥2,728,791 million (\$22,702 million) at March 31, 2003.

6. Other Assets

Other assets at March 31, 2003 consisted of the following:

March 31, 2003	Millions of yen	Millions of U.S. dollars
Prepaid expenses	¥ 30,933	\$ 258
Accrued income	214,055	1,781
Deferred assets	485,874	4,042
Financial derivatives	995,702	8,284
Other	1,492,443	12,416
	<u>¥3,219,009</u>	<u>\$26,781</u>

7. Premises and Equipment

Premises and equipment at March 31, 2003 consisted of the following:

March 31, 2003	Millions of yen	Millions of U.S. dollars
Land*	¥ 515,975	\$ 4,292
Buildings	537,041	4,468
Equipment and others	585,009	4,867
Total	<u>¥1,638,026</u>	<u>\$13,627</u>
Accumulated depreciation	(630,121)	(5,242)
	<u>¥1,007,905</u>	<u>\$ 8,385</u>

* Includes land revaluation excess for land referred to in Note 15.

8. Lease Assets

Lease assets at March 31, 2003 were as follows:

March 31, 2003	Millions of yen	Millions of U.S. dollars
Equipment and others	¥2,487,066	\$20,691
Accumulated depreciation	(1,490,721)	(12,402)
	<u>¥ 996,344</u>	<u>\$ 8,289</u>

9. Assets Pledged as Collateral

Assets pledged as collateral at March 31, 2003 consisted of the following:

March 31, 2003	Millions of yen	Millions of U.S. dollars
Assets pledged as collateral		
Cash and due from banks and Deposits with banks	¥ 75,268	\$ 626
Trading assets	990,965	8,244
Securities	11,458,018	95,325
Loans and bills discounted	4,738,320	39,420
Other assets	1,140	9
Premises and equipment	535	4
Liabilities corresponding to assets pledged as collateral		
Deposits	21,038	175
Call money and bills sold	7,952,599	66,161
Payables under repurchase agreements	4,107,615	34,173
Payables under securities lending transactions	4,189,794	34,857
Trading liabilities	136,975	1,140
Borrowed money	2,885	24
Other liabilities	18,548	154
Acceptances and guarantees	41,108	342

In addition to the assets presented above, the following assets were pledged as collateral for exchange settlements, initial margins of futures markets and certain other purposes at March 31, 2003:

March 31, 2003	Millions of yen	Millions of U.S. dollars
Cash and due from banks and Deposits with banks	¥ 54,370	\$ 452
Trading assets	13,937	116
Securities	4,624,346	38,472
Loans and bills discounted	781,138	6,499

Premises and equipment included surety deposits and intangibles of ¥121,725 million (\$1,013 million) at March 31, 2003. Other assets included initial margins of futures markets of ¥14,814 million (\$123 million) at March 31, 2003.

10. Deposits

Deposits at March 31, 2003 consisted of the following:

March 31, 2003	Millions of yen	Millions of U.S. dollars
Current deposits.....	¥ 5,069,107	\$ 42,172
Ordinary deposits.....	27,462,251	228,471
Savings deposits.....	1,336,725	11,121
Deposits at notice.....	3,616,958	30,091
Time deposits.....	21,179,611	176,203
Negotiable certificates of deposit.....	4,853,017	40,375
Other deposits.....	4,266,353	35,494
	<u>¥67,784,025</u>	<u>\$563,927</u>

11. Trading Liabilities

Trading liabilities at March 31, 2003 consisted of the following:

March 31, 2003	Millions of yen	Millions of U.S. dollars
Trading securities sold for short sales.....	¥ 9,806	\$ 82
Derivatives of trading securities.....	78	1
Derivatives of securities related to trading transactions.....	423	3
Trading-related financial derivatives.....	2,840,629	23,632
Other trading liabilities.....	454	4
	<u>¥2,851,391</u>	<u>\$23,722</u>

13. Bonds

Bonds at March 31, 2003 consisted of the following:

March 31, 2003

Issuer	Description	Millions of yen*	Millions of U.S. dollars	Interest rate (%)	Due
SMBC:	Straight bonds, payable in Yen	¥1,827,734 [30,000]	\$15,206	0.51—1.74	May 2003—Mar. 2013
	Straight bonds, payable in Euro Yen	5,000	41	3.00	Mar. 2012
	Straight bonds, payable in U.S. dollars	144,240 (\$1,200,000 thousand)	1,200	4.32—6.10	Nov. 2003—Sep. 2005
	Subordinated bonds, payable in Yen	240,000 [60,100]	1,997	1.95—2.62	Jun. 2010—Jun. 2012
	Subordinated bonds, payable in Euro Yen	286,800	2,386	0.6125—2.72	Sep. 2008—perpetual
	Subordinated bonds, payable in U.S. dollars	108,059 (\$899,000 thousand)	899	5.93—8.10	Mar. 2009—Jun. 2012
Other consolidated subsidiaries:	Straight bonds, payable in Yen	189,798 [87,685]	1,579	0—10.00	Jan. 2003—Aug. 2022
	Straight bonds, payable in U.S. dollars	9,354 (\$78,000 thousand)	78	2.05—7.35	Jul. 2004—Jun. 2011
	Straight bonds, payable in Australian dollars	113 (A\$2,000 thousand)	1	7.00	Oct. 2005
	Straight bonds, payable in other foreign currency	4,484	37	4.35—5.61	May 2004—Jul. 2015
	Subordinated bonds, payable in Yen	636,660	5,297	0—5.98	Mar. 2005—perpetual
	Subordinated bonds, payable in U.S. dollars	129,215 (\$1,075,000 thousand)	1,075	2.86—8.50	Jun. 2009—perpetual
	Subordinated bonds, payable in other foreign currency	2,293	19	5.49—7.50	Perpetual
		<u>¥3,583,754</u>	<u>\$29,815</u>		

* Figures in () are the balances in the original currency of the foreign currency denominated bonds, and figures in [] are the amounts to be redeemed within one year.

The redemption schedule within five years on bonds at March 31, 2003 is shown as follows:

Millions of yen				
1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
¥177,785	¥399,921	¥630,049	¥411,024	¥429,088
Millions of U.S. dollars				
1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
\$1,479	\$3,327	\$5,242	\$3,420	\$3,570

12. Borrowed Money

Borrowed money at March 31, 2003 consisted of the following:

March 31, 2003	Millions of yen	Millions of U.S. dollars	Average interest rate*	Due
Bills rediscounted.....	¥ —	\$ —	—%	—
Other borrowings*** ...	2,580,135	21,465	1.81	Jan. 2003—perpetual
	<u>¥2,580,135</u>	<u>\$21,465</u>	<u>1.81%</u>	<u>—</u>

* Average interest rate represents the weighted average interest rate based on the balances and rates at respective year-end of SMBC and other consolidated subsidiaries.

** Includes subordinated debt obligation of ¥877,609 million (\$7,301 million).

The repayment schedule within five years on borrowed money at March 31, 2003 is shown as follows:

Millions of yen				
1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
¥852,139	¥424,176	¥287,872	¥108,200	¥111,601
Millions of U.S. dollars				
1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
\$7,089	\$3,529	\$2,395	\$900	\$928

14. Other Liabilities

Other liabilities at March 31, 2003 consisted of the following:

March 31, 2003	Millions of yen	Millions of U.S. dollars
Accrued expenses	¥ 128,611	\$ 1,070
Unearned income.....	169,268	1,408
Income taxes payable.....	48,328	402
Financial derivatives.....	737,426	6,135
Other.....	1,475,322	12,274
	<u>¥2,558,956</u>	<u>\$21,289</u>

15. Land Revaluation Excess

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 corresponding 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."

Certain consolidated subsidiaries revaluated their own land for business activities in accordance with the Law. The income taxes corresponding to the net unrealized gains (losses) are deferred and reported in "Liabilities" or "Assets" as "Deferred tax liabilities for land revaluation" or "Deferred tax assets for land revaluation" and the net unrealized gains (losses), net of deferred taxes, are reported as "Land revaluation excess" in "Stockholders' equity."

Date of the revaluation

SMBC: March 31, 1998 and March 31, 2002

Certain consolidated subsidiaries: March 31, 1999 and March 31, 2002.

Method of revaluation (provided in Article 3-3 of the Law)

SMBC: 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 (the Enforcement Ordinance No. 119) effective March 31, 1998.

Certain consolidated subsidiaries: Fair values were determined based on the values specified in Article 2-3 and 2-5 of the Enforcement Ordinance No. 119.

16. Minority Interests

SB Treasury Company L. L. C., a subsidiary of SMBC, issued floating noncumulative preferred securities, totaling \$1,800 million in February 1998. SB Equity Securities (Cayman), Limited, a subsidiary of SMBC, issued floating noncumulative preferred securities, totaling ¥340,000 million in February and March 1999. Sakura Preferred Capital (Cayman) Limited, a subsidiary of SMBC, issued noncumulative preferred securities, totaling ¥283,750 million in December 1998 and March 1999. These subsidiaries are consolidated and the preferred securities are accounted for as minority interests.

17. Stockholders' Equity

Capital stock consists of common stock and preferred stock. Common stock and preferred stock at March 31, 2003 are as follows:

Number of shares	Authorized	Issued and outstanding
Common stock.....	15,000,000	5,796,000.92
Preferred stock (Type 1).....	67,000	67,000
Preferred stock (Type 2).....	100,000	100,000
Preferred stock (Type 3).....	800,000	800,000
Preferred stock (Type 4).....	250,000	165,100
Preferred stock (Type 5).....	250,000	—
Preferred stock (Type 6).....	300,000	—
Total.....	<u>16,767,000</u>	<u>6,928,100.92</u>

All of the preferred stock is noncumulative and nonparticipating for dividend payments, and shareholders of preferred stock are not entitled to vote at a general meeting of shareholders except when the bill to pay the prescribed dividends to shareholders is not submitted to the general meeting of shareholders or the bill to pay the prescribed dividends to shareholders is rejected at the general meeting of shareholders.

Annual dividends per share of preferred stock (Type 1, Type 2, Type 3, First to Twelfth series Type 4 and Thirteenth series Type 4) are paid to shareholders by ¥10,500, ¥28,500, ¥13,700, ¥135,000 and ¥67,500, respectively.

As for liquidation distribution, shareholders of preferred stock (Type 1, Type 2, Type 3 and Type 4) receive ¥3,000,000, ¥3,000,000, ¥1,000,000 and ¥3,000,000 per share, respectively, and do not have the right to participate in any further liquidation distribution.

SMFG may, at any time, purchase and retire them out of earnings available for distribution to the shareholders.

Shareholders of preferred stock may request SMFG to convert their preferred stocks into common stocks. The period during which the conversion may be requested (the "Conversion period") and the terms and conditions of conversion shall be determined by resolution made in accordance with the provisions of Article 365 of the Commercial Code, of a shareholders meeting of SMBC as for preferred stock (Type 1, Type 2 and Type 3) and by resolution of the board of directors relating to the issuance of the relevant preferred stocks as for preferred stock (Type 4). The Conversion period of each preferred stock is as follows:

Preferred stock (Type 1):

December 2, 2002 to February 26, 2009

Preferred stock (Type 2):

August 1, 2005 to February 26, 2009

Preferred stock (Type 3):

December 2, 2002 to September 30, 2009

Preferred stock (First to Twelfth series Type 4):

February 8, 2003 to February 7, 2028

Preferred stock (Thirteenth series Type 4):

April 14, 2003 to July 12, 2005

Any preferred stock (Type 1, Type 2, Type 3 and Type 4) with respect to which conversion has not been requested during the Conversion period shall be mandatorily converted, as of the date immediately following the last day of the Conversion period (the "Mandatory conversion date"), into such number of common stocks as is obtained by dividing the corresponding amount set forth below by the average of the daily closing prices per share of common stock in regular transactions at the Tokyo Stock Exchange for a certain period prior to the Mandatory conversion date. If such average price is less than, in the case of the preferred stock (Type 1, Type 2 and Type 4), ¥500,000 or in the case of preferred stock (Type 3), ¥258,330, then a preferred stock shall be converted into such number of common stocks as is obtained by dividing the corresponding amount set forth below by the relevant amount described above:

Preferred stock (Type 1): ¥3,000,000 per share
 Preferred stock (Type 2): ¥3,000,000 per share
 Preferred stock (Type 3): ¥1,000,000 per share
 Preferred stock (Type 4): ¥3,000,000 per share

18. Fees and Commissions

Fees and commissions for the year ended March 31, 2003 consisted of the following:

Year ended March 31, 2003	Millions of yen	Millions of U.S. dollars
Fees and commissions (income):		
Deposits and loans	¥ 29,797	\$ 248
Remittances and transfers	113,396	943
Securities-related business	30,822	256
Agency	15,325	127
Safe deposits	4,978	41
Guarantees	28,462	237
Credit card business	86,145	717
Investment trusts	18,349	153
Other	96,961	807
	<u>¥424,238</u>	<u>\$3,529</u>
Fees and commissions (expenses):		
Remittances and transfers	¥ 21,789	\$ 181
Other	49,549	412
	<u>¥ 71,338</u>	<u>\$ 593</u>

19. Trading Income

Trading income for the year ended March 31, 2003 consisted of the following:

Year ended March 31, 2003	Millions of yen	Millions of U.S. dollars
Trading profits:		
Gains on trading securities	¥ 9,190	\$ 77
Gains on trading-related financial derivatives	196,924	1,638
Other	381	3
	<u>¥206,496</u>	<u>\$1,718</u>
Trading losses:		
Losses on securities related to trading transactions	¥ 725	\$ 6

20. Other Operating Income

Other operating income for the year ended March 31, 2003 consisted of the following:

Year ended March 31, 2003	Millions of yen	Millions of U.S. dollars
Gains on foreign exchange transactions	¥ 12,868	\$ 107
Gains on financial derivatives	10,971	91
Gains on sale of bonds	179,757	1,495
Gains on redemption of bonds	61	1
Lease-related income	606,405	5,045
Other	136,892	1,139
	<u>¥946,957</u>	<u>\$7,878</u>

21. Other Income

Other income for the year ended March 31, 2003 consisted of the following:

Year ended March 31, 2003	Millions of yen	Millions of U.S. dollars
Gains on sale of stocks and other securities	¥ 54,004	\$ 449
Gains on money held in trust	540	5
Equity in earnings of affiliates	5,718	48
Gains on disposition of premises and equipment	5,578	46
Collection of written-off claims	1,833	15
Gains on return of the entrusted portion of employee pension fund	4,413	37
Other	51,594	429
	<u>¥123,683</u>	<u>\$1,029</u>

22. Other Operating Expenses

Other operating expenses for the year ended March 31, 2003 consisted of the following:

Year ended March 31, 2003	Millions of yen	Millions of U.S. dollars
Losses on sale of bonds	¥ 39,140	\$ 325
Losses on redemption of bonds	351	3
Losses on devaluation of bonds	2,362	19
Bond issuance costs	1,767	15
Lease-related expenses	543,386	4,521
Other	134,125	1,116
	<u>¥721,134</u>	<u>\$5,999</u>

23. Other Expenses

Other expenses for the year ended March 31, 2003 consisted of the following:

Year ended March 31, 2003	Millions of yen	Millions of U.S. dollars
Write-off of loans	¥ 364,605	\$ 3,033
Losses on sale of stocks and other securities	167,906	1,397
Losses on devaluation of stocks and other securities	507,624	4,223
Losses on money held in trust	4,017	33
Transfer to reserve for possible losses on loans sold	16,672	139
Losses on delinquent loans sold	162,494	1,352
Losses on disposition of premises and equipment	38,880	323
Amortization of unrecognized net transition obligation for employee retirement benefits	23,158	193
Losses on disposal of software	15,014	125
Other	54,280	452
	<u>¥1,354,655</u>	<u>\$11,270</u>

24. Income Taxes

- (1) Significant components of deferred tax assets and liabilities at March 31, 2003 were as follows:

March 31, 2003	Millions of yen	Millions of U.S. dollars
Deferred tax assets:		
Reserve for possible loan losses	¥ 952,503	\$ 7,924
Write-off of securities	569,077	4,734
Net operation loss carryforwards	451,408	3,755
Write-off of loans	324,328	2,698
Reserve for employee retirement benefits	112,694	938
Net unrealized losses on other securities	11,853	99
Depreciation	10,042	84
Reserve for possible losses on loans sold	8,335	69
Other	119,670	996
Subtotal	2,559,913	21,297
Valuation allowance	(540,074)	(4,493)
Total deferred tax assets	¥2,019,839	\$16,804
Deferred tax liabilities:		
Leveraged lease	¥ (48,754)	\$ (406)
Gains on securities contributed to employee retirement benefits trust	(25,328)	(211)
Undistributed earnings of subsidiaries	(10,614)	(88)
Other	(22,969)	(191)
Total deferred tax liabilities	(107,666)	(896)
Net deferred tax assets	¥1,912,172	\$15,908

- (2) A reconciliation of the effective income tax rate reflected in the accompanying consolidated statement of operations to the statutory tax rate for the year ended March 31, 2003 was as follows:

Statutory tax rate	42.05%
Valuation allowance	(25.92)%
Change of the effective statutory tax rate due to the revision of the local tax law	10.40%
Other	0.39%
Effective income tax rate	26.93%

- (3) 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 taxable 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 (\$138 million) and also awarded to the Banks damages of ¥200 million (\$2 million). 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 the Bank also lodged an appeal. The Bank 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 (\$301 million). 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 (\$140 million) for the year ended March 31, 2001 (sum of Sakura Bank and Sumitomo Bank), ¥19,862 million (\$165 million) for the year ended March 31, 2002 and ¥18,269 million (\$152 million) for the year ended March 31, 2003. As a result, "Income (loss) before income taxes" for the each fiscal year decreased (increased) by the corresponding amount as compared with the previous standards under which enterprise taxes were levied on taxable income. There is no impact on "Income taxes, current" as compared with the previous standards under which enterprise taxes were levied on taxable income. Consequently, stockholders' equity decreased by ¥32,495 million (\$270 million). 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 (\$821 million) as compared with the amount that would have been included if the enterprise taxes had been levied on taxable income instead of gross profits. There was also a decrease in "Deferred tax liabilities for land revaluation" of ¥3,236 million (\$27 million), and consequently stockholders' equity decreased by ¥95,467 million (\$794 million).

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 taxable income are now levied on gross banking profit.

On April 4, 2002, the Bank 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 taxable income. SMBC, therefore, is planning to file and pay the enterprise taxes based on taxable income. The fact that SMBC is planning to file and pay 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 (\$405 million) as compared with the amount that would have been included if the enterprise taxes had been levied on taxable income instead of gross profits. There was also a decrease in “Deferred tax liabilities for land revaluation” of ¥1,575 million (\$13 million), and consequently stockholders’ equity decreased by ¥47,124 million (\$392 million).

- (4) 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 “taxable 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 “taxable 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 that domestic consolidated subsidiaries use in the calculations of deferred tax assets and liabilities from the fiscal year starting April 1, 2004 was changed, and thus, there was an increase in “Deferred tax assets” of ¥63,905 million (\$532 million) and a decrease in “Income taxes, deferred” of ¥64,127 million (\$534 million). There was also an increase in “Deferred tax liabilities for land revaluation” of ¥2,609 million (\$22 million) and a decrease in “Land revaluation excess” of ¥2,618 million (\$22 million).

As for SMBC, the effective statutory tax rate used in the calculations of deferred tax assets and liabilities was changed from 38.62% to 40.46%. As a result, there was an increase in “Deferred tax assets” of ¥67,657 million (\$563 million) and a decrease in “Income taxes, deferred” of the same amount. There was also an increase in “Deferred tax liabilities for land revaluation” of ¥2,634 million (\$22 million) and a decrease in “Land revaluation excess” of the same amount.

25. Employee Retirement Benefits

(1) Outline of employee retirement benefits

Consolidated subsidiaries in Japan have contributory funded defined benefit pension plans such as welfare pension plans, qualified pension plans and lump-sum severance indemnity plans. They may grant additional benefits in cases where certain requirements are met when employees retire. Some domestic consolidated subsidiaries received an approval from Minister of Health, Labor and Welfare for exemption from future retirement benefit obligations with respect to the entrusted portion of employee pension fund. SMBC and some consolidated subsidiaries in Japan contributed certain marketable equity securities to an employee retirement benefit trust.

(2) Projected benefit obligation

March 31, 2003		Millions of yen	Millions of U.S. dollars
Projected benefit obligation	(A)	¥(1,164,570)	\$ (9,688)
Plan assets	(B)	723,175	6,016
Unfunded projected benefit obligation	(C)=(A)+(B)	¥ (441,395)	\$ (3,672)
Unrecognized net obligation from initial application of the new accounting standard	(D)	44,087	367
Unrecognized net actuarial gain or loss	(E)	349,118	2,904
Unrecognized prior service costs	(F)	(53,218)	(443)
Net amount recorded on the consolidated balance sheet	(G)=(C)+(D)+(E)+(F)...	¥ (101,408)	\$ (844)
Prepaid pension cost (other assets)	(H)	—	—
Reserve for employee retirement benefits	(G)-(H)	¥ (101,408)	\$ (844)

Plan assets related to the general type of welfare pension plan amounted to ¥27,306 million (\$227 million) and were not included in “Plan assets” shown above.

(3) Pension expenses

Year ended March 31, 2003		Millions of yen	Millions of U.S. dollars
Service cost		¥26,163	\$218
Interest cost on projected benefit obligation		34,772	289
Expected return on plan assets		(32,219)	(268)
Amortization of unrecognized net obligation from initial application of the new accounting standard		23,158	193
Amortization of unrecognized net actuarial gain or loss		24,547	204
Amortization of unrecognized prior service costs		(6,583)	(55)
Other (nonrecurring additional retirement allowance paid and other)		9,811	82
Pension expenses		¥79,650	\$663
Gains on return of the entrusted portion of employee pension fund		(4,413)	(37)
Total		¥75,237	\$626

(4) Assumptions

The principal assumptions used in determining benefit obligation and pension expenses at or for the year ended March 31, 2003 were as follows:

- Discount rate: 1.7% to 3.0%
- Expected rate of return on plan assets: 0.0% to 5.0%
- Allocation of estimated amount of retirement benefits: Allocated to each period by the straight-line method

- (d) Term to amortize unrecognized prior service costs: Mainly 10 years
- (e) Term to amortize unrecognized net actuarial gain or loss: Mainly 10 years
- (f) Term to amortize unrecognized net obligation from initial application of new accounting standard: Mainly 5 years

26. Lease Transactions

(1) Financing leases

A summary of assumed amounts of acquisition cost, accumulated depreciation and net book value for financing leases without transfer of ownership at March 31, 2003 was as follows:

(a) Lessee side

March 31, 2003	Millions of yen		
	Equipment	Other	Total
Acquisition cost.....	¥17,591	¥253	¥17,844
Accumulated depreciation...	7,078	146	7,225
Net book value.....	¥10,512	¥106	¥10,618

March 31, 2003	Millions of U.S. dollars		
	Equipment	Other	Total
Acquisition cost.....	\$146	\$2	\$148
Accumulated depreciation...	59	1	60
Net book value.....	\$ 87	\$1	\$ 88

Future minimum lease payments excluding interests at March 31, 2003 were as follows:

March 31, 2003	Millions of	
	Millions of yen	U.S. dollars
Due within one year	¥ 3,020	\$25
Due after one year	7,328	61
	¥10,348	\$86

Total lease expenses for the year ended March 31, 2003 were ¥3,738 million (\$31 million). Assumed depreciation charges for the year ended March 31, 2003 amounted to ¥3,440 million (\$29 million). Assumed depreciation charges is calculated using the straight-line method over the lease term of the respective assets without salvage values. The difference between the minimum lease payments and the acquisition costs of the lease assets represents interest expenses. The allocation of such interest expenses over the lease term is computed using the effective interest method. Interest expenses for the year ended March 31, 2003 amounted to ¥279 million (\$2 million).

(b) Lessor side

March 31, 2003	Millions of yen		
	Equipment	Other	Total
Acquisition cost.....	¥1,949,522	¥503,639	¥2,453,161
Accumulated depreciation...	1,203,855	273,477	1,477,332
Net book value.....	¥ 745,667	¥230,161	¥ 975,828

March 31, 2003	Millions of U.S. dollars		
	Equipment	Other	Total
Acquisition cost.....	\$16,219	\$4,190	\$20,409
Accumulated depreciation...	10,015	2,276	12,291
Net book value.....	\$ 6,204	\$1,914	\$ 8,118

Future lease payments receivable excluding interests at March 31, 2003 were as follows:

March 31, 2003	Millions of	
	Millions of yen	U.S. dollars
Due within one year	¥ 312,772	\$2,602
Due after one year	702,955	5,848
	¥1,015,727	\$8,450

Total lease income for the year ended March 31, 2003 was ¥374,816 million (\$3,118 million). Depreciation charges for the year ended March 31, 2003 amounted to ¥306,999 million (\$2,554 million). Interest income represents the difference between the additional amount of the lease payments receivable and estimated salvage values, and the acquisition costs of the lease assets. The allocation of such interest income over the lease term is computed using the effective interest method. Interest income for the year ended March 31, 2003 amounted to ¥70,330 million (\$585 million).

(2) Operating leases

(a) Lessee side

Future minimum lease payments at March 31, 2003 were as follows:

March 31, 2003	Millions of	
	Millions of yen	U.S. dollars
Due within one year	¥ 18,646	\$155
Due after one year	101,035	841
	¥119,681	\$996

(b) Lessor side

Future lease payments receivable at March 31, 2003 were as follows:

March 31, 2003	Millions of	
	Millions of yen	U.S. dollars
Due within one year	¥233	\$2
Due after one year	482	4
	¥716	\$6

Future lease payments receivable of ¥108,886 million (\$906 million) on the lessor side referred to in (1) and (2) above were pledged as collateral for borrowings at March 31, 2003.

27. Loan Commitments

Commitment line contracts on overdrafts and loans are agreements to lend to customers when they apply for borrowing, to a prescribed amount, as long as there is no violation of any condition established in the contracts. The amount of unused commitments was ¥31,475,362 million (\$261,858 million), and the amount of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time was ¥28,769,561 million (\$239,347 million) at March 31, 2003.

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 requirements. Many of these commitments have clauses that SMBC and consolidated subsidiaries can reject an application from customers or reduce the contract amounts in case economic conditions are changed, SMBC and consolidated subsidiaries need to secure claims or other events occur. In addition, SMBC and consolidated subsidiaries request the customers to pledge collateral such as premises and securities at the conclusion of the contracts, and take necessary measures such as grasping customers' financial positions, revising contracts when need arises and securing claims after the conclusion of the contracts.

28. Market Value of Marketable Securities

(1) Securities

The market value of marketable securities at March 31, 2003 was as follows:

In addition to "Securities" in the consolidated balance sheet, trading securities, negotiable certificates of deposit and commercial paper in "Trading assets," negotiable certificates of deposit in "Deposits with banks," and commercial papers and claims on loan trust in "Commercial paper and other debt purchased" are included in the amounts of following tables.

(a) Securities classified as trading purposes

March 31, 2003	Millions of yen	Millions of U.S. dollars
Consolidated balance sheet amount.....	¥1,434,190	\$11,932
Losses included in profit/loss during the year.....	1,096	9

(b) Bonds classified as held-to-maturity with market value

March 31, 2003	Millions of yen				
	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Gains	Losses
Japanese government bonds.....	¥311,391	¥315,414	¥4,023	¥4,023	¥ —
Japanese local government bonds.....	23,091	23,920	828	828	—
Corporate bonds.....	—	—	—	—	—
Other.....	42,413	43,444	1,030	1,136	105
Total.....	¥376,896	¥382,779	¥5,882	¥5,988	¥105

March 31, 2003	Millions of U.S. dollars				
	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Gains	Losses
Japanese government bonds.....	\$2,591	\$2,624	\$33	\$33	\$—
Japanese local government bonds.....	192	199	7	7	—
Corporate bonds.....	—	—	—	—	—
Other.....	353	362	9	10	1
Total.....	\$3,136	\$3,185	\$49	\$50	\$ 1

Note: Market value is calculated by using market prices at the fiscal year-end.

(c) Other securities with market value

March 31, 2003	Millions of yen				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Gains	Losses
Stocks.....	¥ 3,167,955	¥ 3,002,513	¥(165,442)	¥112,952	¥278,395
Bonds.....	¥14,024,014	¥14,135,179	¥ 111,164	¥117,093	¥ 5,928
Japanese government bonds.....	12,516,061	12,590,255	74,193	79,479	5,286
Japanese local government bonds.....	342,798	352,112	9,314	9,415	101
Corporate bonds.....	1,165,153	1,192,811	27,657	28,197	540
Other.....	¥ 4,479,136	¥ 4,502,770	¥ 23,634	¥ 42,897	¥ 19,263
Total.....	¥21,671,106	¥21,640,463	¥ (30,643)	¥272,943	¥303,587

March 31, 2003	Millions of U.S. dollars				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Gains	Losses
Stocks.....	\$ 26,355	\$ 24,979	\$(1,376)	\$ 940	\$2,316
Bonds.....	\$116,673	\$117,597	\$ 924	\$ 974	\$ 50
Japanese government bonds.....	104,127	104,744	617	661	44
Japanese local government bonds.....	2,852	2,929	77	78	1
Corporate bonds.....	9,694	9,924	230	235	5
Other.....	\$ 37,264	\$ 37,461	\$ 197	\$ 357	\$ 160
Total.....	\$180,292	\$180,037	\$ (255)	\$2,271	\$2,526

Notes: 1. Market value is calculated as follows:

Stocks Average market price during one month before the fiscal year-end
 Bonds and other Market price at the fiscal year-end

2. 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 consolidated 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 was ¥494,815 million (\$4,117 million). 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 is 30% or more lower than acquisition cost.
 Normal issuers: Market value is 50% or more lower than 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 perceived to have a high risk of falling into bankruptcy.
 Issuers requiring caution: Issuers that are identified for close monitoring.
 Normal issuers: Issuers other than the above four categories of issuers.

(d) Bonds sold during the year ended March 31, 2003 that are classified as held-to-maturity
There are no corresponding items.

(e) Other securities sold during the year ended March 31, 2003

Year ended March 31, 2003	Millions of yen			Millions of U.S. dollars		
	Sales amount	Gains on sales	Losses on sales	Sales amount	Gains on sales	Losses on sales
Other securities	¥37,709,925	¥231,862	¥190,364	\$313,726	\$1,929	\$1,584

(f) Securities with no available market value

March 31, 2003	Millions of yen	Millions of U.S. dollars
	Consolidated balance sheet amount	Consolidated balance sheet amount
Bonds classified as held-to-maturity		
Nonlisted foreign securities.....	¥ 4,105	\$ 34
Other	6,463	54
Other securities		
Nonlisted foreign securities.....	¥ 363,282	\$3,022
Nonlisted bonds.....	1,176,885	9,791
Nonlisted stocks (excluding OTC stocks).....	281,888	2,345
Other.....	137,050	1,140

(g) Change of classification of securities
There are no corresponding items.

(h) Redemption schedule of other securities with maturities and bonds classified as held-to-maturity

March 31, 2003	Millions of yen			
	1 year or less	1 to 5 years	5 to 10 years	Over 10 years
Bonds	¥3,482,943	¥ 8,134,230	¥3,769,404	¥ 260,826
Japanese government bonds.....	3,303,635	6,306,161	3,034,984	256,865
Japanese local government bonds	11,935	138,933	223,723	612
Japanese corporate bonds.....	167,372	1,689,135	510,695	3,349
Other.....	¥ 355,161	¥ 2,886,041	¥ 765,581	¥ 880,974
Total.....	¥3,838,104	¥11,020,271	¥4,534,985	¥1,141,800

March 31, 2003	Millions of U.S. dollars			
	1 year or less	1 to 5 years	5 to 10 years	Over 10 years
Bonds	\$28,976	\$67,672	\$31,359	\$2,170
Japanese government bonds.....	27,484	52,464	25,249	2,137
Japanese local government bonds	99	1,156	1,861	5
Japanese corporate bonds.....	1,393	14,052	4,249	28
Other.....	\$ 2,955	\$24,011	\$ 6,370	\$7,329
Total.....	\$31,931	\$91,683	\$37,729	\$9,499

(2) Money held in trust

(a) Money held in trust classified as trading purposes

March 31, 2003	Millions of yen	Millions of U.S. dollars
Consolidated balance sheet amount.....	¥1,629	\$14
Gains included in profit/loss during the year	12	0

(b) Money held in trust classified as held-to-maturity
There are no corresponding items.

(c) Other money held in trust

March 31, 2003	Millions of yen				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Gains	Losses
Other money held in trust.....	¥23,044	¥23,000	¥(44)	¥510	¥555

March 31, 2003	Millions of U.S. dollars				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Gains	Losses
Other money held in trust.....	\$191	\$191	\$(0)	\$4	\$4

(3) Net unrealized gains (losses) on other securities and other money held in trust

March 31, 2003	Millions of yen	Millions of U.S. dollars
Net unrealized gains (losses)	¥(30,758)	\$(256)
Other securities.....	(30,713)	(256)
Other money held in trust.....	(44)	(0)
(+) Deferred tax assets.....	2,004	17
Net unrealized gains (losses) on other securities (before following adjustment).....	¥(28,754)	\$(239)
(-) Minority interests	¥ (4,557)	\$ (38)
(+) SMFG's interest in net unrealized gains (losses) on valuation of other securities held by affiliates accounted for by the equity method	(1)	(0)
Net unrealized gains (losses) on other securities	¥(24,197)	\$(201)

Note: Net unrealized gains (losses) included foreign currency translation adjustments on nonmarketable securities denominated in foreign currency.

29. Derivative Transactions

(1) Interest rate derivatives

March 31, 2003	Millions of yen			
	Contract amount		Market value	Valuation gains (losses)
	Total	Over 1 year		
Transactions listed on exchange				
Interest rate futures:				
Sold.....	¥ 59,749,099	¥ 4,547,691	¥ (103,623)	¥ (103,623)
Bought.....	57,633,988	5,676,922	109,474	109,474
Interest rate options:				
Sold.....	¥ 1,230,739	¥ —	¥ 76	¥ 76
Bought.....	600,964	205,802	(99)	(99)
Over-the-counter transactions				
Forward rate agreements:				
Sold.....	¥ 13,389,231	¥ 590,000	¥ 1,076	¥ 1,076
Bought.....	3,469,855	455,000	(500)	(500)
Interest rate swaps:				
Receivable fixed rate/payable floating rate.....	¥305,031,482	¥214,079,553	¥ 250,498	¥ 250,498
Receivable floating rate/payable fixed rate.....	146,600,794	101,347,568	3,300,127	3,300,127
Receivable floating rate/payable floating rate.....	139,298,388	98,710,883	(3,040,142)	(3,040,142)
Receivable floating rate/payable floating rate.....	18,990,156	13,890,272	850	850
Swaptions:				
Sold.....	¥ 1,720,503	¥ 798,669	¥ (35,707)	¥ (35,707)
Bought.....	1,523,512	1,106,731	26,355	26,355
Caps:				
Sold.....	¥ 5,352,002	¥ 3,331,808	¥ (4,194)	¥ (4,194)
Bought.....	3,616,992	2,536,627	6,682	6,682
Floors:				
Sold.....	¥ 317,281	¥ 207,279	¥ (7,673)	¥ (7,673)
Bought.....	351,199	195,322	9,027	9,027
Other:				
Sold.....	¥ 42,316	¥ 36,551	¥ (6,526)	¥ (6,526)
Bought.....	250,660	92,669	6,603	6,603
Total.....	/	/	¥ 251,467	¥ 251,467

March 31, 2003	Millions of U.S. dollars			
	Contract amount		Market value	Valuation gains (losses)
	Total	Over 1 year		
Transactions listed on exchange				
Interest rate futures:				
Sold.....	\$ 497,081	\$ 37,834	\$ (862)	\$ (862)
Bought.....	479,484	47,229	911	911
Interest rate options:				
Sold.....	\$ 10,239	\$ —	\$ 1	\$ 1
Bought.....	5,000	1,712	(1)	(1)
Over-the-counter transactions				
Forward rate agreements:				
Sold.....	\$ 111,391	\$ 4,908	\$ 9	\$ 9
Bought.....	28,867	3,785	(4)	(4)
Interest rate swaps:				
Receivable fixed rate/payable floating rate.....	\$2,537,700	\$1,781,028	\$ 2,084	\$ 2,084
Receivable floating rate/payable fixed rate.....	1,219,641	843,158	27,455	27,455
Receivable floating rate/payable fixed rate.....	1,158,888	821,222	(25,292)	(25,292)
Receivable floating rate/payable floating rate.....	157,988	115,560	7	7
Swaptions:				
Sold.....	\$ 14,314	\$ 6,645	\$ (297)	\$ (297)
Bought.....	12,675	9,207	219	219
Caps:				
Sold.....	\$ 44,526	\$ 27,719	\$ (35)	\$ (35)
Bought.....	30,091	21,103	55	55
Floors:				
Sold.....	\$ 2,640	\$ 1,724	\$ (64)	\$ (64)
Bought.....	2,922	1,625	75	75
Other:				
Sold.....	\$ 352	\$ 304	\$ (54)	\$ (54)
Bought.....	2,085	771	55	55
Total.....	/	/	\$ 2,092	\$ 2,092

Notes: 1. The above transactions are valued at market value and the valuation gains (losses) are accounted for in the consolidated statement of operations.

Derivative transactions to which hedge accounting method is applied are not included in the amounts above.

Some consolidated overseas subsidiaries account for interest rate derivatives in accordance with local accounting standards. Such transactions are not included in the amounts above, of which their net unrealized gains amount to ¥818 million (\$7 million).

2. Market value of transactions listed on exchange is calculated mainly using the closing prices on the Tokyo International Financial Futures Exchange and others. Market value of OTC transactions is calculated mainly using discounted present value and option pricing models.

(2) Currency derivatives

March 31, 2003	Millions of yen			
	Contract amount		Market value	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter transactions				
Currency swaps	¥16,433,656	¥8,831,238	¥(39,389)	¥(39,389)
Currency swaptions				
Sold	¥ 330,238	¥ 330,238	¥ (3,173)	¥ (3,173)
Bought	865,005	865,005	13,724	13,724
Forward foreign exchange	¥ 2,935,846	¥ 547,699	¥ 1,518	¥ 1,518
Currency options				
Sold	¥ 56,586	¥ 13,166	¥ (1,375)	¥ (1,375)
Bought	60,441	21,575	1,585	1,585
Other				
Sold	¥ 15,310	¥ 2,855	¥ 153	¥ 153
Bought	—	—	—	—
Total	/	/	¥(26,956)	¥(26,956)

March 31, 2003	Millions of U.S. dollars			
	Contract amount		Market value	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter transactions				
Currency swaps	\$136,719	\$73,471	\$(328)	\$(328)
Currency swaptions				
Sold	\$ 2,747	\$ 2,747	\$ (26)	\$ (26)
Bought	7,196	7,196	114	114
Forward foreign exchange	\$ 24,425	\$ 4,557	\$ 13	\$ 13
Currency options				
Sold	\$ 471	\$ 110	\$ (11)	\$ (11)
Bought	503	179	13	13
Other				
Sold	\$ 127	\$ 24	\$ 1	\$ 1
Bought	—	—	—	—
Total	/	/	\$(224)	\$(224)

- Notes: 1. The above transactions are valued at market value and the valuation gains (losses) are accounted for in the consolidated statement of operations. Derivative transactions to which hedge accounting method is applied and the transaction shown in Note 3 below, are not included in the amounts above. Some consolidated overseas subsidiaries account for currency derivatives in accordance with local accounting standards. Such transactions are not included in the amounts above, of which their net unrealized gains amount to ¥371 million (\$3 million).
2. Market value is calculated mainly using discounted present value.
3. Forward foreign exchange and currency options which are of the following types are not included in the amounts above:
- (a) Those that are revaluated at fiscal year-end and the revaluation gains (losses) are accounted for in the consolidated statement of operations.
 - (b) Those that are allotted to financial assets/liabilities denominated in foreign currency and whose market values are already reflected in the amount of the financial assets/liabilities on the consolidated balance sheet.
 - (c) Those that are allotted to financial assets/liabilities denominated in foreign currency and the financial assets/liabilities are eliminated in the process of consolidation.

The contract amount of currency derivatives which are revaluated at the consolidated balance sheet date are as follows:

March 31, 2003	Millions of yen	Millions of U.S. dollars
	Contract amount	Contract amount
Transactions listed on exchange		
Currency futures:		
Sold	¥ —	\$ —
Bought	—	—
Currency options:		
Sold	¥ —	\$ —
Bought	—	—
Over-the-counter transactions		
Forward foreign exchange	¥37,271,679	\$310,081
Currency options:		
Sold	¥ 3,001,518	\$ 24,971
Bought	3,195,840	26,588

(3) Equity derivatives

March 31, 2003	Millions of yen			
	Contract amount		Market value	Valuation gains (losses)
	Total	Over 1 year		
Transactions listed on exchange				
Equity price index futures:				
Sold.....	¥ —	¥—	¥—	¥—
Bought.....	—	—	—	—
Equity price index options:				
Sold.....	¥ —	¥—	¥—	¥—
Bought.....	—	—	—	—
Over-the-counter transactions				
Equity options:				
Sold.....	¥ 0	¥—	¥ 0	¥ 0
Bought.....	0	—	(0)	(0)
Equity price index swaps:				
Receivable equity index/payable floating rate.....	¥ —	¥—	¥—	¥—
Receivable floating rate/payable equity index.....	—	—	—	—
Other:				
Sold.....	¥477	¥—	¥ 0	¥ 0
Bought.....	477	—	0	0
Total.....	/	/	¥ 0	¥ 0

March 31, 2003	Millions of U.S. dollars			
	Contract amount		Market value	Valuation gains (losses)
	Total	Over 1 year		
Transactions listed on exchange				
Equity price index futures:				
Sold.....	\$—	\$—	\$—	\$—
Bought.....	—	—	—	—
Equity price index options:				
Sold.....	\$—	\$—	\$—	\$—
Bought.....	—	—	—	—
Over-the-counter transactions				
Equity options:				
Sold.....	\$ 0	\$—	\$ 0	\$ 0
Bought.....	0	—	(0)	(0)
Equity price index swaps:				
Receivable equity index/payable floating rate.....	\$—	\$—	\$—	\$—
Receivable floating rate/payable equity index.....	—	—	—	—
Other:				
Sold.....	\$ 4	\$—	\$ 0	\$ 0
Bought.....	4	—	0	0
Total.....	/	/	\$ 0	\$ 0

Notes: 1. The above transactions are valued at market value and the valuation gains (losses) are accounted for in the consolidated statement of operations. Derivative transactions to which hedge accounting method is applied are not included in the amounts above.

2. Market value of transactions listed on exchange is calculated mainly using the closing prices on the Tokyo Stock Exchange. Market value of OTC transactions is calculated mainly using discounted present value and option pricing models.

(4) Bond derivatives

March 31, 2003	Millions of yen			
	Contract amount		Market value	Valuation gains (losses)
	Total	Over 1 year		
Transactions listed on exchange				
Bond futures:				
Sold.....	¥119,032	¥ —	¥(388)	¥(388)
Bought.....	129,712	—	(67)	(67)
Bond futures options:				
Sold.....	¥ 4,000	¥ —	¥ (8)	¥ (8)
Bought.....	—	—	—	—
Over-the-counter transactions				
Bond options:				
Sold.....	¥ 16,010	¥15,617	¥ 0	¥ 0
Bought.....	4,719	3,125	0	0
Total.....	/	/	¥(463)	¥(463)

March 31, 2003	Millions of U.S. dollars			
	Contract amount		Market value	Valuation gains (losses)
	Total	Over 1 year		
Transactions listed on exchange				
Bond futures:				
Sold.....	\$ 990	\$ —	\$ (3)	\$ (3)
Bought.....	1,079	—	(1)	(1)
Bond futures options:				
Sold.....	\$ 33	\$ —	\$ (0)	\$ (0)
Bought.....	—	—	—	—
Over-the-counter transactions				
Bond options:				
Sold.....	\$ 133	\$ 130	\$ 0	\$ 0
Bought.....	39	26	0	0
Total.....	/	/	\$ (4)	\$ (4)

Notes: 1. The above transactions are valued at market value and the valuation gains (losses) are accounted for in the consolidated statement of operations. Derivative transactions to which hedge accounting method is applied are not included in the amounts above.
2. Market value of transactions listed on exchange is calculated mainly using the closing prices on the Tokyo Stock Exchange. Market value of OTC transactions is calculated mainly using option pricing models.

(5) Commodity derivatives

March 31, 2003	Millions of yen			
	Contract amount		Market value	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter transactions				
Commodity swaps:				
Receivable fixed price/payable floating price	¥31,049	¥27,358	¥(1,607)	¥(1,607)
Receivable floating price/payable fixed price	31,049	27,358	2,376	2,376
Commodity options:				
Sold.....	¥ 6,369	¥ 4,063	¥(1,493)	¥(1,493)
Bought.....	6,369	4,063	1,521	1,521
Total.....	/	/	¥ 797	¥ 797

March 31, 2003	Millions of U.S. dollars			
	Contract amount		Market value	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter transactions				
Commodity swaps:				
Receivable fixed price/payable floating price	\$258	\$228	\$ (13)	\$ (13)
Receivable floating price/payable fixed price	258	228	20	20
Commodity options:				
Sold.....	\$ 53	\$ 34	\$ (13)	\$ (13)
Bought.....	53	34	13	13
Total.....	/	/	\$ 7	\$ 7

Notes: 1. The above transactions are valued at market value and the valuation gains (losses) are accounted for in the consolidated statement of operations. Derivative transactions to which hedge accounting method is applied are not included in the amounts above.
2. Market value is calculated based on factors such as price of the relevant commodity and contract term.
3. Commodity derivatives are transactions on oil and metal.

(6) Credit derivative transactions

March 31, 2003	Millions of yen			
	Contract amount		Market value	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter transactions				
Credit default options:				
Sold.....	¥39,823	¥22,790	¥(1,767)	¥(1,767)
Bought.....	35,625	18,592	3,153	3,153
Other:				
Sold.....	¥ 5,722	¥ 1,099	¥ 4,915	¥ 4,915
Bought.....	86,567	79,546	276	276
Total.....	/	/	¥ 6,578	¥ 6,578

March 31, 2003	Millions of U.S. dollars			
	Contract amount		Market value	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter transactions				
Credit default options:				
Sold.....	\$331	\$190	\$(14)	\$(14)
Bought.....	296	155	26	26
Other:				
Sold.....	\$ 48	\$ 9	\$ 41	\$ 41
Bought.....	720	662	2	2
Total.....	/	/	\$ 55	\$ 55

- Notes: 1. The above transactions are valued at market value and the valuation gains (losses) are accounted for in the consolidated statement of operations. Derivative transactions to which hedge accounting method is applied are not included in the amounts above.
2. Market value is calculated based on factors such as price of the reference assets and contract term.
3. "Sold" represents transactions in which the credit risk is accepted; "Bought" represents transactions in which the credit risk is transferred.

30. Segment Information

(1) Business segment information

Year ended March 31, 2003	Millions of yen					Elimination and unallocated corporate assets	Consolidated
	Banking business	Leasing	Other	Total			
I. Ordinary income							
(1) External customers.....	¥ 2,530,217	¥ 640,529	¥ 335,639	¥ 3,506,386	¥ —	¥ 3,506,386	
(2) Intersegment.....	31,282	5,563	163,790	200,636	(200,636)	—	
Total.....	¥ 2,561,499	¥ 646,093	¥ 499,429	¥ 3,707,023	¥ (200,636)	¥ 3,506,386	
Ordinary expenses.....	3,130,721	622,237	447,163	4,200,122	(177,986)	4,022,136	
Ordinary profit (loss).....	¥ (569,221)	¥ 23,855	¥ 52,265	¥ (493,099)	¥ (22,650)	¥ (515,749)	
II. Assets, depreciation and capital expenditure							
Assets.....	¥102,058,264	¥1,789,697	¥6,158,720	¥110,006,682	¥(5,399,232)	¥104,607,449	
Depreciation.....	73,505	329,478	18,908	421,892	1	421,894	
Capital expenditure.....	85,829	319,716	30,145	435,690	29	435,720	

Year ended March 31, 2003	Millions of U.S. dollars					Elimination and unallocated corporate assets	Consolidated
	Banking business	Leasing	Other	Total			
I. Ordinary income							
(1) External customers.....	\$ 21,050	\$ 5,329	\$ 2,792	\$ 29,171	\$ —	\$ 29,171	
(2) Intersegment.....	260	46	1,363	1,669	(1,669)	—	
Total.....	\$ 21,310	\$ 5,375	\$ 4,155	\$ 30,840	\$ (1,669)	\$ 29,171	
Ordinary expenses.....	26,046	5,176	3,720	34,942	(1,480)	33,462	
Ordinary profit (loss).....	\$ (4,736)	\$ 199	\$ 435	\$ (4,102)	\$ (189)	\$ (4,291)	
II. Assets, depreciation and capital expenditure							
Assets.....	\$849,070	\$14,889	\$51,238	\$915,197	\$(44,919)	\$870,278	
Depreciation.....	612	2,741	157	3,510	0	3,510	
Capital expenditure.....	714	2,660	251	3,625	0	3,625	

- Notes: 1. The business segmentation is classified based on SMFG's internal administrative purpose.
2. "Other" includes securities, credit card, investment banking, loans, factoring, venture capital, system development and information processing.
3. As for assets, unallocated corporate assets that were included in "Elimination and unallocated corporate assets" mainly consisted of investments in affiliates of ¥3,373,529 million (\$28,066 million).
4. Ordinary income represents total income excluding gains on disposition of premises and equipment, collection of written-off claims and reversals of other reserves. Ordinary expenses represent total expenses excluding losses on disposition of premises and equipment, amortized cost of unrecognized net transition obligation for employee retirement benefits and other extraordinary expenses.
5. As mentioned in Note 24 "Income Taxes," the effective tax rate was changed with the implementation of the "Revision of the Local Tax Law" (Legislation No. 9, 2003) on March 31, 2003. As a result, Assets of "Banking business" increased by ¥65,769 million (\$547 million), and Assets of "Leasing" and "Other" decreased by ¥753 million (\$6 million) and ¥1,109 million (\$9 million), respectively as compared with the assets that were calculated using the former effective tax rate.

(2) Geographic segment information

Year ended March 31, 2003	Millions of yen					Elimination and unallocated corporate assets	Consolidated
	Japan	The Americas	Europe	Asia and Oceania	Total		
I. Ordinary income							
(1) External customers	¥ 3,033,860	¥ 173,224	¥ 174,353	¥ 124,948	¥ 3,506,386	¥ —	¥ 3,506,386
(2) Intersegment	66,249	48,741	32,144	26,912	174,048	(174,048)	—
Total	¥ 3,100,110	¥ 221,966	¥ 206,498	¥ 151,860	¥ 3,680,435	¥ (174,048)	¥ 3,506,386
Ordinary expenses	3,804,777	149,894	134,985	82,652	4,172,309	(150,172)	4,022,136
Ordinary profit (loss)	¥ (704,666)	¥ 72,071	¥ 71,512	¥ 69,208	¥ (491,873)	¥ (23,876)	¥ (515,749)
II. Assets	¥96,909,941	¥6,138,645	¥2,167,625	¥2,647,964	¥107,864,176	¥(3,256,726)	¥104,607,449

Year ended March 31, 2003	Millions of U.S. dollars					Elimination and unallocated corporate assets	Consolidated
	Japan	The Americas	Europe	Asia and Oceania	Total		
I. Ordinary income							
(1) External customers	\$ 25,240	\$ 1,441	\$ 1,451	\$ 1,039	\$ 29,171	\$ —	\$ 29,171
(2) Intersegment	551	405	267	225	1,448	(1,448)	—
Total	\$ 25,791	\$ 1,846	\$ 1,718	\$ 1,264	\$ 30,619	\$ (1,448)	\$ 29,171
Ordinary expenses	31,653	1,247	1,123	688	34,711	(1,249)	33,462
Ordinary profit (loss)	\$ (5,862)	\$ 599	\$ 595	\$ 576	\$ (4,092)	\$ (199)	\$ (4,291)
II. Assets	\$806,239	\$51,070	\$18,034	\$22,030	\$897,373	\$(27,095)	\$870,278

- Notes: 1. The geographic segmentation is classified based on the degrees of following factors: geographic proximity, similarity of economic activities and relationship of business activities among regions.
2. The Americas includes the United States, Brazil and others; Europe includes the United Kingdom, France and others; Asia and Oceania includes Hong Kong, Singapore and others except Japan.
3. As for assets, unallocated corporate assets that were included in "Elimination and unallocated corporate assets" mainly consisted of investments in affiliates of ¥3,373,529 million (\$28,066 million).
4. Ordinary income represents total income excluding gains on disposition of premises and equipment, recoveries of written-off claims and reversals of other reserves. Ordinary expenses represent total expenses excluding losses on disposition of premises and equipment, amortized cost of unrecognized net transition obligation for employee retirement benefits and other extraordinary expenses.
5. As mentioned in Note 24 "Income Taxes," the effective tax rate was changed with the implementation of the "Revision of the Local Tax Law" (Legislation No. 9, 2003) on March 31, 2003. As a result, Assets of "Japan" increased by ¥63,905 million (\$532 million) as compared with assets that were calculated using the former effective tax rate.

(3) Ordinary income from overseas operations

Year ended March 31, 2003	Millions of yen	Millions of U.S. dollars
Ordinary income from overseas operations (A)	¥ 472,525	\$ 3,931
Consolidated ordinary income (B)	3,506,386	29,171
(A) / (B)	13.5%	13.5%

Note: The above table shows ordinary income from transactions of SMBC's overseas branches and overseas consolidated subsidiaries, excluding internal income.

31. Subsequent Event

Appropriations of retained earnings

The following appropriations of retained earnings of SMFG at March 31, 2003 were approved by the general meeting of shareholders held on June 27, 2003:

	Millions of yen	Millions of U.S. dollars
Cash dividends, ¥3,000 per share on common stock	¥17,385	\$145
¥10,500 per share on preferred stock (Type 1)	703	6
¥28,500 per share on preferred stock (Type 2)	2,850	24
¥13,700 per share on preferred stock (Type 3)	10,960	91
¥19,500 per share on preferred stock (First to Twelfth series Type 4)	976	8
¥3,750 per share on preferred stock (Thirteenth series Type 4)	431	3

32. Parent Company

(1) Nonconsolidated Balance Sheet Sumitomo Mitsui Financial Group, Inc.

March 31, 2003	Millions of yen	Millions of U.S. dollars (Note 1)
Assets		
Current assets.....	¥ 106,108	\$ 883
Cash and due from banks	64,725	539
Deferred tax assets	35	0
Accrued income	315	3
Refundable income tax	40,976	341
Other current assets.....	55	0
Fixed assets.....	¥3,306,213	\$27,506
Premises and equipment	0	0
Buildings.....	0	0
Intangible assets	26	0
Software	26	0
Investments and other assets	3,306,185	27,506
Investments in subsidiaries and affiliates	3,260,957	27,129
Long-term loans to subsidiaries and affiliates	40,000	333
Deferred tax assets	5,227	44
Other investments	0	0
Deferred charges	1,207	10
Organization cost	1,207	10
Total assets	¥3,413,529	\$28,399
Liabilities		
Current liabilities	¥ 257,442	\$ 2,142
Short-term borrowings.....	256,501	2,134
Accrued expenses.....	651	5
Income taxes payable	1	0
Business office taxes payable.....	1	0
Consumption taxes payable.....	106	1
Reserve for employees bonuses.....	83	1
Other current liabilities	96	1
Total liabilities	¥ 257,442	\$ 2,142
Stockholders' equity		
Capital stock	¥1,247,650	\$10,380
Capital surplus	¥1,747,266	\$14,536
Capital reserve	1,747,266	14,536
Retained earnings.....	¥ 161,521	\$ 1,344
Earned surplus reserve	496	4
Voluntary reserve	30,420	253
Special voluntary earned reserves	30,420	253
Unappropriated retained earnings.....	130,605	1,087
Treasury stock	¥ (351)	\$ (3)
Total stockholders' equity	¥3,156,086	\$26,257
Total liabilities and stockholders' equity.....	¥3,413,529	\$28,399

(2) **Nonconsolidated Statement of Income**
Sumitomo Mitsui Financial Group, Inc.

Year ended March 31, 2003	Millions of yen	Millions of U.S. dollars (Note 1)
Operating income	¥131,519	\$1,094
Dividends on investments in subsidiaries and affiliates	128,265	1,067
Fees and commissions received from subsidiaries	3,124	26
Interest income on loans to subsidiaries and affiliates	128	1
Operating expenses	¥ 971	\$ 8
General and administrative expenses	971	8
Other operating expenses	0	0
Operating profit	¥130,547	\$1,086
Nonoperating income	¥ 13	\$ 0
Interest income on deposits	9	0
Fees and commissions income	4	0
Nonoperating expenses	¥ 10,926	\$ 91
Interest on borrowings	176	1
Amortization of organization costs	301	3
Stock issuance costs	9,994	83
Fees and commissions expenses	73	1
Other nonoperating expenses	380	3
Income before income taxes	¥119,634	\$ 995
Income taxes:		
Current	156	1
Deferred	(5,259)	(44)
Net income	¥124,738	\$1,038
	Yen	U.S. dollars (Note 1)
Per share data:		
Net income	¥18,918.33	\$157.39
Net income — diluted	15,691.82	130.55
Declared dividends on common stock.....	3,000	24.96
Declared dividends on preferred stock (Type 1)	10,500	87.35
Declared dividends on preferred stock (Type 2)	28,500	237.10
Declared dividends on preferred stock (Type 3)	13,700	113.98
Declared dividends on preferred stock (First to Twelfth series Type 4)	19,500	162.23
Declared dividends on preferred stock (Thirteenth series Type 4).....	3,750	31.20

Independent Auditors' Report

To the Board of Directors of
Sumitomo Mitsui Financial Group, Inc.

We have audited the accompanying consolidated balance sheet of Sumitomo Mitsui Financial Group, Inc. ("SMFG") and subsidiaries as of March 31, 2003, and the related consolidated statements of operations, stockholders' equity and cash flows for the year then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of SMFG's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of SMFG and subsidiaries as of March 31, 2003, and the consolidated results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in Japan as described in Note 1 to the consolidated financial statements.

The consolidated financial statements as of and for the year ended March 31, 2003 have been translated into United States dollars solely for the convenience of the reader. We have recomputed the translation and, in our opinion, the consolidated financial statements expressed in Japanese yen have been translated into United States dollars on the basis set forth in Note 1 to the consolidated financial statements.



Tokyo, Japan
June 27, 2003

Summary of Significant Differences between Japanese GAAP and U.S. GAAP

The consolidated financial statements of SMFG and its subsidiaries presented in this annual report conform with generally accepted accounting principles in Japan (“Japanese GAAP”). Such principles vary from the accounting principles generally accepted in the United States (“U.S. GAAP”). Significant differences between Japanese GAAP and U.S. GAAP are summarized below. These differences are not necessarily the only differences and other differences may exist:

Japanese GAAP

Consolidated Subsidiaries

The consolidated financial statements include all enterprises that are controlled by the parent, irrespective of the percentage of the voting shares owned.

Control is defined as the power to govern the decision making body of an enterprise.

Equity Method of Accounting

Affiliates are enterprises over which SMFG has material influence with respect to their financial and operating policies.

Investments in nonconsolidated subsidiaries or affiliates are accounted for by the equity method in the consolidated financial statements.

Business Combinations

Currently, there are no established accounting principles for business combinations.

Accounting treatment that is similar to the pooling-of-interest method is normally used for business combinations in accordance with the Commercial Code of Japan. Under the accounting treatment, the balance sheet items of the acquired company are combined with those of the acquiring company at their carrying amount or fair value, and the effect of such pooling shall not be reflected in prior years' financial statements.

U.S. GAAP

Consolidated Subsidiaries

Statement of Financial Accounting Standards (“SFAS”)

No. 94 requires a parent company to consolidate all of its majority-owned subsidiaries with more than 50% of outstanding voting shares, subject to certain exceptions relate to temporary control or the parent company's inability to exercise control over the subsidiary.

In January 2003, The Financial Accounting Standards Board (FASB) issued Interpretation No. 46, “Consolidation of Variable Interest Entities,” which applies immediately to variable interest entities created after January 31, 2003 and in the first fiscal year or interim period beginning after June 15, 2003 to older entities. An entity is considered a variable interest entity that is subject to consolidation under the Interpretation if the entity's total equity at risk is insufficient to permit the entity to finance its activities without additional subordinated financial support or if equity investors lack one of three characteristics of a controlling financial interest.

Equity Method of Accounting

Investments representing ownership of 20% to 50% of the outstanding voting shares are accounted for by the equity method. In addition, investments representing ownership of less than 20% are accounted for by the equity method if the investor has the ability to exercise significant influence over the entity in which it invests.

Business Combinations

SFAS No. 141, Accounting for Business Combinations, prescribes the purchase method for all business combinations.

The purchase method requires the valuation of the acquired assets and liabilities based on fair market values at the time of combination. The difference between the fair market values of the net assets and the consideration given represents goodwill.

Securities

Debt securities that consolidated subsidiaries have the intent and ability to hold to maturity (held-to-maturity securities) are carried at amortized cost. Trading securities are carried at market value with gains or losses included in the current period income. Other securities (available-for-sale securities) are carried at fair value with unrealized gains or losses recorded directly to stockholders' equity, net of taxes.

Accounting for Derivatives and Hedging Activities

Derivative instruments are carried at fair value with changes included in the current period income unless certain hedge accounting criteria are met. In general, if derivative instruments are used as hedges and meet certain hedging criteria, a company defers recognition of gains or losses resulting from changes in fair value of derivative instruments as either an asset or liability until the related losses or gains on the hedged items are recognized.

A bank is permitted to adopt "Macro Hedge Accounting" as a hedge accounting method, under which the bank manages the total interest rate risk arising from various financial assets and liabilities as a whole by using financial derivative transactions.

Accounting for Sales of Loans with Recourse

Certain loan participations which meet specified criteria are allowed to be accounted for as sales, even though the loans are not legally isolated from the transferor.

Securities

Investments in marketable equity and all debt securities are classified at acquisition according to management's intent, into one of the following categories: trading, available-for-sale, or held-to-maturity. Trading securities are marked to fair value, with the resulting unrealized gain or loss recognized in income. Available-for-sale securities should be marked to fair value, with the resulting unrealized gain or loss recorded in other comprehensive income. Held-to-maturity securities are carried at amortized cost. Other than temporary declines in value are charged to earnings when incurred.

Accounting for Derivatives and Hedging Activities

SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities requires the recognition of all derivatives as assets or liabilities in the balance sheet measured at fair value. Changes in the fair values of derivatives are included in earnings unless the derivative qualifies for hedge accounting criteria. The changes in the fair value of derivatives qualifying for hedge accounting criteria depend on the intended use.

For derivatives designated as hedging the exposure to changes in the fair value of an asset or liability or a firm commitment, the gain or loss is recognized in earnings in the period of change together with the offsetting fair value loss or gain on the hedged item.

For derivatives designated as hedging the exposure to variable cash flows of a forecasted transaction, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income. Gains and losses of cash flow hedges included in other comprehensive income are reclassified into earnings in the same period or periods during which the related asset or liability affects earnings.

For derivatives designated as hedging the foreign currency exposure of a net investment in a foreign operation, the gain or loss is reported in other comprehensive income as part of the cumulative translation adjustment.

Accounting for Sales of Loans with Recourse

Under U.S. GAAP, pursuant to SFAS No. 140, financial assets are generally recorded as sold and removed from the balance sheet only when the following conditions have been met: legal title has passed; the financial assets are beyond the reach of the transferor's creditors, even in bankruptcy or receivership; the purchaser obtains the asset free of conditions that constrain it from taking advantage of the right to pledge or sell the asset; and the transferor does not maintain effective control over the assets as defined. Sales that are not free of such constraints are recorded as a financing. A transfer of assets qualifying as a sale under U.S. GAAP but in connection with which the seller has assumed a limited recourse obligation would result in the recording of a liability for the estimated recourse.

Restructured Loans

Discounted present value had not been historically used to measure impairment of a loan. Reserve for restructured loans were computed based on historical loss experience.

From the fiscal year ended at March 31, 2003, 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), major banks are required to provide reserves 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":

- (a) A bank 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.
- (b) A bank recognizes the difference between the present value and its book value as estimated losses and provides reserve for possible loan losses.

Accrued Interest on Nonperforming Loans

Consolidated subsidiaries place into the non-accrual status loans which management assesses as "Bankrupt," "Effectively Bankrupt" or "Potentially Bankrupt." Accrued interest related to such loans is written-off.

Impairment of Long-Lived Assets

Currently, there is no requirement to consider the impairment of long-lived assets.

In August 2002, the Business Accounting Council issued "Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets." The opinion set forth basic ideas about (a) assets subject to impairment consideration, (b) recognition and measurement of impairment loss, (c) accounting after recognition of impairment loss and (d) treatment of finance lease transactions. The opinion proposes that the Accounting Standards Board of Japan develop practical guidelines by the summer of 2003 and that the standard become effective for fiscal years beginning after March 31, 2005. Earlier adoption is permitted under certain conditions.

Goodwill

Goodwill that is the excess of investment cost over the parent's share of the underlying equity in net assets of the subsidiary at the date of acquisition and that is created in consolidation procedures shall be amortized within 20 years.

Restructured Loans

SFAS No. 114 requires that impairment of a loan, including a troubled debt restructuring, be measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or, as practicably expedient, at the loan's observable market price or the fair value of the collateral if the loan is collateral-dependent.

Accrued Interest on Nonperforming Loans

Loans are placed on non-accrual status when they are deemed uncollectible based on management's assessment. Accrued interest related to such loans is reversed against interest income.

Income is generally recognized on such loans using either a cost-recovery method, cash-basis method or some combination of those methods.

Impairment of Long-Lived Assets

SFAS No. 144 requires the recognition of an impairment loss only if the carrying amount of a long-lived asset to be held and used is not recoverable from its undiscounted cash flows and exceeds its fair value. Impairment loss is measured by calculating the difference between the carrying amount and fair value of the long-lived assets. The impairment loss shall be included in the current period income.

A long-lived asset that meets the criteria to be classified as held for sale should be measured at the lower of its carrying amount or fair value less cost to sell.

Goodwill

Prior to the effective date of SFAS No. 142, goodwill was amortized over its estimated economic life, not to exceed 40 years.

Under SFAS No. 142, effective from the fiscal year beginning after December 15, 2001, goodwill shall not be amortized but rather shall be tested at least annually for impairment.

Employee Pension and Post-Retirement Benefits

Reserve for employee retirement benefit is recorded based on an actuarial computation, which uses the present value of the projected benefit obligation and pension assets, based on an employee's credited years of services at the balance sheet date.

Accounting for the transfer of the Substitutional Portion of Employee Pension Fund Liabilities

In general, accounting for any gain on transfer to the Japanese Government of the Substitutional Portion of Employee Pension Fund Liabilities is recognized when the obligation is settled and actually transferred. As an alternative, the gain on the return of the entrusted portion of the employee pension fund is allowed if the transfer is resolved by board of delegates and there are plan assets equivalent to the amount that should be transferred to the Japanese Government. This treatment is allowed within 30 months from June 15, 2001.

Earned Surplus Reserve

Under the Banking Law of Japan, an amount equivalent to at least 20% of cash disbursements paid was appropriated and was set aside as earned surplus reserve in the retained earnings up to the amount of common stock.

Effective October 1, 2001, such earned surplus reserve is recorded until the total of both earned surplus reserve and capital surplus equals the amount of common stock. The excess of the total amount over the amount of common stock may be transferred to retained earnings by resolution of stockholders.

Land Revaluation Excess

Land which had been recorded at acquired cost was allowed to be revalued at fair value at one time during a fiscal year from March 31, 1998 to March 31, 2002. The resulting gains were recorded in land revaluation excess as a separate component in the stockholders' equity, net of tax.

The land shall not be revalued after the initial revaluation even if the fair value declined.

Employee Pension and Post-Retirement Benefits

U.S. GAAP generally requires the use of actuarial methods for measuring annual employee benefit costs, including the use of assumptions such as the rate of salary progression, discount rate, rate of return on plan assets, etc., the amortization of prior service costs over the remaining service period of active employees and the immediate recognition of a liability when the accumulated benefit obligation exceeds the fair market value of pension plan assets.

Accounting for the transfer of the Substitutional Portion of Employee Pension Fund Liabilities

In accordance with Emerging Issues Task Force Issue No. 03-02 "Accounting for the Transfer to the Japanese Government of the Substitutional Portion of Employee Pension Fund Liabilities," the entire separation process and transfer will be accounted for at the time the transfer of the benefit obligation and related plan assets is completed. The ultimate determination of any gain or loss will be made as of the date the transfer has been completed in accordance with Statement of Financial Accounting Standards No. 88 "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits."

Earned Surplus Reserve

Such earned surplus reserve is not provided for under U.S. GAAP.

Land Revaluation Excess

Such land revaluation excess is not permissible.

Guarantees

Notional amounts of guarantees, including standby letters of credit and the related reimbursement obligations of customers, are presented on the balance sheet with assets of equal amounts.

Loan Fees

Loan origination fees and costs are recognized when income is received and costs are incurred.

Directors' Bonuses

Directors' bonuses are charged directly to retained earnings by resolution of stockholders.

Leases

Unless transfer of ownership occurs, financing leases may be accounted for as operating leases accompanied with sufficient footnote disclosure.

Comprehensive Income

There are no specific accounting principles for reporting comprehensive income.

Guarantees

In November 2002, the Financial Accounting Board (FASB) issued interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," which, among other provisions, applies to guarantees issued or modified after December 31, 2002. The issuer of a guarantee is required to recognize, at the inception of the guarantee, an initial liability for fair value of its obligations under the guarantee basically. The above-mentioned treatment is required for letters, such as financial standby letters of credit and contracts that contingently require the guarantor to make payments to the guaranteed party.

Loan Fees

Loan origination fees are deferred and recognized over the life of the related loan as an adjustment of yield based on the effective interest method.

Certain direct loan origination costs are also deferred and recognized over the life of the related loan as a reduction of the loan's yield based on the effective interest method.

Directors' Bonuses

Directors' compensation is expensed on an accrual basis as earned.

Leases

Leases are classified as either capital or operating, based on specified criteria. A lease which transfers substantially all of the benefits and risks of ownership to the lessee is reported as a capital lease. Other leases are accounted for as operating leases.

Comprehensive Income

U.S. GAAP requires that all items that are required to be recognized under accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. Comprehensive income includes all changes in stockholders' equity during an accounting period except those resulting from investments by or distributions to owners, including certain items not included in the current results of operations.

Supplemental Information

Consolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Banking Corporation and Subsidiaries

March 31	Millions of yen		Millions of U.S. dollars
	2003	2002	2003
Assets			
Cash and due from banks	¥ 2,895,968	¥ 2,128,742	\$ 24,093
Deposits with banks	541,275	3,503,554	4,503
Call loans and bills bought	187,563	720,154	1,560
Receivables under resale agreements.....	109,710	793,266	913
Receivables under securities borrowing transactions	1,981,243	—	16,483
Commercial paper and other debt purchased.....	363,981	461,879	3,028
Trading assets.....	4,495,396	3,278,105	37,399
Money held in trust.....	24,629	33,860	205
Securities	23,958,521	20,694,632	199,322
Loans and bills discounted.....	61,219,617	63,645,586	509,315
Foreign exchanges.....	749,974	795,755	6,239
Other assets.....	2,157,885	6,447,644	17,953
Premises and equipment	920,076	1,207,589	7,655
Lease assets	26,130	927,120	217
Deferred tax assets	1,885,307	1,882,464	15,685
Deferred tax assets for land revaluation	724	726	6
Goodwill	—	18,518	—
Customers' liabilities for acceptances and guarantees	3,078,461	3,625,047	25,611
Reserve for possible loan losses	(2,201,830)	(2,159,649)	(18,318)
Total assets	¥102,394,637	¥108,005,001	\$851,869
Liabilities, minority interests and stockholders' equity			
Liabilities			
Deposits	¥ 67,885,022	¥ 71,648,073	\$564,767
Call money and bills sold	8,953,084	10,775,484	74,485
Payables under repurchase agreements	4,144,735	1,468,504	34,482
Payables under securities lending transactions	4,807,245	—	39,994
Commercial paper.....	50,500	1,167,500	420
Trading liabilities	2,851,391	2,331,500	23,722
Borrowed money	1,427,000	2,889,907	11,872
Foreign exchanges.....	397,666	299,610	3,308
Bonds.....	3,441,137	3,505,820	28,628
Convertible bonds	—	1,106	—
Pledged money for securities lending transactions.....	—	3,174,799	—
Due to trust account	5,953	—	50
Other liabilities.....	1,952,000	2,861,669	16,240
Reserve for employee bonuses	16,111	21,606	134
Reserve for employee retirement benefits	92,802	147,972	772
Reserve for possible losses on loans sold	20,665	86,371	172
Other reserves	649	336	5
Deferred tax liabilities.....	43,726	39,206	364
Deferred tax liabilities for land revaluation	58,788	64,015	489
Acceptances and guarantees.....	3,078,461	3,625,047	25,611
Total liabilities	¥ 99,226,942	¥104,108,534	\$825,515
Minority interests	¥ 1,025,150	¥ 983,847	\$ 8,529
Stockholders' equity			
Capital stock.....	¥ 559,985	¥ 1,326,746	\$ 4,659
Capital surplus	1,298,511	1,326,758	10,803
Retained earnings.....	258,690	475,357	2,152
Land revaluation excess	101,336	121,244	843
Net unrealized losses on other securities	(21,559)	(304,837)	(179)
Foreign currency translation adjustments	(54,419)	(15,174)	(453)
Treasury stock.....	—	(283)	—
Parent bank stock held by subsidiaries.....	—	(17,191)	—
Total stockholders' equity	¥ 2,142,544	¥ 2,912,619	\$ 17,825
Total liabilities, minority interests and stockholders' equity	¥102,394,637	¥108,005,001	\$851,869

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

2. For the convenience of the readers, the accompanying U.S. dollar financial statements have been translated from Japanese yen, as a matter of arithmetical computation only, at the rate of ¥120.20 to US\$1, the exchange rate prevailing at March 31, 2003.

Consolidated Statements of Operations (Unaudited)

Sumitomo Mitsui Banking Corporation and Subsidiaries

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2003	2002	2003
Income			
Interest income:			
Interest on loans and discounts	¥1,266,319	¥1,426,139	\$10,535
Interest and dividends on securities	268,840	318,508	2,237
Interest on receivables under resale agreements	1,352	8,399	11
Interest on receivables under securities borrowing transactions	225	—	2
Interest on deposits with banks	34,759	186,892	289
Other interest income	246,028	236,745	2,047
Trust fees	7	—	0
Fees and commissions	424,235	387,280	3,529
Trading profits	206,496	129,450	1,718
Other operating income	947,036	845,583	7,879
Other income	166,541	270,130	1,386
Total income	¥3,561,843	¥3,809,130	\$29,633
Expenses			
Interest expenses:			
Interest on deposits	¥ 159,943	¥ 347,077	\$ 1,331
Interest on borrowings and rediscounts	56,485	75,989	470
Interest on payables under repurchase agreements	18,185	29,238	151
Interest on payables under securities lending transactions	28,830	—	240
Interest on bonds and bonds with subscription rights for shares	76,219	—	634
Interest on bonds and convertible bonds	—	86,926	—
Other interest expenses	77,741	187,670	647
Fees and commissions	74,257	67,747	618
Trading losses	725	17	6
Other operating expenses	721,193	666,651	6,000
General and administrative expenses	888,421	935,553	7,391
Transfer to reserve for possible loan losses	655,488	1,204,335	5,453
Other expenses	1,347,022	812,261	11,207
Total expenses	¥4,104,514	¥4,413,469	\$34,148
Loss before income taxes and minority interests	¥ 542,670	¥ 604,338	\$ 4,515
Income taxes:			
Current	¥ 65,912	¥ 101,860	\$ 548
Deferred	(216,233)	(289,305)	(1,799)
Minority interests in net income	¥ 37,037	¥ 46,993	\$ 308
Net loss	¥ 429,387	¥ 463,887	\$ 3,572

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

2. For the convenience of the readers, the accompanying U.S. dollar financial statements have been translated from Japanese yen, as a matter of arithmetical computation only, at the rate of ¥120.20 to US\$1, the exchange rate prevailing at March 31, 2003.

Nonconsolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Banking Corporation

March 31	Millions of yen			Millions of U.S. dollars
	2002			2003
	2003	Former SMBC	Former Wakashio Bank	
Assets				
Cash and due from banks	¥ 2,775,176	¥ 1,871,121	¥ 60,095	\$ 23,088
Deposits with banks	513,417	3,587,308	2,206	4,271
Call loans and bills bought	99,774	620,406	493	830
Receivables under resale agreements	78,679	432,730	—	655
Receivables under securities borrowing transactions	1,981,243	—	—	16,483
Commercial paper and other debt purchased	92,436	146,650	—	769
Trading assets	3,950,372	2,705,648	—	32,865
Money held in trust	24,628	33,858	—	205
Securities	23,656,385	20,442,996	53,291	196,808
Loans and bills discounted	57,282,365	59,928,368	373,951	476,559
Foreign exchanges	724,771	779,142	206	6,030
Other assets	1,848,486	5,344,106	1,412	15,378
Premises and equipment	707,303	890,981	10,162	5,884
Deferred tax assets	1,814,625	1,741,114	—	15,097
Customers' liabilities for acceptances and guarantees	4,416,292	5,529,996	1,339	36,741
Reserve for possible loan losses	(2,074,797)	(1,971,849)	(4,943)	(17,261)
Total assets	¥97,891,161	¥102,082,581	¥498,215	\$814,402
Liabilities and stockholders' equity				
Liabilities				
Deposits	¥63,524,258	¥ 67,629,353	¥468,693	\$528,488
Call money and bills sold	8,889,756	10,752,791	—	73,958
Payables under repurchase agreements	4,124,094	1,100,446	—	34,310
Payables under securities lending transactions	4,777,187	—	—	39,744
Commercial paper	50,500	1,001,000	—	420
Trading liabilities	2,425,632	1,797,086	—	20,180
Borrowed money	2,795,160	3,406,286	—	23,254
Foreign exchanges	392,727	300,162	—	3,267
Bonds	2,624,099	2,133,754	—	21,831
Convertible bonds	—	1,106	—	—
Due to trust account	5,953	—	—	50
Other liabilities	1,428,432	4,962,176	3,412	11,884
Reserve for employee bonuses	9,898	11,342	162	82
Reserve for employee retirement benefits	72,816	116,854	3,961	606
Reserve for possible losses on loans sold	17,169	80,576	574	143
Other reserves	18	18	—	0
Deferred tax liabilities for land revaluation	57,937	63,137	—	482
Acceptances and guarantees	4,416,292	5,529,996	1,339	36,741
Total liabilities	¥95,611,937	¥ 98,886,088	¥478,144	\$795,440
Stockholders' equity				
Capital stock	¥ 559,985	¥ 1,326,746	¥ 20,831	\$ 4,659
Capital surplus	1,237,307	1,326,758	0	10,294
Retained earnings	414,536	740,874	0	3,449
Land revaluation excess	85,259	100,346	—	709
Net unrealized losses on other securities	(17,864)	(297,950)	(759)	(149)
Treasury stock	—	(283)	—	—
Total stockholders' equity	¥ 2,279,223	¥ 3,196,492	¥ 20,071	\$ 18,962
Total liabilities and stockholders' equity	¥97,891,161	¥102,082,581	¥498,215	\$814,402

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

2. For the convenience of the readers, the accompanying U.S. dollar financial statements have been translated from Japanese yen, as a matter of arithmetical computation only, at the rate of ¥120.20 to US\$1, the exchange rate prevailing at March 31, 2003.

Nonconsolidated Statements of Operations (Unaudited)

Sumitomo Mitsui Banking Corporation

Year ended March 31	Millions of yen			Millions of U.S. dollars
	2003	2002		2003
		Former SMBC	Former Wakashio Bank	
Income				
Interest income	¥1,647,092	¥2,192,961	¥11,541	\$13,703
Trust fees	7	—	—	0
Fees and commissions.....	278,790	239,645	830	2,319
Trading profits	196,726	121,414	—	1,637
Other operating income.....	194,653	150,886	1,465	1,620
Other income.....	106,753	113,281	765	888
Total income	¥2,424,023	¥2,818,189	¥14,603	\$20,167
Expenses				
Interest expenses	¥ 423,804	¥ 716,677	¥ 1,014	\$ 3,526
Fees and commissions.....	84,124	74,373	589	700
Trading losses.....	725	125	—	6
Other operating expenses	47,980	60,445	868	399
General and administrative expenses.....	671,639	696,775	8,352	5,588
Transfer to reserve for possible loan losses.....	614,628	1,158,947	882	5,113
Other expenses	1,252,108	647,482	2,872	10,417
Total expenses	¥3,095,011	¥3,354,826	¥14,580	\$25,749
Income (loss) before income taxes	¥ (670,988)	¥ (536,637)	¥ 22	\$ (5,582)
Income taxes:				
Current	¥ 40,299	¥ 32,737	¥ 22	\$ 335
Deferred	(232,983)	(246,522)	—	(1,938)
Net income (loss)	¥ (478,304)	¥ (322,852)	¥ 0	\$ (3,979)

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

2. For the convenience of the readers, the accompanying U.S. dollar financial statements have been translated from Japanese yen, as a matter of arithmetical computation only, at the rate of ¥120.20 to US\$1, the exchange rate prevailing at March 31, 2003.

3. Figures for the year ended March 31, 2003 include the operating results of the former SMBC for the period from April 1, 2002 to March 16, 2003.

Income Analysis (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Operating Income, Classified by Domestic and Overseas Operations

Year ended March 31	Millions of yen			
	2003			
	Domestic operations	Overseas operations	Elimination and unallocated corporate assets	Total
Interest income.....	¥1,435,456	¥421,432	¥(39,980)	¥1,816,908
Interest expenses.....	241,919	209,909	(34,473)	417,355
Net interest income	1,193,537	211,522	(5,506)	1,399,553
Trust fees	¥ 7	¥ —	¥ —	¥ 7
Fees and commissions (income)	¥ 395,641	¥ 28,765	¥ (168)	¥ 424,238
Fees and commissions (expenses).....	67,751	3,715	(127)	71,338
Net fees and commissions	327,890	25,050	(40)	352,900
Trading profits	¥ 193,188	¥ 23,417	¥(10,109)	¥ 206,496
Trading losses	7,401	3,433	(10,109)	725
Net trading income	185,787	19,983	—	205,770
Other operating income.....	¥ 909,124	¥ 38,544	¥ (711)	¥ 946,957
Other operating expenses.....	701,048	20,197	(111)	721,134
Net other operating income	208,075	18,347	(599)	225,823

- Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
2. Income and expenses resulting from money held in trust are included in "Other operating income" and "Other operating expenses." Therefore, "Interest expenses" are shown after deduction of expenses (2003, ¥48 million) related to the management of money held in trust.
3. Intersegment transactions are reported in "Elimination and unallocated corporate assets" column.

Average Balance, Interest and Earnings Yield of Interest-Earning Assets and Interest-Bearing Liabilities

Domestic Operations

Year ended March 31	Millions of yen		
	2003		
	Average balance	Interest	Earnings yield
Interest-earning assets	¥83,764,138	¥1,435,456	1.71%
Loans and bills discounted	57,677,536	1,091,688	1.89
Securities	21,669,346	215,477	0.99
Call loans and bills bought.....	627,785	1,936	0.31
Receivables under resale agreements	120,981	3	0.00
Receivables under securities borrowing transactions	1,254,675	225	0.02
Deposits with banks.....	823,313	12,831	1.56
Interest-bearing liabilities	¥86,417,083	¥ 241,919	0.28%
Deposits	58,312,535	63,334	0.11
Negotiable certificates of deposit.....	5,732,409	2,072	0.04
Call money and bills sold.....	10,166,594	1,109	0.01
Payables under repurchase agreements.....	1,036,569	74	0.01
Payables under securities lending transactions	3,853,983	28,830	0.75
Commercial paper	268,052	380	0.14
Borrowed money	3,559,474	80,487	2.26
Bonds	2,537,030	38,045	1.50

- Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries.
2. In principle, average balances are computed by using daily balances. However, some domestic consolidated subsidiaries use weekly, monthly or semiannual balances instead.
3. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2003, ¥814,452 million).
4. Income and expenses resulting from money held in trust are included in "Other operating income" and "Other operating expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (2003, ¥43,701 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of interest expenses on money held in trust (2003, ¥43,701 million) and interest (2003, ¥46 million).

Overseas Operations

Year ended March 31	Millions of yen		
	2003		
	Average balance	Interest	Earnings yield
Interest-earning assets	¥9,690,916	¥421,432	4.35%
Loans and bills discounted	6,252,263	204,679	3.27
Securities	1,745,522	58,303	3.34
Call loans and bills bought	120,354	2,242	1.86
Receivables under resale agreements	100,914	1,348	1.34
Receivables under securities borrowing transactions	—	—	—
Deposits with banks	970,063	22,153	2.28
Interest-bearing liabilities	¥6,812,607	¥209,909	3.08%
Deposits	3,994,367	89,254	2.23
Negotiable certificates of deposit	200,607	5,503	2.74
Call money and bills sold	168,107	2,614	1.56
Payables under repurchase agreements	1,059,369	18,111	1.71
Payables under securities lending transactions	—	—	—
Commercial paper	—	—	—
Borrowed money	212,650	6,168	2.90
Bonds	1,159,507	38,169	3.29

- Notes: 1. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
2. In principle, average balances are computed by using daily balances. However, some overseas consolidated subsidiaries use weekly, monthly or semiannual balances instead.
3. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2003, ¥22,906 million).
4. Income and expenses resulting from money held in trust are included in "Other operating income" and "Other operating expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (2003, ¥67 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of interest expenses on money held in trust (2003, ¥67 million) and interest (2003, ¥1 million).

Total of Domestic and Overseas Operations

Year ended March 31	Millions of yen		
	2003		
	Average balance	Interest	Earnings yield
Interest-earning assets	¥92,457,445	¥1,816,908	1.97%
Loans and bills discounted	62,931,901	1,262,092	2.01
Securities	23,440,003	268,261	1.14
Call loans and bills bought	748,139	4,179	0.56
Receivables under resale agreements	221,896	1,352	0.61
Receivables under securities borrowing transactions	1,254,675	225	0.02
Deposits with banks	1,769,576	34,768	1.96
Interest-bearing liabilities	¥92,205,905	¥417,355	0.45%
Deposits	62,282,430	152,373	0.24
Negotiable certificates of deposit	5,933,016	7,576	0.13
Call money and bills sold	10,334,702	3,724	0.04
Payables under repurchase agreements	2,095,938	18,185	0.87
Payables under securities lending transactions	3,853,983	28,830	0.75
Commercial paper	268,052	380	0.14
Borrowed money	2,774,225	52,380	1.89
Bonds	3,696,169	76,202	2.06

- Notes: 1. The figures above comprise totals for domestic and overseas operations after intersegment eliminations.
2. In principle, average balances are computed by using daily balances. However, some consolidated subsidiaries use weekly, monthly or semiannual balances instead.
3. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2003, ¥836,686 million).
4. Income and expenses resulting from money held in trust are included in "Other operating income" and "Other operating expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (2003, ¥43,769 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of interest expenses on money held in trust (2003, ¥43,769 million) and interest (2003, ¥48 million).

Fees and Commissions

Millions of yen

2003

Year ended March 31	Domestic operations	Overseas operations	Elimination and unallocated corporate assets	Total
Fees and commissions (income).....	¥395,641	¥28,765	¥(168)	¥424,238
Deposits and loans	14,117	15,683	(3)	29,797
Remittances and transfers.....	107,473	5,923	—	113,396
Securities-related business	30,819	2	—	30,822
Agency.....	15,325	—	—	15,325
Safe deposits.....	4,973	5	—	4,978
Guarantees.....	26,556	2,069	(164)	28,462
Credit card.....	86,145	—	—	86,145
Fees and commissions (expenses).....	¥ 67,751	¥ 3,715	¥(127)	¥ 71,338
Remittances and transfers.....	20,461	1,327	—	21,789

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
2. Intersegment transactions are reported in "Elimination and unallocated corporate assets" column.

Trading Income

Millions of yen

2003

Year ended March 31	Domestic operations	Overseas operations	Elimination and unallocated corporate assets	Total
Trading profits	¥193,188	¥23,417	¥(10,109)	¥206,496
Gains on trading securities.....	6,328	2,861	—	9,190
Gains on securities related to trading transactions.....	—	—	—	—
Gains on trading-related financial derivatives.....	186,477	20,555	(10,109)	196,924
Others.....	381	—	—	381
Trading losses	¥ 7,401	¥ 3,433	¥(10,109)	¥ 725
Losses on trading securities.....	—	—	—	—
Losses on securities related to trading transactions.....	725	—	—	725
Losses on trading-related financial derivatives.....	6,675	3,433	(10,109)	—
Others.....	—	—	—	—

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
2. Intersegment transactions are reported in "Elimination and unallocated corporate assets" column.

Assets/Liabilities (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Deposits and Negotiable Certificates of Deposit

Year-End Balance

March 31	Millions of yen	
	2003	
Domestic operations:		
Liquid deposits	¥34,752,737	
Fixed-term deposits	20,588,039	
Others	4,256,263	
Subtotal	¥59,597,040	
Negotiable certificates of deposit	¥ 4,740,264	
Total	¥64,337,305	
Overseas operations:		
Liquid deposits	¥ 2,732,304	
Fixed-term deposits	591,572	
Others	10,089	
Subtotal	¥ 3,333,966	
Negotiable certificates of deposit	¥ 112,753	
Total	¥ 3,446,720	
Grand total	¥67,784,025	

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

2. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice

3. Fixed-term deposits = Time deposits + Installment savings

Balance of Loan Portfolio, Classified by Industry

Year-End Balance

March 31	2003	
	Millions of yen	Percentage
Domestic operations:		
Manufacturing	¥ 6,326,227	11.21%
Agriculture, forestry, fisheries and mining	207,518	0.37
Construction	2,631,272	4.66
Transportation, communications and public enterprises	3,082,989	5.46
Wholesale and retail	6,251,344	11.07
Finance and insurance	4,214,205	7.47
Real estate	9,038,117	16.01
Services	6,150,192	10.90
Municipalities	577,184	1.02
Others	17,968,160	31.83
Subtotal	¥56,447,214	100.00%
Overseas operations:		
Public sector	¥ 141,741	3.06%
Financial institutions	312,632	6.74
Commerce and industry	3,898,656	84.10
Others	282,701	6.10
Subtotal	¥ 4,635,732	100.00%
Total	¥61,082,946	—

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

2. Japan offshore banking accounts are included in overseas operations' accounts.

3. Percentage indicates the composition ratio.

Risk-Monitored Loans

March 31	Millions of yen 2003
Bankrupt loans.....	¥ 201,392
Non-accrual loans.....	2,710,164
Past due loans (3 months or more).....	130,353
Restructured loans.....	2,728,791
Total.....	¥5,770,700

Notes: Definition of risk-monitored loan categories

1. Bankrupt loans: Credits for which accrued interest is not accounted in revenue; credits extended to borrowers that are undergoing bankruptcy, corporate reorganization and rehabilitation proceedings or debtors receiving orders of disposition by suspension of business at bill clearinghouses
2. Non-accrual loans: Credits for which accrued interest is not accounted in revenue; credits, excluding loans to bankrupt borrowers and loans with grace for interest payment to assist in corporate reorganization or to support business
3. Past due loans (3 months or more): Loans with payment of principal or interest in arrears for more than 3 months, calculated from the day following the contractual due date, excluding borrowers in categories 1. and 2.
4. Restructured loans: Loans to borrowers in severe financial condition given certain favorable terms and conditions to assist in corporate rehabilitation or to support business, excluding borrowers in categories 1. through 3.

Securities

Year-End Balance

March 31	Millions of yen 2003
Domestic operations:	
Japanese government bonds.....	¥12,813,396
Japanese local government bonds.....	375,204
Japanese corporate bonds.....	2,369,698
Japanese stocks.....	3,321,531
Others.....	3,346,246
Subtotal.....	¥22,226,077
Overseas operations:	
Japanese government bonds.....	¥ 88,250
Japanese local government bonds.....	—
Japanese corporate bonds.....	854
Japanese stocks.....	—
Others.....	1,650,405
Subtotal.....	¥ 1,739,510
Total of domestic and overseas operations:	
Japanese government bonds.....	¥ —
Japanese local government bonds.....	—
Japanese corporate bonds.....	—
Japanese stocks.....	152,932
Others.....	—
Subtotal.....	¥ 152,932
Total.....	¥24,118,520

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

2. "Others" include foreign bonds and foreign stocks.

Trading Assets and Liabilities

	Millions of yen			Total
	2003			
March 31	Domestic operations	Overseas operations	Elimination and unallocated corporate assets	
Trading assets:	¥3,961,696	¥550,962	¥(17,263)	¥4,495,396
Trading securities	111,930	113,679	—	225,610
Derivatives of trading securities	81	—	—	81
Securities related to trading transactions	—	—	—	—
Derivatives of securities related to trading transactions	121	—	—	121
Trading-related financial derivatives	2,640,783	437,283	(17,263)	3,060,803
Other trading assets	1,208,779	—	—	1,208,779
Trading liabilities:	¥2,424,433	¥444,222	¥(17,263)	¥2,851,391
Trading securities sold for short sales	3,397	6,409	—	9,806
Derivatives of trading securities	78	—	—	78
Securities related to trading transactions	—	—	—	—
Derivatives of securities related to trading transactions	423	—	—	423
Trading-related financial derivatives	2,420,079	437,812	(17,263)	2,840,629
Other trading liabilities	454	—	—	454

- Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
2. Intersegment transactions are reported in "Elimination and unallocated corporate assets" column.

Capital Ratio

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Consolidated Capital Ratio

March 31		Millions of yen 2003
Tier I capital:	Capital stock	¥ 1,247,650
	Capital reserve	856,237
	Retained earnings	278,357
	Minority interests	996,892
	Valuation losses on other securities	(24,197)
	Treasury stock	(15,204)
	Foreign currency translation adjustments	(53,515)
	Goodwill and other	(30,282)
	Subtotal (A)	¥ 3,255,936
Tier II capital:	45% of unrealized gains on land	¥ 71,699
	General reserve for possible loan losses	1,173,927
	Qualifying subordinated debt	2,150,334
	Subtotal	¥ 3,395,961
	Tier II capital included as qualifying capital (B)	¥ 2,961,619
Deductions:	(C)	¥ 238,633
Total capital:	(D) = (A) + (B) - (C)	¥ 5,978,922
Risk-adjusted assets:	On-balance-sheet	¥55,417,663
	Off-balance-sheet	3,525,419
	Asset equivalent of market risk	223,781
	Subtotal (E)	¥59,166,864
Capital ratio (BIS guidelines):	(D) / (E) × 100	10.10%

Capital (Nonconsolidated)

Sumitomo Mitsui Financial Group, Inc.

Change in Number of Shares Outstanding and Capital Stock

	Millions of yen					
	Number of shares outstanding		Capital stock		Capital surplus	
	Changes	Balances	Changes	Balances	Changes	Balances
December 2, 2002.....	—	6,676,424.39	¥ —	¥1,000,000	¥ —	¥1,496,547
February 3, 2003.....	86,576.53	6,763,000.92	—	1,000,000	3,069	1,499,616
February 8, 2003.....	50,100	6,813,100.92	75,150	1,075,150	75,150	1,574,766
March 12, 2003.....	115,000	6,928,100.92	172,500	1,247,650	172,500	1,747,266

Remarks:

February 3, 2003: Increase in the number of common stock as a result of merger with The Japan Research Institute Holdings, Ltd.

February 8, 2003: Allotment to third parties:
Preferred stock (1st to 12th series Type 4)
Issue price: ¥3,000,000
Capitalization: ¥1,500,000

March 12, 2003: Allotment to third parties:
Preferred stock (13th series Type 4)
Issue price: ¥3,000,000
Capitalization: ¥1,500,000

Note: On April 21, 2003, one share of the preferred stock (13th series Type 4) was converted to common stock at a ratio of 1 : 9.61, resulting in an increase in the number of common stock.

Total Outstanding Shares

March 31, 2003	Number of shares issued
Common Stock	5,796,000.92
Preferred stock (Type 1)	67,000
Preferred stock (Type 2)	100,000
Preferred stock (Type 3)	800,000
Preferred stock (1st series Type 4).....	4,175
Preferred stock (2nd series Type 4)	4,175
Preferred stock (3rd series Type 4)	4,175
Preferred stock (4th series Type 4)	4,175
Preferred stock (5th series Type 4)	4,175
Preferred stock (6th series Type 4)	4,175
Preferred stock (7th series Type 4)	4,175
Preferred stock (8th series Type 4)	4,175
Preferred stock (9th series Type 4)	4,175
Preferred stock (10th series Type 4)	4,175
Preferred stock (11th series Type 4)	4,175
Preferred stock (12th series Type 4)	4,175
Preferred stock (13th series Type 4)	115,000
Total.....	6,928,100.92

Stock Exchange Listings

Tokyo Stock Exchange (First Section)
Osaka Securities Exchange (First Section)
Nagoya Stock Exchange (First Section)

Number of Shares, Classified by Type of Shareholders

a. Common Stock

March 31, 2003	Number of shareholders	Number of shares	Percentage of total
Japanese government and local government.....	8	4,918	0.08%
Financial institutions	406	2,097,217	36.38
Securities companies	93	145,394	2.52
Other institutions.....	8,684	2,176,848	37.76
Foreign institutions	707	536,851	9.31
Individuals.....	70	273	0.00
Individuals and others.....	174,039	802,854	13.92
Total	183,937	5,764,082	100.00%
Fractional shares	/	31,918.92	/

Notes: 1. Of 963.57 shares in treasury stock, 963 shares are included in "Individuals and others" and the remaining 0.57 shares are included in "Fractional shares."
2. "Other institutions" and "Fractional shares" include 390 and 0.60 shares, respectively, held by the Securities Custody Association.

b. Preferred Stock (Type 1)

March 31, 2003	Number of shareholders	Number of shares	Percentage of total
Financial institutions	1	67,000	100.00%

c. Preferred Stock (Type 2)

March 31, 2003	Number of shareholders	Number of shares	Percentage of total
Financial institutions	1	100,000	100.00%

d. Preferred Stock (Type 3)

March 31, 2003	Number of shareholders	Number of shares	Percentage of total
Financial institutions	1	800,000	100.00%

e. Preferred Stock (1st series Type 4)

March 31, 2003	Number of shareholders	Number of shares	Percentage of total
Foreign institutions.....	1	4,175	100.00%

f. Preferred Stock (2nd series Type 4)

March 31, 2003	Number of shareholders	Number of shares	Percentage of total
Foreign institutions.....	1	4,175	100.00%

g. Preferred Stock (3rd series Type 4)

March 31, 2003	Number of shareholders	Number of shares	Percentage of total
Foreign institutions.....	1	4,175	100.00%

h. Preferred Stock (4th series Type 4)

March 31, 2003	Number of shareholders	Number of shares	Percentage of total
Foreign institutions.....	1	4,175	100.00%

i. Preferred Stock (5th series Type 4)

March 31, 2003	Number of shareholders	Number of shares	Percentage of total
Foreign institutions.....	1	4,175	100.00%

j. Preferred Stock (6th series Type 4)

March 31, 2003	Number of shareholders	Number of shares	Percentage of total
Foreign institutions.....	1	4,175	100.00%

k. Preferred Stock (7th series Type 4)

March 31, 2003	Number of shareholders	Number of shares	Percentage of total
Foreign institutions.....	1	4,175	100.00%

l. Preferred Stock (8th series Type 4)

March 31, 2003	Number of shareholders	Number of shares	Percentage of total
Foreign institutions.....	1	4,175	100.00%

m. Preferred Stock (9th series Type 4)

March 31, 2003	Number of shareholders	Number of shares	Percentage of total
Foreign institutions.....	1	4,175	100.00%

n. Preferred Stock (10th series Type 4)

March 31, 2003	Number of shareholders	Number of shares	Percentage of total
Foreign institutions.....	1	4,175	100.00%

o. Preferred Stock (11th series Type 4)

March 31, 2003	Number of shareholders	Number of shares	Percentage of total
Foreign institutions.....	1	4,175	100.00%

p. Preferred Stock (12th series Type 4)

March 31, 2003	Number of shareholders	Number of shares	Percentage of total
Foreign institutions.....	1	4,175	100.00%

q. Preferred Stock (13th series Type 4)

March 31, 2003	Number of shareholders	Number of shares	Percentage of total
Foreign institutions.....	1	115,000	100.00%

Principal Shareholders

a. Common Stock

March 31, 2003 Shareholders	Number of shares	Percentage of shares outstanding
Japan Trustee Services Bank, Ltd. (Trust Account)	260,292	4.49%
Sumitomo Life Insurance Company	209,631	3.61
The Master Trust Bank of Japan, Ltd. (Trust account)	207,422	3.57
Nippon Life Insurance Company.....	184,931	3.19
Mitsui Asset Trust and Banking Company, Limited (Securities Administration Trusts)	109,209	1.88
Matsushita Electric Industrial Co., Ltd.	103,570	1.78
Mitsui Mutual Life Insurance Company.....	76,651	1.32
UFJ Trust Bank Limited (Trust Account A)	72,050	1.24
SANYO ELECTRIC CO., LTD.	64,113	1.10
The Chase Manhattan Bank, N.A. London (Standing agent of Mizuho Corporate Bank, Ltd.'s Kabutocho Custody & Proxy Department within the Settlement & Clearing Services Division)	57,017	0.98
TOYOTA MOTOR CORPORATION	53,753	0.92
Mitsui Sumitomo Insurance Company, Limited	47,259	0.81
Mitsui Asset Trust and Banking Company, Limited (Pension Trust Account).....	43,448	0.74
The Sumitomo Trust and Banking Company, Limited	42,593	0.73
The Mitsubishi Trust and Banking Corporation (Trust Account)	42,154	0.72
GAKKOUHOJIN KAWASAKIGAKUEN	40,000	0.69
KUBOTA CORPORATION	39,499	0.68
Takeda Chemical Industries, Ltd.	39,074	0.67
Nomura Securities Co., Ltd.	38,786	0.66
SUMITOMO CORPORATION	37,062	0.63
Bank of New York For Goldman Sachs International (Equity)	35,698	0.61
The Dai-ichi Mutual Life Insurance Company	35,648	0.61
The SMFG Employee Stockholders' Association	34,796	0.60
Mitsui Asset Trust and Banking Company, Limited (Individually Operated Designated Money Trusts) ...	33,438	0.57
Mitsui Fudosan Co., Ltd.	31,258	0.53
Trust & Custody Services Bank, Ltd. (Pension Trust Account).....	30,239	0.52
Kondo Cotton Spinning Co., Ltd.	30,056	0.51
Composite Trust Trustee Mitsui Asset Trust and Banking Company, Limited (Entrust TOSHIBA CORPORATION).....	29,253	0.50
NIPPON STEEL CORPORATION	29,147	0.50
The Sumitomo Trust and Banking Company, Limited (Trust Account B)	29,131	0.50

b. Preferred Stock (Type 1)

March 31, 2003 Shareholder	Number of shares	Percentage of shares outstanding
The Resolution and Collection Corporation	67,000	100.00%

c. Preferred Stock (Type 2)

March 31, 2003 Shareholder	Number of shares	Percentage of shares outstanding
The Resolution and Collection Corporation	100,000	100.00%

d. Preferred Stock (Type 3)

March 31, 2003 Shareholder	Number of shares	Percentage of shares outstanding
The Resolution and Collection Corporation	800,000	100.00%

e. Preferred Stock (1st series Type 4)

March 31, 2003 Shareholder	Number of shares	Percentage of shares outstanding
The Goldman Sachs Group, Inc. (Standing agent of Goldman Sachs (Japan) Ltd.)	4,175	100.00%

f. Preferred Stock (2nd series Type 4)

March 31, 2003 Shareholder	Number of shares	Percentage of shares outstanding
The Goldman Sachs Group, Inc. (Standing agent of Goldman Sachs (Japan) Ltd.)	4,175	100.00%

g. Preferred Stock (3rd series Type 4)

March 31, 2003 Shareholder	Number of shares	Percentage of shares outstanding
The Goldman Sachs Group, Inc. (Standing agent of Goldman Sachs (Japan) Ltd.)	4,175	100.00%

h. Preferred Stock (4th series Type 4)

March 31, 2003 Shareholder	Number of shares	Percentage of shares outstanding
The Goldman Sachs Group, Inc. (Standing agent of Goldman Sachs (Japan) Ltd.)	4,175	100.00%

i. Preferred Stock (5th series Type 4)

March 31, 2003 Shareholder	Number of shares	Percentage of shares outstanding
The Goldman Sachs Group, Inc. (Standing agent of Goldman Sachs (Japan) Ltd.)	4,175	100.00%

j. Preferred Stock (6th series Type 4)

March 31, 2003 Shareholder	Number of shares	Percentage of shares outstanding
The Goldman Sachs Group, Inc. (Standing agent of Goldman Sachs (Japan) Ltd.)	4,175	100.00%

k. Preferred Stock (7th series Type 4)

March 31, 2003 Shareholder	Number of shares	Percentage of shares outstanding
The Goldman Sachs Group, Inc. (Standing agent of Goldman Sachs (Japan) Ltd.)	4,175	100.00%

l. Preferred Stock (8th series Type 4)

March 31, 2003 Shareholder	Number of shares	Percentage of shares outstanding
The Goldman Sachs Group, Inc. (Standing agent of Goldman Sachs (Japan) Ltd.)	4,175	100.00%

m. Preferred Stock (9th series Type 4)

March 31, 2003 Shareholder	Number of shares	Percentage of shares outstanding
The Goldman Sachs Group, Inc. (Standing agent of Goldman Sachs (Japan) Ltd.)	4,175	100.00%

n. Preferred Stock (10th series Type 4)

March 31, 2003 Shareholder	Number of shares	Percentage of shares outstanding
The Goldman Sachs Group, Inc. (Standing agent of Goldman Sachs (Japan) Ltd.)	4,175	100.00%

o. Preferred Stock (11th series Type 4)

March 31, 2003 Shareholder	Number of shares	Percentage of shares outstanding
The Goldman Sachs Group, Inc. (Standing agent of Goldman Sachs (Japan) Ltd.)	4,175	100.00%

p. Preferred Stock (12th series Type 4)

March 31, 2003 Shareholder	Number of shares	Percentage of shares outstanding
The Goldman Sachs Group, Inc. (Standing agent of Goldman Sachs (Japan) Ltd.)	4,175	100.00%

q. Preferred Stock (13th series Type 4)

March 31, 2003 Shareholder	Number of shares	Percentage of shares outstanding
JPMorgan Chase Bank, London (Agent of SMFG Finance (Cayman) Limited) (Standing agent of Operations & Administration Dept., SMBC)	115,000	100.00%

Common Stock Price Range**Stock Price Performance**

	Yen
Year ended March 31	2003
High	¥452,000
Low	206,000

Notes: 1. Stock prices of common shares as quoted on the Tokyo Stock Exchange (First Section).

2. Preferred stock (Type 1), Preferred stock (Type 2), Preferred stock (Type 3), Preferred stock (1st to 12th series Type 4) and Preferred stock (13th series Type 4) are neither listed on exchanges nor registered with the Securities Dealers Association of Japan as trading securities on the over-the-counter market.

Six-Month Performance

	Yen					
	October 2002	November 2002	December 2002	January 2003	February 2003	March 2003
High	/	/	¥452,000	¥410,000	¥414,000	¥281,000
Low	/	/	341,000	325,000	272,000	206,000

Notes: 1. Stock prices of common shares as quoted on the Tokyo Stock Exchange (First Section).

2. Preferred stock (Type 1), Preferred stock (Type 2), Preferred stock (Type 3), Preferred stock (1st to 12th series Type 4) and Preferred stock (13th series Type 4) are neither listed on exchanges nor registered with the Securities Dealers Association of Japan as trading securities on the over-the-counter market.

Income Analysis (Consolidated)

Sumitomo Mitsui Banking Corporation and Subsidiaries

Operating Income, Classified by Domestic and Overseas Operations

Year ended March 31	Millions of yen							
	2003				2002			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Interest income	¥1,436,074	¥421,432	¥(39,980)	¥1,817,526	¥1,819,009	¥589,709	¥(232,032)	¥2,176,685
Interest expenses	241,920	209,909	(34,473)	417,356	360,290	409,743	(43,361)	726,673
Net interest income	1,194,153	211,522	(5,506)	1,400,170	1,458,719	179,965	(188,671)	1,450,012
Trust fees	¥ 7	¥ —	¥ —	¥ 7	¥ /	¥ /	¥ /	¥ /
Fees and commissions (income)	¥ 395,637	¥ 28,765	¥ (168)	¥ 424,235	¥ 354,832	¥ 32,591	¥ (143)	¥ 387,280
Fees and commissions (expenses)	70,742	3,715	(200)	74,257	63,414	4,523	(189)	67,747
Net fees and commissions	324,894	25,050	32	349,977	291,418	28,067	46	319,532
Trading profits	¥ 193,188	¥ 23,417	¥(10,109)	¥ 206,496	¥ 85,097	¥ 55,418	¥ (11,066)	¥ 129,450
Trading losses	7,401	3,433	(10,109)	725	17	11,066	(11,066)	17
Net trading income	185,787	19,983	—	205,770	85,080	44,352	—	129,432
Other operating income	¥ 909,202	¥ 38,544	¥ (711)	¥ 947,036	¥ 816,461	¥ 29,940	¥ (818)	¥ 845,583
Other operating expenses	701,107	20,197	(111)	721,193	649,877	16,787	(13)	666,651
Net other operating income	208,095	18,347	(599)	225,842	166,583	13,153	(804)	178,932

- Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.
2. Income and expenses resulting from money held in trust are included in "Other operating income" and "Other operating expenses." Therefore, "Interest expenses" are shown after deduction of expenses (2003, ¥48 million; 2002, ¥228 million) related to the management of money held in trust.
3. Intersegment transactions are reported in "Elimination" column.

Average Balance, Interest and Earnings Yield of Interest-Earning Assets and Interest-Bearing Liabilities

Domestic Operations

Year ended March 31	Millions of yen					
	2003			2002		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets	¥83,803,278	¥1,436,074	1.71%	¥84,574,993	¥1,819,009	2.15%
Loans and bills discounted	57,714,603	1,091,736	1.89	57,973,398	1,161,518	2.00
Securities	21,671,434	216,056	1.00	22,156,662	433,302	1.96
Call loans and bills bought	627,785	1,936	0.31	336,582	2,589	0.77
Receivables under resale agreements	120,981	3	0.00	1,197,172	880	0.07
Receivables under securities borrowing transactions	1,254,675	225	0.02	/	/	/
Deposits with banks	823,298	12,822	1.56	1,934,334	75,625	3.91
Interest-bearing liabilities	¥86,428,380	¥ 241,920	0.28%	¥82,843,054	¥ 360,290	0.43%
Deposits	58,316,729	63,326	0.11	54,312,471	125,876	0.23
Negotiable certificates of deposit	5,739,513	2,074	0.04	9,995,709	6,273	0.06
Call money and bills sold	10,166,594	1,109	0.01	9,308,952	4,320	0.05
Payables under repurchase agreements	1,036,569	74	0.01	2,100,808	870	0.04
Payables under securities lending transactions	3,853,983	28,830	0.75	/	/	/
Commercial paper	268,052	380	0.14	953,296	1,168	0.12
Borrowed money	3,559,473	80,487	2.26	3,867,103	96,919	2.51
Bonds	2,537,030	38,045	1.50	2,035,170	33,250	1.63

- Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries.
2. In principle, average balances are computed by using daily balances. However, some domestic consolidated subsidiaries use weekly, monthly or semiannual balances instead.
3. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2003, ¥814,452 million; 2002, ¥760,008 million).
4. Income and expenses resulting from money held in trust are included in "Other operating income" and "Other operating expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (2003, ¥43,701 million; 2002, ¥69,400 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of interest expenses on money held in trust (2003, ¥43,701 million; 2002, ¥69,400 million) and interest (2003, ¥46 million; 2002, ¥223 million).

Overseas Operations

Year ended March 31	Millions of yen					
	2003			2002		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥9,690,916	¥421,432	4.35%	¥13,051,522	¥589,709	4.52%
Loans and bills discounted.....	6,252,263	204,679	3.27	7,784,038	302,448	3.89
Securities	1,745,522	58,303	3.34	1,807,077	74,060	4.10
Call loans and bills bought	120,354	2,242	1.86	91,331	2,599	2.85
Receivables under resale agreements	100,914	1,348	1.34	290,477	7,518	2.59
Receivables under securities borrowing transactions	—	—	—	/	/	/
Deposits with banks	970,063	22,153	2.28	2,579,922	111,428	4.32
Interest-bearing liabilities	¥6,812,607	¥209,909	3.08%	¥10,748,871	¥409,743	3.81%
Deposits	3,994,367	89,254	2.23	7,459,876	205,954	2.76
Negotiable certificates of deposit	200,607	5,503	2.74	242,460	9,133	3.77
Call money and bills sold	168,107	2,614	1.56	236,637	6,058	2.56
Payables under repurchase agreements ...	1,059,369	18,111	1.71	1,008,476	28,367	2.81
Payables under securities lending transactions	—	—	—	/	/	/
Commercial paper.....	—	—	—	9,365	422	4.51
Borrowed money	212,650	6,168	2.90	247,734	10,117	4.08
Bonds	1,159,507	38,169	3.29	1,474,464	53,710	3.64

Notes: 1. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.

2. In principle, average balances are computed by using daily balances. However, some overseas consolidated subsidiaries use weekly, monthly or semiannual balances instead.

3. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2003, ¥22,906 million; 2002, ¥7,736 million).

4. Income and expenses resulting from money held in trust are included in "Other operating income" and "Other operating expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (2003, ¥67 million; 2002, ¥149 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of interest expenses on money held in trust (2003, ¥67 million; 2002, ¥149 million) and interest (2003, ¥1 million; 2002, ¥5 million).

Total of Domestic and Overseas Operations

Year ended March 31	Millions of yen					
	2003			2002		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥92,471,081	¥1,817,526	1.97%	¥96,453,607	¥2,176,685	2.26%
Loans and bills discounted.....	62,968,968	1,262,140	2.00	64,597,200	1,420,950	2.20
Securities	23,416,587	268,840	1.15	23,960,480	318,508	1.33
Call loans and bills bought	748,139	4,179	0.56	427,913	5,189	1.21
Receivables under resale agreements	221,896	1,352	0.61	1,487,650	8,399	0.56
Receivables under securities borrowing transactions	1,254,675	225	0.02	/	/	/
Deposits with banks	1,769,561	34,759	1.96	4,505,131	186,892	4.15
Interest-bearing liabilities	¥92,217,203	¥ 417,356	0.45%	¥92,418,184	¥ 726,673	0.79%
Deposits	62,286,624	152,364	0.24	61,762,389	331,670	0.54
Negotiable certificates of deposit	5,940,120	7,578	0.13	10,238,168	15,406	0.15
Call money and bills sold	10,334,702	3,724	0.04	9,545,589	10,378	0.11
Payables under repurchase agreements ...	2,095,938	18,185	0.87	3,109,284	29,238	0.94
Payables under securities lending transactions	3,853,983	28,830	0.75	/	/	/
Commercial paper.....	268,052	380	0.14	962,661	1,590	0.17
Borrowed money	2,774,225	52,380	1.89	2,954,602	64,020	2.17
Bonds	3,696,169	76,202	2.06	3,506,374	86,779	2.47

Notes: 1. The figures above comprise totals for domestic and overseas operations after intersegment eliminations.

2. In principle, average balances are computed by using daily balances. However, some consolidated subsidiaries use weekly, monthly or semiannual balances instead.

3. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2003, ¥836,686 million; 2002, ¥766,910 million).

4. Income and expenses resulting from money held in trust are included in "Other operating income" and "Other operating expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (2003, ¥43,769 million; 2002, ¥69,549 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of interest expenses on money held in trust (2003, ¥43,769 million; 2002, ¥69,549 million) and interest (2003, ¥48 million; 2002, ¥228 million).

Fees and Commissions

Year ended March 31	Millions of yen							
	2003				2002			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Fees and commissions (income).....	¥395,637	¥28,765	¥(168)	¥424,235	¥354,832	¥32,591	¥(143)	¥387,280
Deposits and loans	14,117	15,683	(3)	29,797	12,868	17,478	—	30,346
Remittances and transfers.....	107,473	5,923	(0)	113,396	98,857	5,970	(0)	104,827
Securities-related business.....	30,819	2	—	30,822	24,269	30	—	24,299
Agency.....	15,325	—	—	15,325	16,069	31	—	16,100
Safe deposits.....	4,973	5	—	4,978	6,073	6	—	6,080
Guarantees.....	26,556	2,069	(164)	28,462	24,176	2,133	(142)	26,167
Credit card.....	86,145	—	—	86,145	84,849	—	—	84,849
Fees and commissions (expenses).....	¥ 70,742	¥ 3,715	¥(200)	¥ 74,257	¥ 63,414	¥ 4,523	¥(189)	¥ 67,747
Remittances and transfers.....	20,461	1,327	(0)	21,789	19,359	1,693	(0)	21,052

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries.

Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.

2. Intersegment transactions are reported in "Elimination" column.

Trading Income

Year ended March 31	Millions of yen							
	2003				2002			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading profits.....	¥193,188	¥23,417	¥(10,109)	¥206,496	¥85,097	¥55,418	¥(11,066)	¥129,450
Gains on trading securities	6,328	2,861	—	9,190	1,272	5,382	—	6,654
Gains on securities related to trading transactions	—	—	—	—	—	—	—	—
Gains on trading-related financial derivatives.....	186,477	20,555	(10,109)	196,924	82,782	50,036	(11,066)	121,752
Others	381	—	—	381	1,043	—	—	1,043
Trading losses	¥ 7,401	¥ 3,433	¥(10,109)	¥ 725	¥ 17	¥11,066	¥(11,066)	¥ 17
Losses on trading securities	—	—	—	—	—	—	—	—
Losses on securities related to trading transactions	725	—	—	725	17	—	—	17
Losses on trading-related financial derivatives....	6,675	3,433	(10,109)	—	—	11,066	(11,066)	—
Others	—	—	—	—	—	—	—	—

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries.

Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.

2. Intersegment transactions are reported in "Elimination" column.

Assets/Liabilities (Consolidated)

Sumitomo Mitsui Banking Corporation and Subsidiaries

Figures as of March 31, 2001, are combined figures for the former Sakura Bank and the former Sumitomo Bank.

Deposits and Negotiable Certificates of Deposit

Year-End Balance

March 31	Millions of yen		
	2003	2002	2001
Domestic operations:			
Liquid deposits.....	¥34,812,728	¥32,824,002	¥24,230,767
Fixed-term deposits.....	20,588,487	22,837,970	25,687,067
Others	4,258,026	4,099,619	3,860,298
Subtotal	¥59,659,242	¥59,761,592	¥53,778,134
Negotiable certificates of deposit.....	¥ 4,776,264	¥ 6,283,136	¥11,475,495
Total.....	¥64,435,507	¥66,044,728	¥65,253,629
Overseas operations:			
Liquid deposits.....	¥ 2,733,493	¥ 4,579,035	¥ 8,670,224
Fixed-term deposits.....	593,179	634,673	575,859
Others	10,089	10,674	24,830
Subtotal	¥ 3,336,761	¥ 5,224,383	¥ 9,270,916
Negotiable certificates of deposit.....	¥ 112,753	¥ 378,960	¥ 171,476
Total.....	¥ 3,449,515	¥ 5,603,344	¥ 9,442,392
Grand total.....	¥67,885,022	¥71,648,073	¥74,696,023

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries.

Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.

2. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice

3. Fixed-term deposits = Time deposits + Installment savings

Balance of Loan Portfolio, Classified by Industry

Year-End Balance

March 31	2003	
	Millions of yen	Percentage
Domestic operations:		
Manufacturing	¥ 6,321,452	11.17%
Agriculture, forestry, fisheries and mining.....	207,514	0.37
Construction.....	2,630,118	4.65
Transportation, communications and public enterprises.....	3,076,295	5.44
Wholesale and retail.....	6,235,896	11.02
Finance and insurance.....	4,543,927	8.03
Real estate	9,015,365	15.94
Services	6,172,685	10.91
Municipalities.....	577,100	1.02
Others	17,789,591	31.45
Subtotal	¥56,569,948	100.00%
Overseas operations:		
Public sector.....	¥ 141,742	3.05%
Financial institutions.....	314,695	6.77
Commerce and industry.....	3,912,861	84.15
Others	280,369	6.03
Subtotal	¥ 4,649,668	100.00%
Total	¥61,219,617	—

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries.

Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.

2. Japan offshore banking accounts are included in overseas operations' accounts.

3. Percentage indicates the composition ratio.

4. The "Japan Standard Industrial Classifications" was revised by the Ministry of Public Management, Home Affairs, Posts and Telecommunications by Official Notification No. 139 of March 7, 2002 and became effective on October 1, 2002. The domestic loan balances by industry and the composition of loan balances by industry for 2003, are based on the new industrial classifications.

March 31	2002		2001	
	Millions of yen	Percentage	Millions of yen	Percentage
Domestic operations:				
Manufacturing	¥ 7,847,614	13.58%	¥ 7,842,034	13.27%
Agriculture, forestry, fisheries and mining.....	204,176	0.36	211,637	0.36
Construction	3,148,042	5.45	3,279,569	5.55
Transportation, communications and other public enterprises	2,948,100	5.10	3,084,005	5.22
Wholesale and retail	7,672,699	13.28	8,198,397	13.87
Finance and insurance	4,257,910	7.37	4,240,797	7.17
Real estate	9,401,219	16.27	9,841,488	16.65
Services.....	6,985,944	12.09	7,427,651	12.56
Municipalities	404,860	0.70	356,354	0.60
Others.....	14,904,395	25.80	14,629,235	24.75
Subtotal	¥57,774,965	100.00%	¥59,111,176	100.00%
Overseas operations:				
Public sector.....	¥ 183,344	3.12%	¥ 267,485	4.16%
Financial institutions	355,561	6.06	305,435	4.75
Commerce and industry	5,119,312	87.20	5,739,023	89.31
Others.....	212,401	3.62	113,967	1.78
Subtotal	¥ 5,870,621	100.00%	¥ 6,425,914	100.00%
Total	¥63,645,586	—	¥65,537,091	—

- Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries.
Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.
2. Japan offshore banking accounts are included in overseas operations' accounts.
3. Percentage indicates the composition ratio.

Risk-Monitored Loans

March 31	Millions of yen		
	2003	2002	2001
Bankrupt loans.....	¥ 199,794	¥ 227,484	¥ 273,127
Non-accrual loans.....	2,665,675	3,599,750	2,577,517
Past due loans (3 months or more)	128,493	102,762	125,779
Restructured loans	2,689,172	2,554,371	279,994
Total.....	¥5,683,134	¥6,484,367	¥3,256,418

Notes: **Definition of risk-monitored loan categories**

1. Bankrupt loans: Credits for which accrued interest is not accounted in revenue; credits extended to borrowers that are undergoing bankruptcy, corporate reorganization and rehabilitation proceedings or debtors receiving orders of disposition by suspension of business at bill clearinghouses
2. Non-accrual loans: Credits for which accrued interest is not accounted in revenue; credits, excluding loans to bankrupt borrowers and loans with grace for interest payment to assist in corporate reorganization or to support business
3. Past due loans (3 months or more): Loans with payment of principal or interest in arrears for more than 3 months, calculated from the day following the contractual due date, excluding borrowers in categories 1. and 2.
4. Restructured loans: Loans to borrowers in severe financial condition given certain favorable terms and conditions to assist in corporate rehabilitation or to support business, excluding borrowers in categories 1. through 3.

Securities

Year-End Balance

March 31	Millions of yen		
	2003	2002	2001
Domestic operations:			
Japanese government bonds	¥12,813,386	¥10,038,543	¥15,519,430
Japanese local government bonds.....	375,204	500,052	342,889
Japanese corporate bonds.....	2,369,698	1,430,388	1,255,179
Japanese stocks.....	3,326,510	5,216,483	6,941,634
Others.....	3,334,211	2,043,610	1,961,317
Subtotal	¥22,219,011	¥19,229,077	¥26,020,452
Overseas operations:			
Japanese government bonds	¥ 88,250	¥ 75,329	¥ 75,014
Japanese local government bonds.....	—	—	—
Japanese corporate bonds.....	854	—	—
Japanese stocks.....	—	—	—
Others.....	1,650,405	1,390,225	1,217,030
Subtotal	¥ 1,739,510	¥ 1,465,554	¥ 1,292,045
Total.....	¥23,958,521	¥20,694,632	¥27,312,498

- Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries.
Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.
2. "Others" include foreign bonds and foreign stocks.

Trading Assets and Liabilities

Millions of yen

March 31	2003				2002			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading assets:	¥3,961,696	¥550,962	¥(17,263)	¥4,495,396	¥2,701,948	¥590,902	¥(14,745)	¥3,278,105
Trading securities.....	111,930	113,679	—	225,610	20,526	102,282	—	122,808
Derivatives of trading securities	81	—	—	81	91	—	—	91
Securities related to trading transactions ...	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions.....	121	—	—	121	12	—	—	12
Trading-related financial derivatives	2,640,783	437,283	(17,263)	3,060,803	1,817,563	488,620	(14,745)	2,291,438
Other trading assets.....	1,208,779	—	—	1,208,779	863,755	—	—	863,755
Trading liabilities:	¥2,424,433	¥444,222	¥(17,263)	¥2,851,391	¥1,785,230	¥561,014	¥(14,745)	¥2,331,500
Trading securities sold for short sales	3,397	6,409	—	9,806	50	12,760	—	12,811
Derivatives of trading securities	78	—	—	78	79	—	—	79
Securities related to trading transactions ...	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions.....	423	—	—	423	0	—	—	0
Trading-related financial derivatives	2,420,079	437,812	(17,263)	2,840,629	1,785,099	548,254	(14,745)	2,318,608
Other trading liabilities	454	—	—	454	—	—	—	—

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries.

Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.

2. Intersegment transactions are reported in "Elimination" column.

Income Analysis (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Figures for the year ended March 31, 2003, include those of the former SMBC for the period from April 1, 2002 to March 16, 2003. Figures for the year ended March 31, 2001, are combined figures for the former Sakura Bank and the former Sumitomo Bank.

Gross Banking Profit, Classified by Domestic and International Operations

Year ended March 31	Millions of yen					
	2003			2002		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Interest income	¥1,105,122	¥541,970	¥1,647,092	¥1,202,035	¥994,778	¥2,192,961
			[0]			[3,853]
Interest expenses.....	79,324	344,430	423,755	122,677	597,623	716,448
			[0]			[3,853]
Net interest income	1,025,797	197,539	1,223,336	1,079,358	397,154	1,476,512
Trust fees	¥ 7	¥ —	¥ 7	¥ /	¥ /	¥ /
Fees and commissions (income)	¥ 225,296	¥ 53,494	¥ 278,790	¥ 184,996	¥ 54,648	¥ 239,645
Fees and commissions (expenses)	72,447	11,677	84,124	62,721	11,651	74,373
Net fees and commissions	152,849	41,816	194,665	122,274	42,997	165,272
Trading profits	¥ 2,496	¥194,229	¥ 196,726	¥ 1,112	¥120,302	¥ 121,414
Trading losses.....	0	725	725	107	17	125
Net trading income	2,496	193,504	196,000	1,004	120,284	121,289
Other operating income	¥ 86,409	¥108,243	¥ 194,653	¥ 72,655	¥ 78,231	¥ 150,886
Other operating expenses.....	14,662	33,317	47,980	18,919	41,526	60,445
Net other operating income	71,747	74,925	146,672	53,735	36,705	90,440
Gross banking profit	¥1,252,898	¥507,785	¥1,760,684	¥1,256,373	¥597,141	¥1,853,515
Gross banking profit rate (%)	1.67%	3.73%	1.99%	1.60%	3.57%	2.02%

- Notes: 1. Domestic operations include yen-denominated transactions by domestic branches, while international operations include foreign-currency-denominated transactions by domestic branches and operations by overseas branches. Yen-denominated nonresident transactions and Japan off-shore banking accounts are included in international operations.
2. "Interest expenses" are shown after deduction of amounts equivalent to interest expenses on money held in trust (2003, ¥48 million; 2002, ¥228 million).
3. Figures in brackets [] indicate interest payments between domestic and international operations. As net interest figures are shown for interest rate swaps and similar instruments, some figures for domestic and international operations do not add up to their sums.
4. Gross banking profit rate = Gross banking profit / Average balance of interest-earning assets x 100

Average Balance, Interest and Earnings Yield of Interest-Earning Assets and Interest-Bearing Liabilities

Domestic Operations

Year ended March 31	Millions of yen					
	2003			2002		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥74,671,786	¥1,105,122	1.47%	¥78,080,748	¥1,202,035	1.53%
	[961]	[0]				
Loans and bills discounted.....	53,858,748	932,462	1.73	53,576,051	983,235	1.83
Securities	18,847,060	123,972	0.65	19,687,304	178,027	0.90
Call loans	260,378	296	0.11	148,181	135	0.09
Receivables under resale agreements	93,308	1	0.00	1,172,550	873	0.07
Receivables under securities borrowing transactions.....	1,254,648	225	0.01	—	—	—
Bills bought	250,527	34	0.01	84,967	27	0.03
Deposits with banks	101,389	207	0.20	20,383	26	0.13
Interest-bearing liabilities	¥74,115,711	¥ 79,324	0.10%	¥72,477,777	¥ 122,677	0.16%
				[3,387,145]	[3,853]	
Deposits	51,622,549	21,557	0.04	47,259,727	44,206	0.09
Negotiable certificates of deposit	5,776,955	2,068	0.03	9,972,010	6,218	0.06
Call money	2,777,696	320	0.01	3,691,136	1,283	0.03
Payables under repurchase agreements ...	1,061,813	76	0.00	2,110,550	873	0.04
Payables under securities borrowing transactions.....	2,366,830	284	0.01	—	—	—
Bills sold	7,363,971	347	0.00	5,571,248	1,253	0.02
Commercial paper.....	103,675	82	0.07	807,392	970	0.12
Borrowed money.....	1,026,493	29,554	2.87	1,191,746	32,969	2.76
Bonds.....	2,010,430	24,453	1.21	1,858,675	31,237	1.68

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2003, ¥765,932 million; 2002, ¥711,320 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of interest expenses on money held in trust (2003, ¥43,688 million; 2002, ¥66,057 million) and interest (2003, ¥46 million; 2002, ¥111 million).
2. Figures in brackets [] indicate the average balances of interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses. As net interest figures are shown for interest rate swaps and similar instruments, some figures for domestic and international operations do not add up to their sums.
3. Bond interest includes amortization of discount on bonds.

International Operations

Year ended March 31	Millions of yen					
	2003			2002		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥13,612,252	¥541,970	3.98%	¥16,683,507 [3,387,145]	¥994,778 [3,853]	5.96%
Loans and bills discounted.....	5,532,654	166,864	3.01	7,059,547	273,612	3.87
Securities	4,283,361	133,865	3.12	3,738,953	326,705	8.73
Call loans	142,801	2,565	1.79	134,124	4,296	3.20
Receivables under resale agreements	61,573	450	0.73	69,514	908	1.30
Receivables under securities borrowing transactions.....	—	—	—	—	—	—
Bills bought	—	—	—	—	—	—
Deposits with banks	1,709,090	33,861	1.98	4,458,268	185,058	4.15
Interest-bearing liabilities	¥13,290,079 [961]	¥344,430 [0]	2.59%	¥17,842,154	¥597,623	3.34%
Deposits	7,052,284	124,348	1.76	10,450,595	279,042	2.67
Negotiable certificates of deposit	124,731	4,282	3.43	214,841	8,211	3.82
Call money	192,898	3,045	1.57	287,094	7,523	2.62
Payables under repurchase agreements ...	1,015,857	16,639	1.63	684,262	16,506	2.41
Payables under securities borrowing transactions.....	1,473,104	28,544	1.93	—	—	—
Bills sold	—	—	—	—	—	—
Commercial paper.....	—	—	—	—	—	—
Borrowed money	2,023,640	77,336	3.82	2,473,270	103,931	4.20
Bonds.....	445,463	17,527	3.93	—	—	—

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2003, ¥26,123 million; 2002, ¥31,353 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of interest expenses on money held in trust (2003, ¥79 million; 2002, ¥3,490 million) and interest (2003, ¥2 million; 2002, ¥116 million).
2. Figures in brackets [] indicate the average balances of interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses. As net interest figures are shown for interest rate swaps and similar instruments, some figures for domestic and international operations do not add up to their sums.
3. Bond interest includes amortization of discount on bonds.
4. The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method, under which the TT middle rate at the end of the previous month is applied to nonexchange transactions of the month concerned.

Total of Domestic and International Operations

Year ended March 31	Millions of yen					
	2003			2002		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥88,283,077	¥1,647,092	1.86%	¥91,377,110	¥2,192,961	2.39%
Loans and bills discounted.....	59,391,403	1,099,326	1.85	60,635,599	1,256,848	2.07
Securities	23,130,421	257,837	1.11	23,426,257	504,732	2.15
Call loans	403,180	2,861	0.70	282,306	4,432	1.56
Receivables under resale agreements	154,881	452	0.29	1,242,064	1,781	0.14
Receivables under securities borrowing transactions.....	1,254,648	225	0.01	—	—	—
Bills bought	250,527	34	0.01	84,967	27	0.03
Deposits with banks	1,810,479	34,069	1.88	4,478,651	185,085	4.13
Interest-bearing liabilities	¥87,404,829	¥ 423,755	0.48	¥86,932,786	¥ 716,448	0.82%
Deposits	58,674,833	145,905	0.24	57,710,322	323,249	0.56
Negotiable certificates of deposit	5,901,687	6,350	0.10	10,186,852	14,430	0.14
Call money	2,970,595	3,365	0.11	3,978,230	8,807	0.22
Payables under repurchase agreements ...	2,077,671	16,716	0.80	2,794,813	17,379	0.62
Payables under securities borrowing transactions.....	3,839,935	28,828	0.75	—	—	—
Bills sold	7,363,971	347	0.00	5,571,248	1,253	0.02
Commercial paper.....	103,675	82	0.07	807,392	970	0.12
Borrowed money	3,050,133	106,891	3.50	3,665,017	136,900	3.73
Bonds.....	2,455,893	41,981	1.70	1,858,675	31,237	1.68

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2003, ¥792,056 million; 2002, ¥742,674 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of interest expenses on money held in trust (2003, ¥43,767 million; 2002, ¥69,548 million) and interest (2003, ¥48 million; 2002, ¥228 million).
2. Figures in the table above indicate the net average balances of amounts adjusted for interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses.
3. Bond interest includes amortization of discount on bonds.

Breakdown of Interest Income and Interest Expenses

Domestic Operations

Year ended March 31	Millions of yen					
	2003			2002		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥(57,984)	¥(50,428)	¥(108,413)	¥76,258	¥(175,520)	¥ (99,262)
Loans and bills discounted.....	(1,574)	(59,964)	(61,539)	(33,749)	(86,803)	(120,552)
Securities	(7,804)	(46,946)	(54,751)	21,754	(29,408)	(7,654)
Call loans	120	40	160	156	(113)	43
Receivables under resale agreements	(423)	(448)	(871)	1,269	(1,526)	(257)
Bills bought	29	(22)	7	(372)	(477)	(850)
Deposits with banks.....	149	31	181	15	(19)	(3)
Interest expenses.....	¥ 2,024	¥(46,377)	¥ (44,353)	¥ 6,190	¥ (75,614)	¥ (69,423)
Deposits	3,460	(27,033)	(23,573)	278	(36,219)	(35,941)
Negotiable certificates of deposit	(2,063)	(2,089)	(4,152)	3,008	(22,591)	(19,582)
Call money	(260)	(703)	(963)	(3,658)	(7,725)	(11,383)
Payable under repurchase agreements.....	(299)	(497)	(797)	(831)	(3,663)	(4,494)
Bills sold	311	(1,217)	(906)	2,419	(3,208)	(788)
Commercial paper.....	(639)	(249)	(888)	70	(3,642)	(3,572)
Borrowed money	(4,715)	1,300	(3,415)	(13,166)	6,179	(6,987)
Bonds.....	2,389	(9,173)	(6,783)	12,054	(1,700)	10,354

Note: Volume/rate variance is prorated according to changes in volume and rate.

International Operations

Year ended March 31	Millions of yen					
	2003			2002		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥(161,503)	¥(291,349)	¥(452,852)	¥ 14,909	¥ 1,603	¥ 16,512
Loans and bills discounted.....	(52,698)	(54,050)	(106,748)	(23,027)	(100,713)	(123,741)
Securities	41,848	(234,717)	(192,869)	135,949	28,261	164,210
Call loans	252	(1,994)	(1,742)	(1,744)	(4,095)	(5,839)
Receivables under resale agreements	(94)	(363)	(457)	408	15	423
Bills bought	—	—	—	—	—	—
Deposits with banks.....	(81,832)	(69,364)	(151,197)	(30,138)	(98,589)	(128,727)
Interest expenses.....	¥(134,225)	¥(118,983)	¥(253,209)	¥116,360	¥(365,468)	¥(249,108)
Deposits	(75,674)	(79,033)	(154,707)	(59,295)	(183,051)	(242,347)
Negotiable certificates of deposit	(3,161)	(767)	(3,929)	1,893	(3,824)	(1,930)
Call money	(2,024)	(2,453)	(4,478)	(210)	(6,326)	(6,536)
Payable under repurchase agreements.....	6,454	(6,321)	133	16,028	(1,666)	14,361
Bills sold	—	—	—	(26)	(26)	(53)
Commercial paper.....	—	—	—	—	—	—
Borrowed money	(17,752)	(8,842)	(26,594)	(8,602)	(23,760)	(32,363)
Bonds.....	—	—	17,527	—	—	—

Note: Volume/rate variance is prorated according to changes in volume and rate.

Total of Domestic and International Operations

Year ended March 31	Millions of yen					
	2003			2002		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥(81,852)	¥(475,557)	¥(557,410)	¥48,913	¥(131,631)	¥ (82,718)
Loans and bills discounted.....	(32,793)	(135,495)	(168,288)	(50,848)	(193,447)	(244,296)
Securities	(7,503)	(240,117)	(247,620)	74,062	82,493	156,555
Call loans	1,426	(3,007)	(1,581)	3,401	(9,198)	(5,797)
Receivables under resale agreements	(2,298)	969	(1,329)	2,000	(1,834)	166
Bills bought	29	(22)	7	(372)	(477)	(850)
Deposits with banks.....	(78,921)	(72,094)	(151,016)	(29,604)	(99,127)	(128,732)
Interest expenses.....	¥ 379	¥(294,086)	¥(293,707)	¥22,921	¥(341,419)	¥(318,498)
Deposits	2,987	(181,268)	(178,280)	(13,334)	(264,954)	(278,289)
Negotiable certificates of deposit	(5,143)	(2,938)	(8,082)	4,254	(25,767)	(21,513)
Call money	(1,858)	(3,583)	(5,442)	(7,966)	(9,955)	(17,921)
Payable under repurchase agreements.....	(5,070)	4,406	(663)	524	9,342	9,867
Bills sold	311	(1,217)	(906)	2,462	(3,303)	(841)
Commercial paper.....	(639)	(249)	(888)	70	(3,642)	(3,572)
Borrowed money.....	(21,930)	(8,079)	(30,009)	(26,105)	(13,245)	(39,351)
Bonds.....	10,200	543	10,743	12,054	(1,700)	10,354

Note: Volume/rate variance is prorated according to changes in volume and rate.

Fees and Commissions

Year ended March 31	Millions of yen					
	2003			2002		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Fees and commissions (income)	¥225,296	¥53,494	¥278,790	¥184,996	¥54,648	¥239,645
Deposits and loans	11,049	17,004	28,053	10,889	17,916	28,805
Remittances and transfers	87,609	20,894	108,503	80,077	20,432	100,509
Securities-related business.....	22,718	936	23,655	12,801	1,032	13,834
Agency	12,918	—	12,918	13,625	—	13,625
Safe deposits	4,606	—	4,606	5,779	—	5,779
Guarantees	6,396	4,015	10,412	3,427	4,204	7,631
Fees and commissions (expenses).....	¥ 72,447	¥11,677	¥ 84,124	¥ 62,721	¥11,651	¥ 74,373
Remittances and transfers	16,238	4,838	21,077	15,088	5,545	20,634

Trading Income

Year ended March 31	Millions of yen					
	2003			2002		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Trading profits	¥2,496	¥194,229	¥196,726	¥1,112	¥120,302	¥121,414
Gains on trading securities	1,670	—	1,670	—	—	—
Gains on securities related to trading transactions.....	—	—	—	—	—	—
Gains on trading-related financial derivatives.....	—	194,229	194,229	—	120,302	120,302
Others	826	—	826	1,112	—	1,112
Trading losses.....	¥ —	¥ 725	¥ 725	¥ 107	¥ 17	¥ 125
Losses on trading securities	—	—	—	107	—	107
Losses on securities related to trading transactions.....	—	725	725	—	17	17
Losses on trading-related financial derivatives.....	—	—	—	—	—	—
Others	—	—	—	—	—	—

Note: Figures represent net gains (losses) after offsetting income against expenses.

Net Other Operating Income

Year ended March 31	Millions of yen					
	2003			2002		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Net other operating income	¥71,747	¥74,925	¥146,672	¥53,735	¥36,705	¥90,440
Gains (losses) on bonds	72,054	63,604	135,659	55,358	11,202	66,560
Gains (losses) on foreign exchange transactions	—	6,822	6,822	—	10,439	10,439

General and Administrative Expenses

Year ended March 31	Millions of yen		
	2003	2002	2001
Salaries and related expenses	¥205,205	¥223,215	¥242,004
Retirement benefit cost	45,081	31,555	31,142
Welfare expenses	31,892	34,705	34,851
Depreciation	61,549	65,577	41,988
Rent and lease expenses	64,466	82,134	90,716
Building and maintenance expenses	5,178	4,412	3,139
Supplies expenses	7,799	9,334	10,010
Water, lighting, and heating expenses	6,766	7,608	8,551
Traveling expenses	2,797	3,349	3,791
Communication expenses	8,591	7,730	12,751
Publicity and advertising expenses	6,916	5,404	6,838
Taxes, other than income taxes	35,450	34,237	35,533
Others	189,946	187,508	190,662
Total	¥671,639	¥696,775	¥711,987

Note: Because expenses reported on page 51 exclude nonrecurring losses, they are not reconciled with the figures reported in the above table.

Deposits (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Figures as of and for the year ended March 31, 2003, include those of the former SMBC for the period from April 1, 2002 to March 16, 2003. Figures as of and for the year ended March 31, 2001, are combined figures for the former Sakura Bank and the former Sumitomo Bank.

Deposits and Negotiable Certificates of Deposit

Year-End Balance

March 31	2003		2002		2001	
	Millions of yen	Percentage	Millions of yen	Percentage	Millions of yen	Percentage
Domestic operations:						
Liquid deposits	¥33,336,625	57.5%	¥31,350,536	53.5%	¥23,168,824	40.0%
Fixed-term deposits	18,519,788	32.0	19,982,869	34.1	22,518,100	38.9
Others	1,209,703	2.1	967,330	1.7	720,823	1.2
Subtotal	¥53,066,116	91.6	¥52,300,736	89.3	¥46,407,750	80.1
Negotiable certificates of deposit	¥ 4,841,982	8.4	¥ 6,267,860	10.7	¥11,508,790	19.9
Total	¥57,908,099	100.0%	¥58,568,596	100.0%	¥57,916,540	100.0%
International operations:						
Liquid deposits	¥ 2,130,354	37.9%	¥ 4,720,017	52.1%	¥ 8,787,766	68.6%
Fixed-term deposits	438,213	7.8	949,692	10.5	794,383	6.2
Others	2,976,046	53.0	3,081,367	34.0	3,051,409	23.8
Subtotal	¥ 5,544,614	98.7	¥ 8,751,076	96.6	¥12,633,562	98.6
Negotiable certificates of deposit	¥ 71,544	1.3	¥ 309,679	3.4	¥ 179,669	1.4
Total	¥ 5,616,159	100.0%	¥ 9,060,756	100.0%	¥12,813,232	100.0%
Grand total	¥63,524,258	—	¥67,629,353	—	¥70,729,773	—

Notes: 1. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice

2. Fixed-term deposits = Time deposits + Installment savings

3. Percentage indicates the composition ratio.

Average Balance

Year ended March 31	Millions of yen		
	2003	2002	2001
Domestic operations:			
Liquid deposits	¥32,011,369	¥24,764,664	¥22,677,798
Fixed-term deposits	19,057,788	21,980,498	23,964,212
Others	553,391	514,564	453,687
Subtotal	¥51,622,549	¥47,259,727	¥47,095,702
Negotiable certificates of deposit	¥ 5,776,955	¥ 9,972,010	¥ 8,813,953
Total	¥57,399,504	¥57,231,738	¥55,909,656
International operations:			
Liquid deposits	¥ 3,414,692	¥ 6,856,855	¥ 7,962,793
Fixed-term deposits	725,366	796,962	983,544
Others	2,912,225	2,796,777	3,006,095
Subtotal	¥ 7,052,284	¥10,450,595	¥11,952,437
Negotiable certificates of deposit	¥ 124,731	¥ 214,841	¥ 176,862
Total	¥ 7,177,016	¥10,665,437	¥12,129,299
Grand total	¥64,576,521	¥67,897,175	¥68,038,955

Notes: 1. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice

2. Fixed-term deposits = Time deposits + Installment savings

3. The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method.

Balance of Deposits, Classified by Type of Depositor

March 31	2003		2002		2001	
	Millions of yen	Percentage	Millions of yen	Percentage	Millions of yen	Percentage
Individual	¥31,210,201	55.3%	¥30,110,733	55.1%	¥28,309,433	58.0%
Corporate	25,261,571	44.7	24,503,958	44.9	20,473,769	42.0
Total	¥56,471,772	100.0%	¥54,614,691	100.0%	¥48,783,202	100.0%

Notes: 1. Figures are before adjustment on interoffice accounts in transit.

2. Negotiable certificates of deposit are excluded.

3. Accounts at overseas branches and Japan offshore banking accounts are excluded.

4. Percentage indicates the composition ratio.

Balance of Investment Trusts, Classified by Type of Customer

March 31	Millions of yen		
	2003	2002	2001
Individual	¥1,598,577	¥1,485,311	¥1,192,223
Corporate.....	77,507	86,711	165,848
Total.....	¥1,676,084	¥1,572,022	¥1,358,072

Note: Balance of investment trusts is recognized on a contract basis and measured according to each fund's net asset balance at the fiscal year-end.

Balance of Time Deposits, Classified by Maturity

March 31	Millions of yen		
	2003	2002	2001
Less than three months	¥ 9,331,860	¥ 8,332,787	¥10,525,269
Fixed interest rates	8,981,521	7,924,906	10,142,426
Floating interest rates	501	—	381
Three–six months	¥ 2,391,469	¥ 3,604,678	¥ 4,077,739
Fixed interest rates	2,372,360	3,581,854	4,024,547
Floating interest rates	—	—	96
Six months–one year	¥ 3,964,513	¥ 5,599,317	¥ 5,559,685
Fixed interest rates	3,955,873	5,592,722	5,553,590
Floating interest rates	1	—	20
One–two years	¥ 1,397,409	¥ 1,701,294	¥ 1,623,113
Fixed interest rates	1,389,250	1,697,715	1,620,630
Floating interest rates	—	—	134
Two–three years	¥ 1,320,298	¥ 1,135,179	¥ 951,891
Fixed interest rates	1,280,986	1,127,185	943,425
Floating interest rates	5,500	1,500	5,117
Three years or more	¥ 545,563	¥ 559,304	¥ 574,761
Fixed interest rates	516,255	521,985	532,199
Floating interest rates	10,650	—	24
Total.....	¥18,951,114	¥20,932,561	¥23,312,465
Fixed interest rates	18,496,247	20,446,369	22,816,820
Floating interest rates	16,654	1,500	5,772

Note: The figures above do not include installment savings.

Loans (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Figures as of and for the year ended March 31, 2003, include those of the former SMBC for the period from April 1, 2002 to March 16, 2003. Figures as of and for the year ended March 31, 2001, are combined figures for the former Sakura Bank and the former Sumitomo Bank.

Balance of Loans and Bills Discounted

Year-End Balance

March 31	Millions of yen		
	2003	2002	2001
Domestic operations:			
Loans on notes	¥ 6,660,286	¥ 6,895,403	¥ 6,888,732
Loans on deeds	37,400,695	34,298,736	34,780,031
Overdrafts	8,410,644	11,567,085	11,843,557
Bills discounted	649,463	857,189	1,104,745
Subtotal	¥53,121,090	¥53,618,414	¥54,617,068
International operations:			
Loans on notes	¥ 550,369	¥ 1,002,166	¥ 1,028,519
Loans on deeds	3,495,523	5,136,672	5,851,273
Overdrafts	115,210	170,476	249,081
Bills discounted	172	638	1,937
Subtotal	¥ 4,161,274	¥ 6,309,954	¥ 7,130,812
Total	¥57,282,365	¥59,928,368	¥61,747,880

Average Balance

Year ended March 31	Millions of yen		
	2003	2002	2001
Domestic operations:			
Loans on notes	¥ 6,987,204	¥ 6,679,940	¥ 6,230,406
Loans on deeds	36,317,903	35,133,057	35,031,027
Overdrafts	9,914,028	10,972,299	13,098,494
Bills discounted	639,612	790,752	946,115
Subtotal	¥53,858,748	¥53,576,051	¥55,306,043
International operations:			
Loans on notes	¥ 802,842	¥ 1,058,147	¥ 1,052,174
Loans on deeds	4,572,375	5,785,859	6,159,610
Overdrafts	156,554	215,157	300,275
Bills discounted	882	383	5,930
Subtotal	¥ 5,532,654	¥ 7,059,547	¥ 7,517,989
Total	¥59,391,403	¥60,635,599	¥62,824,034

Note: The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method.

Balance of Loans and Bills Discounted, Classified by Purpose

March 31	2003		2002		2001	
	Millions of yen	Percentage	Millions of yen	Percentage	Millions of yen	Percentage
Funds for capital investment	¥22,156,745	38.7%	¥23,277,789	38.8%	¥24,367,997	39.5%
Funds for working capital	35,125,619	61.3	36,650,579	61.2	37,379,882	60.5
Total	¥57,282,365	100.0%	¥59,928,368	100.0%	¥61,747,880	100.0%

Note: Percentage indicates the composition ratio.

Breakdown of Loan Collateral

March 31	Millions of yen		
	2003	2002	2001
Securities	¥ 805,685	¥ 1,171,780	¥ 960,691
Commercial claims	1,253,179	1,098,954	1,293,632
Commercial goods	4,579	4,430	15,736
Real estate	8,531,366	9,309,699	10,419,117
Others	479,374	831,093	555,680
Subtotal	¥11,074,186	¥12,415,959	¥13,244,861
Guaranteed	¥22,177,530	¥23,864,117	¥24,906,661
Unsecured	24,030,649	23,648,291	23,596,356
Total	¥57,282,365	¥59,928,368	¥61,747,880

Balance of Loans and Bills Discounted, Classified by Maturity

March 31	Millions of yen		
	2003	2002	2001
One year or less	¥15,605,752	¥16,085,851	¥16,357,074
Floating interest rates	/	/	/
Fixed interest rates	/	/	/
One–three years	¥ 9,400,680	¥10,058,898	¥10,620,614
Floating interest rates	6,347,133	7,076,540	6,493,070
Fixed interest rates	3,053,547	2,982,358	4,127,544
Three–five years	¥ 5,876,286	¥ 6,058,896	¥ 6,327,101
Floating interest rates	3,973,971	4,401,939	4,257,520
Fixed interest rates	1,902,314	1,656,956	2,069,581
Five–seven years	¥ 2,502,737	¥ 2,572,696	¥ 2,868,002
Floating interest rates	1,683,355	1,957,333	1,937,381
Fixed interest rates	819,382	615,363	930,620
More than seven years	¥15,492,524	¥13,527,762	¥13,276,285
Floating interest rates	14,629,478	12,854,843	11,138,333
Fixed interest rates	863,046	672,918	2,137,951
No designated term	¥ 8,404,383	¥11,624,262	¥12,298,801
Floating interest rates	8,399,298	11,624,262	12,297,756
Fixed interest rates	5,084	—	1,045
Total	¥57,282,365	¥59,928,368	¥61,747,880

Note: Loans with a maturity of one year or less are not classified by floating or fixed interest rates.

Balance of Loan Portfolio, Classified by Industry

March 31	2003	
	Millions of yen	Percentage
Domestic offices:		
Manufacturing	¥ 6,031,262	11.2%
Agriculture, forestry, fisheries and mining	192,795	0.4
Construction	2,385,278	4.4
Transportation, communications and public enterprises	2,968,971	5.5
Wholesale and retail	5,812,485	10.8
Finance and insurance	5,419,634	10.1
Real estate	8,240,327	15.3
Services	5,622,703	10.5
Municipalities	508,144	0.9
Others	16,614,280	30.9
Subtotal	¥53,795,885	100.0%
Overseas offices:		
Public sector	¥119,468	3.4%
Financial institutions	236,116	6.8
Commerce and industry	2,945,122	84.5
Others	185,772	5.3
Subtotal	¥ 3,486,479	100.0%
Total	¥57,282,365	—

Notes: 1. Japan offshore banking accounts are included in overseas offices' accounts.

2. Percentage indicates the composition ratio.

3. The "Japan Standard Industrial Classifications" was revised by the Ministry of Public Management, Home Affairs, Posts and Telecommunications by Official Notification No. 139 of March 7, 2002 and became effective on October 1, 2002. The domestic loan balances by industry and the composition of loan balances by industry for 2003, are based on the new industrial classifications.

March 31	2002		2001	
	Millions of yen	Percentage	Millions of yen	Percentage
Domestic offices:				
Manufacturing	¥ 7,493,045	13.8%	¥ 7,455,390	13.4%
Agriculture, forestry, fisheries and mining.....	183,675	0.3	188,821	0.3
Construction	2,841,574	5.2	2,929,161	5.3
Transportation, communications and other public enterprises	2,838,889	5.2	2,982,196	5.4
Wholesale and retail	7,161,690	13.2	7,631,138	13.7
Finance and insurance	5,244,899	9.6	4,850,179	8.7
Real estate	8,549,534	15.7	9,222,242	16.6
Services	6,364,140	11.7	6,720,406	12.1
Municipalities	337,514	0.6	304,143	0.6
Others	13,474,520	24.7	13,267,524	23.9
Subtotal	¥54,489,488	100.0%	¥55,551,203	100.0%
Overseas offices:				
Public sector	¥ 182,437	3.4%	¥ 264,021	4.3%
Financial institutions	372,246	6.8	378,764	6.1
Commerce and industry	4,689,758	86.2	5,488,219	88.6
Others	194,437	3.6	65,669	1.0
Subtotal	¥ 5,438,880	100.0%	¥ 6,196,676	100.0%
Total	¥59,928,368	—	¥61,747,880	—

Notes: 1. Japan offshore banking accounts are included in overseas offices' accounts.
2. Percentage indicates the composition ratio.

Loans to Individuals/Small and Medium-Sized Corporations

March 31	Millions of yen		
	2003	2002	2001
Total domestic loans (A)	¥53,795,885	¥54,489,488	¥55,551,203
Loans to individuals, and small and medium-sized corporations (B).....	36,733,241	38,780,331	40,471,298
(B) / (A)	68.3%	71.2%	72.9%

Notes: 1. The figures above exclude outstanding balance of loans at overseas branches and of Japan offshore banking accounts.
2. Small and medium-sized corporations are individuals or companies with capital stock of ¥300 million or less, or an operating staff of 300 or fewer employees. (Exceptions to these capital stock and staff restrictions include wholesalers: ¥100 million, 100 employees; retailers: ¥50 million, 50 employees; and service industry companies: ¥50 million, 100 employees.)

Consumer Loans Outstanding

March 31	Millions of yen		
	2003	2002	2001
Consumer loans	¥13,665,876	¥13,472,598	¥13,484,760
Housing loans	12,339,291	11,949,427	11,791,249
Housing loans for own housing	8,346,632	7,820,305	7,445,152
Others	1,326,585	1,523,171	1,693,511

Note: Housing loans include general-purpose loans used for housing purposes, such as housing loans and apartment house acquisition loans.

Breakdown of Reserve for Possible Loan Losses

Year ended March 31, 2003	Millions of yen					Balance at end of the fiscal year
	Balance at beginning of the fiscal year	Amount transferred from SMBC	Increase during the fiscal year	Decrease during the fiscal year		
				Objectives	Others	
General reserve for possible loan losses	¥2,765	¥1,130,825 [(840)]	¥1,113,235	¥ —	¥1,133,590*	¥1,113,235
Specific reserve for estimated loan losses on certain doubtful loans	2,177	996,404 [(446)]	949,996	30,501	968,080*	949,996
For nonresident loans	—	67,929 [(446)]	67,492	—	67,929*	67,492
Reserve for possible losses on specific overseas loans	—	11,272	11,566	—	11,272*	11,566
Total	¥4,943	¥2,138,501 [(1,286)]	¥2,074,797	¥30,501	¥2,112,943	¥2,074,797

*Transfer from reserves by reversal or origination method

Note: Figures in brackets [] indicate foreign exchange translation adjustments.

Year ended March 31, 2002	Millions of yen					
	Balance at beginning of the fiscal year	Amount transferred from Sakura Bank	Increase during the fiscal year	Decrease during the fiscal year		Balance at end of the fiscal year
				Objectives	Others	
General reserve for possible loan losses	¥226,830 [(1,877)]	¥145,197 [(2,370)]	¥ 872,338	¥ —	¥372,027*	¥ 872,338
Specific reserve for estimated loan losses on certain doubtful loans	439,611 [(1,879)]	270,451 [(109)]	1,084,065	289,180	420,881*	1,084,065
For nonresident loans	24,327 [(1,633)]	20,137 [(109)]	39,850	10,641	33,822*	39,850
Reserve for possible losses on specific overseas loans	8,358	11,634 [(3)]	15,445	—	19,992*	15,445
Total	¥674,799 [(3,757)]	¥427,282 [(2,482)]	¥1,971,849	¥289,180	¥812,901	¥1,971,849

*Transfer from reserves by reversal or origination method

Note: Figures in brackets [] indicate foreign exchange translation adjustments.

Write-off of Loans

Year ended March 31	Millions of yen		
	2003	2002	2001
Write-off of loans	¥284,418	¥283,895	¥741,432

Note: Write-off of loans includes amount of direct reduction.

Specific Overseas Loans

March 31	Millions of yen		
	2003	2002	2001
Indonesia	¥104,744	¥138,482	¥184,611
Argentina	2,180	8,378	—
Algeria	—	4,139	4,480
Others	1,153	1,300	3,819
Total	¥108,077	¥152,300	¥192,911
Ratio of the total amounts to total assets	0.11%	0.15%	0.17%
Number of countries	9	9	9

Risk-Monitored Loans

March 31	Millions of yen		
	2003	2002	2001
Bankrupt loans	¥ 172,403	¥ 195,653	¥ 235,654
Non-accrual loans	2,390,173	3,184,459	2,207,504
Past due loans (3 months or more)	114,756	92,324	103,226
Restructured loans	2,492,199	2,344,016	186,206
Total	¥5,169,531	¥5,816,452	¥2,732,590

Notes: Definition of risk-monitored loan categories

1. Bankrupt loans: Credits for which accrued interest is not accounted in revenue; credits extended to borrowers that are undergoing bankruptcy, corporate reorganization and rehabilitation proceedings or debtors receiving orders of disposition by suspension of business at bill clearinghouses
2. Non-accrual loans: Credits for which accrued interest is not accounted in revenue; credits, excluding loans to bankrupt borrowers and loans with grace for interest payment to assist in corporate reorganization or to support business
3. Past due loans (3 months or more): Loans with payment of principal or interest in arrears for more than 3 months, calculated from the day following the contractual due date, excluding borrowers in categories 1. and 2.
4. Restructured loans: Loans to borrowers in severe financial condition given certain favorable terms and conditions to assist in corporate rehabilitation or to support business, excluding borrowers in categories 1. through 3.

Problem Assets Based on the Financial Reconstruction Law

March 31	Billions of yen		
	2003	2002	2001
Bankrupt and quasi-bankrupt assets	¥ 524.9	¥ 493.5	¥ 589.9
Doubtful assets	2,129.5	2,970.2	1,943.1
Substandard loans	2,606.9	2,436.3	289.4
Total of problem assets	¥ 5,261.3	¥ 5,900.0	¥ 2,822.5
Normal assets	¥57,313.4	¥60,558.9	¥66,157.8
Total	¥62,574.7	¥66,458.9	¥68,980.3

Notes: Definition of problem asset categories

These assets are disclosed based on the provisions of Article 7 of the Financial Reconstruction Law (Law No. 132 of 1998) and classified into the 4 categories based on financial position and business performance of obligors in accordance with Article 6 of the Law. Assets in question include loans and bills discounted, foreign exchanges, accrued interest, and advance payment in "other assets," customers' liabilities for acceptance and guarantees, and securities lent under the loan for consumption or leasing agreements.

1. Bankrupt and quasi-bankrupt assets: Credits to borrowers undergoing bankruptcy, corporate reorganization, and rehabilitation proceedings, as well as claims of a similar nature
2. Doubtful assets: Credits for which final collection of principal and interest in line with original agreements is highly improbable due to deterioration of financial position and business performance, but not insolvency of the borrower
3. Substandard loans: Past due loans (3 months or more) and restructured loans, excluding 1. and 2.
4. Normal assets: Credits to borrowers with good business performance and in financial standing without identified problems and not classified into the three categories above

Securities (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Figures as of and for the year ended March 31, 2003, include those of the former SMBC for the period from April 1, 2002 to March 16, 2003. Figures as of and for the year ended March 31, 2001, are combined figures for the former Sakura Bank and the former Sumitomo Bank.

Balance of Securities

Year-End Balance

March 31	Millions of yen		
	2003	2002	2001
Domestic operations:			
Japanese government bonds	¥12,349,063	¥ 9,599,109	¥15,271,104
Japanese local government bonds.....	294,274	429,412	323,252
Japanese corporate bonds	2,081,107	1,183,562	995,423
Japanese stocks.....	3,508,151	5,595,410	7,167,659
Others.....	88,295	21,308	128,079
Foreign bonds	/	/	/
Foreign stocks	/	/	/
Subtotal	¥18,320,892	¥16,828,804	¥23,885,523
International operations:			
Japanese government bonds	¥ —	¥ —	¥ —
Japanese local government bonds.....	—	—	—
Japanese corporate bonds	—	—	—
Japanese stocks.....	—	—	—
Others.....	5,335,492	3,614,192	3,174,454
Foreign bonds	4,409,837	2,863,638	2,253,757
Foreign stocks	925,655	750,553	920,696
Subtotal	¥ 5,335,492	¥ 3,614,192	¥ 3,174,454
Total.....	¥23,656,385	¥20,442,996	¥27,059,978

Note: "Japanese stocks" include treasury stocks as of March 31, 2001.

Average Balance

Year ended March 31	Millions of yen		
	2003	2002	2001
Domestic operations:			
Japanese government bonds	¥11,355,059	¥11,707,532	¥ 9,091,904
Japanese local government bonds.....	334,482	393,236	427,162
Japanese corporate bonds	1,443,106	1,061,395	1,007,948
Japanese stocks.....	5,655,162	6,494,197	6,798,958
Others.....	59,250	30,941	162,799
Foreign bonds	/	/	/
Foreign stocks	/	/	/
Subtotal	¥18,847,060	¥19,687,304	¥17,488,774
International operations:			
Japanese government bonds	¥ —	¥ —	¥ —
Japanese local government bonds.....	—	—	—
Japanese corporate bonds	—	—	—
Japanese stocks.....	—	—	—
Others.....	4,283,361	3,738,953	2,146,468
Foreign bonds	3,565,089	2,851,256	1,359,686
Foreign stocks	718,271	887,696	786,781
Subtotal	¥ 4,283,361	¥ 3,738,953	¥ 2,146,468
Total.....	¥23,130,421	¥23,426,257	¥19,635,244

Notes: 1. "Japanese stocks" include treasury stocks for the year ended March 31, 2001.

2. The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method.

Balance of Securities Held, Classified by Maturity

March 31	Millions of yen		
	2003	2002	2001
One year or less			
Japanese government bonds	¥ 3,224,334	¥2,155,760	¥ 7,020,507
Japanese local government bonds	6,119	25,433	24,803
Japanese corporate bonds	128,939	87,161	132,201
Others	159,914	219,992	470,765
Foreign bonds	129,200	218,291	461,148
One–three years			
Japanese government bonds	¥ 1,802,741	¥3,613,404	¥ 4,135,860
Japanese local government bonds	6,910	41,395	30,372
Japanese corporate bonds	627,709	340,745	219,562
Others	2,003,382	1,784,002	677,665
Foreign bonds	1,995,829	1,783,941	658,274
Three–five years			
Japanese government bonds	¥ 4,175,621	¥2,392,875	¥ 1,507,521
Japanese local government bonds	95,742	69,013	24,187
Japanese corporate bonds	826,585	469,994	368,357
Others	795,661	160,972	443,331
Foreign bonds	780,435	160,315	414,947
Five–seven years			
Japanese government bonds	¥ 1,113,572	¥ 465,271	¥ 482,210
Japanese local government bonds	39,278	96,921	58,671
Japanese corporate bonds	272,594	133,812	87,960
Others	168,291	68,426	99,217
Foreign bonds	164,803	67,652	69,085
Seven–10 years			
Japanese government bonds	¥ 1,878,410	¥ 771,568	¥ 2,125,002
Japanese local government bonds	145,642	196,077	184,652
Japanese corporate bonds	223,378	149,948	184,339
Others	585,142	57,934	186,710
Foreign bonds	569,753	57,289	157,090
More than 10 years			
Japanese government bonds	¥ 154,383	¥ 200,230	¥ —
Japanese local government bonds	580	570	563
Japanese corporate bonds	1,900	1,900	3,000
Others	707,823	510,543	497,940
Foreign bonds	706,385	508,912	493,209
No designated term			
Japanese government bonds	¥ —	¥ —	¥ —
Japanese local government bonds	—	—	—
Japanese corporate bonds	—	—	—
Japanese stocks	3,508,151	5,595,410	7,167,659
Others	1,003,572	833,629	926,900
Foreign bonds	63,429	67,236	—
Foreign stocks	925,655	750,553	920,696
Total			
Japanese government bonds	¥12,349,063	¥9,599,109	¥15,271,104
Japanese local government bonds	294,274	429,412	323,252
Japanese corporate bonds	2,081,107	1,183,562	995,423
Japanese stocks	3,508,151	5,595,410	7,167,659
Others	5,423,788	3,635,501	3,302,535
Foreign bonds	4,409,837	2,863,638	2,253,757
Foreign stocks	925,655	750,553	920,696

Note: "Japanese stocks" include treasury stocks as of March 31, 2001.

Capital Ratio

Sumitomo Mitsui Banking Corporation and Subsidiaries

Consolidated Capital Ratio

		Millions of yen			
March 31		2003	2002	2001	
				Sakura Bank	Sumitomo Bank
Tier I capital:	Capital stock.....	¥ 559,985	¥ 1,326,746	¥ 1,042,706	¥ 752,848
	Capital reserve.....	1,298,511	1,326,758	899,521	643,080
	Retained earnings.....	258,690	438,008	196,060	308,724
	Minority interests.....	1,025,217	984,088	383,921	606,147
	Valuation losses on other securities.....	(21,559)	(304,837)	/	/
	Treasury stock.....	—	(17,475)	(4,595)	(14,144)
	Foreign currency translation adjustments.....	(54,419)	(15,174)	(20,939)	(32,171)
	Goodwill and others.....	(74)	(18,747)	(224)	(6,224)
	Subtotal (A).....	¥ 3,066,351	¥ 3,719,366	¥ 2,496,449	¥ 2,258,261
Tier II capital:	45% of unrealized gains on land.....	¥ 71,699	¥ 82,931	¥ 46,670	¥ 122,193
	General reserve for possible loan losses.....	1,149,150	929,461	163,151	232,707
	Qualifying subordinated debt.....	2,150,334	2,577,490	1,141,806	1,653,197
	Subtotal.....	¥ 3,371,184	¥ 3,589,883	¥ 1,351,627	¥ 2,008,098
	Tier II capital included as qualifying capital (B).....	¥ 2,887,170	¥ 3,504,772	¥ 1,351,627	¥ 1,995,364
Deductions:	(C).....	¥ 25,684	¥ 163,331	¥ 13,752	¥ 103,632
Total capital:	(D) = (A) + (B) - (C).....	¥ 5,927,837	¥ 7,060,807	¥ 3,834,324	¥ 4,149,993
Risk-adjusted assets:	On-balance-sheet.....	¥53,313,337	¥62,532,180	¥31,812,599	¥34,609,029
	Off-balance-sheet.....	3,523,317	4,803,181	1,924,737	3,096,291
	Asset equivalent of market risk.....	221,156	212,650	154,078	219,900
	Subtotal (E).....	¥57,057,811	¥67,548,012	¥33,891,414	¥37,925,221
Capital ratio (BIS guidelines):	(D) / (E) × 100.....	10.38%	10.45%	11.31%	10.94%

Nonconsolidated Capital Ratio

		Millions of yen			
March 31		2003	2002	2001	
				Sakura Bank	Sumitomo Bank
Tier I capital:	Capital stock.....	¥ 559,985	¥ 1,326,746	¥ 1,042,706	¥ 752,848
	Capital reserve.....	879,693	1,326,758	899,521	643,080
	Other capital surplus.....	357,614	/	/	/
	Earned surplus reserve.....	—	—	131,261	110,159
	Voluntary reserves.....	221,540	221,548	56,028	165,532
	Retained earnings carried forward to next year ...	191,507	122,955	109,027	67,299
	Other retained earnings.....	/	357,614	/	/
	Others.....	738,878	869,793	285,575	567,059
	Valuation losses on other securities.....	(17,864)	(297,950)	/	/
	Treasury stock.....	—	(283)	(42)	(4)
	Subtotal (A).....	¥ 2,931,354	¥ 3,927,183	¥ 2,524,077	¥ 2,305,975
Tier II capital:	45% of unrealized gains on land.....	¥ 64,438	¥ 73,568	¥ 31,596	¥ 121,230
	General reserve for possible loan losses.....	1,113,235	872,338	142,826	224,953
	Qualifying subordinated debt.....	2,126,658	2,544,424	1,111,006	1,651,808
	Subtotal.....	¥ 3,304,332	¥ 3,490,330	¥ 1,285,429	¥ 1,997,991
	Tier II capital included as qualifying capital (B).....	¥ 2,771,778	¥ 3,409,200	¥ 1,285,429	¥ 1,997,991
Deductions:	(C).....	¥ 55,378	¥ 55,349	¥ 16,999	¥ 58,766
Total capital:	(D) = (A) + (B) - (C).....	¥ 5,647,753	¥ 7,281,033	¥ 3,792,507	¥ 4,245,199
Risk-adjusted assets:	On-balance-sheet.....	¥50,297,673	¥57,965,018	¥29,547,565	¥32,166,297
	Off-balance-sheet.....	3,322,458	5,192,299	2,157,620	3,654,538
	Asset equivalent of market risk.....	187,014	139,300	135,433	125,350
	Subtotal (E).....	¥53,807,146	¥63,296,617	¥31,840,619	¥35,946,185
Capital ratio (BIS guidelines):	(D) / (E) × 100.....	10.49%	11.50%	11.91%	11.80%

Ratios (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Figures as of and for the year ended March 31, 2003, include those of the former SMBC for the period from April 1, 2002 to March 16, 2003.

Income Ratio

Year ended March 31	Percentage	
	2003	2002
Ordinary profit to total assets	—	—
Ordinary profit to stockholders' equity	—	—
Net income to total assets	—	—
Net income to stockholders' equity	—	—

- Notes: 1. Ordinary profit (net income) to total assets = Ordinary profit (net income) / Average balance of total assets excluding customers' liabilities for acceptances and guarantees x 100
 2. Ordinary profit (net income) to stockholders' equity = (Ordinary profit (net income) - Preferred dividends) / ((Stockholders' equity at beginning of the fiscal year - Number of shares of preferred stock outstanding at beginning of the fiscal year x Issue price) + (Stockholders' equity at end of the fiscal year - Number of shares of preferred stock outstanding at end of the fiscal year x Issue price)) divided by 2 x 100
 3. Figures for 2003 and 2002 are not shown due to ordinary loss (net loss).

Yield/Interest Rate

Year ended March 31	Percentage	
	2003	2002
Domestic operations		
Interest-earning assets (A)	1.47%	1.53%
Interest-bearing liabilities (B)	0.88	0.98
(A) - (B)	0.59	0.55
International operations		
Interest-earning assets (A)	3.98%	5.96%
Interest-bearing liabilities (B)	3.12	3.79
(A) - (B)	0.86	2.17
Total		
Interest-earning assets (A)	1.86%	2.39%
Interest-bearing liabilities (B)	1.22	1.59
(A) - (B)	0.64	0.80

Loan-Deposit Ratio

March 31	Millions of yen	
	2003	2002
Domestic operations		
Loan amount (A)	¥53,121,090	¥53,618,414
Deposit amount (B)	57,908,099	58,568,596
Loan-deposit ratio (%)		
(A) / (B)	91.73%	91.54%
Ratio by average balance for the fiscal year	93.83	93.61
International operations		
Loan amount (A)	¥ 4,161,274	¥ 6,309,954
Deposit amount (B)	5,616,159	9,060,756
Loan-deposit ratio (%)		
(A) / (B)	74.09%	69.64%
Ratio by average balance for the fiscal year	77.08	66.19
Total		
Loan amount (A)	¥57,282,365	¥59,928,368
Deposit amount (B)	63,524,258	67,629,353
Loan-deposit ratio (%)		
(A) / (B)	90.17%	88.61%
Ratio by average balance for the fiscal year	91.97	89.30

Note: Deposits include negotiable certificates of deposit.

Securities-Deposit Ratio

March 31	Millions of yen	
	2003	2002
Domestic operations		
Securities amount (A)	¥18,320,892	¥16,828,804
Deposit amount (B)	57,908,099	58,568,596
Securities-deposit ratio (%)		
(A) / (B)	31.63%	28.73%
Ratio by average balance for the fiscal year	32.83	34.39
International operations		
Securities amount (A)	¥ 5,335,492	¥ 3,614,192
Deposit amount (B)	5,616,159	9,060,756
Securities-deposit ratio (%)		
(A) / (B)	95.00%	39.88%
Ratio by average balance for the fiscal year	59.68	35.05
Total		
Securities amount (A)	¥23,656,385	¥20,442,996
Deposit amount (B)	63,524,258	67,629,353
Securities-deposit ratio (%)		
(A) / (B)	37.23%	30.22%
Ratio by average balance for the fiscal year	35.81	34.50

Note: Deposits include negotiable certificates of deposit.

Capital (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Changes in Number of Shares Outstanding and Capital Stock

	Thousands of shares		Millions of yen			
	Number of shares outstanding		Capital stock		Capital reserve	
	Changes	Balances	Changes	Balances	Changes	Balances
March 30, 2001	(383)	416	¥ (19,169)	¥ 20,831	¥ 4,881	¥ 4,881
June 28, 2001.....	—	416	—	20,831	(4,881)	0
March 13, 2003	1,245	1,661	32,121	52,952	32,121	32,121
March 14, 2003	1,080	2,741	27,864	80,816	27,864	59,985
March 17, 2003	53,037	55,778	479,169	559,985	819,708	879,693

Remarks:

March 30, 2001:	Pursuant to the resolution of the Extraordinary General Meeting of Shareholders held on February 26, 2001, the former Wakashio Bank retired 383,380 shares after acquisition without compensation in order to reduce capital and write off losses carried forward from the previous fiscal year. The difference between the amount of capital reduction and the amount of losses written off is included in "Capital reserve (Gains on capital reduction)" as (gain on capital reduction).
June 28, 2001:	Compensation for the deficit
March 13, 2003:	Allotment to third parties: Common stock: 1,245 thousand shares Issue price: ¥51,600 Capitalization: ¥25,800
March 14, 2003:	Allotment to third parties: Common stock: 1,080 thousand shares Issue price: ¥51,600 Capitalization: ¥25,800
March 17, 2003:	Merger with Sumitomo Mitsui Banking Corporation (merger ratio: 1-to-0.007)

The following table shows total number of shares issued and outstanding, capital stock, and capital reserve of the former SMBC for the period up to March 16, 2003.

	Thousands of shares		Millions of yen			
	Number of shares outstanding		Capital stock		Capital reserve	
	Changes	Balances	Changes	Balances	Changes	Balances
March 31, 1999	167,000	3,308,062	¥250,500	¥ 752,848	¥250,500	¥ 643,080
April 2, 2001	3,273,423	6,581,485	523,851	1,276,700	991,326	1,634,407
March 9, 2002	—	6,581,485	—	1,276,700	(357,614)	1,276,792
March 15, 2002	—	6,581,485	—	1,276,700	11	1,276,804
April 1, 2001 – March 31, 2002	91,324	6,672,810	50,045	1,326,746	49,954	1,326,758
April 1, 2001 – March 31, 2002	3,614	6,676,424	—	1,326,746	—	1,326,758
February 3, 2003	—	6,676,424	(494,100)	832,646	—	1,326,758
February 5, 2003	313,556	6,989,980	—	832,646	94,680	1,421,438
February 12, 2003	454,078	7,444,059	75,377	908,023	74,922	1,496,361
March 13, 2003	961,538	8,405,597	149,999	1,058,023	149,999	1,646,361

Remarks:

March 31, 1999:	Allotment to third parties: Preferred stock (First series Type 1): 67,000 thousand shares Issue price: ¥3,000 Capitalization: ¥1,500 Preferred stock (Second series Type 1): 100,000 thousand shares Issue price: ¥3,000 Capitalization: ¥1,500
April 2, 2001:	Merger with The Sakura Bank, Limited (merger ratio: 1-to-0.6)
March 9, 2002:	Withdrawal from capital reserve pursuant to Article 289-2 of the Commercial Code of Japan and Article 18-2 of the Banking Law
March 15, 2002:	Merger with SMBC Property Management Service Co., Ltd., a wholly owned subsidiary of the former SMBC
April 1, 2001 – March 31, 2002:	Conversion of convertible bonds into common stock
April 1, 2001 – March 31, 2002:	Conversion of preferred stock into common stock
February 3, 2003:	Reduction in capital stock due to a corporate split for the transfer of management business to the wholly owned parent company, Sumitomo Mitsui Financial Group, Inc.
February 5, 2003:	Increase in capital reserve due to conversion of SMBC Guarantee Co., Ltd. into a wholly owned subsidiary through an exchange of stock.
February 12, 2003:	Allotment to third parties: Common stock: 454,078 thousand shares Issue price: ¥331 Capitalization: ¥166
March 13, 2003:	Allotment to third parties: Common stock: 961,538 thousand shares Issue price: ¥312 Capitalization: ¥156

Total Outstanding Shares

March 31, 2003	Number of shares issued
Common stock.....	54,811,805
Preferred stock (Type 1).....	67,000
Preferred stock (Type 2).....	100,000
Preferred stock (Type 3).....	800,000
Total.....	55,778,805

Note: The shares above are not listed on any stock exchange.

Number of Voting Rights

Total Outstanding Shares	Number of shares		Number of voting rights
Number of shares of nonvoting stock	Preferred stock	967,000	—
Number of shares of voting stock with restriction (Treasury stock, etc.)		—	—
Number of shares of voting stock with restriction (Others)		—	—
Voting stock (Treasury stock, etc.)		—	—
Voting stock (Others)	Common stock	54,811,805	54,811,805
Fractional shares		—	—
Total outstanding shares		55,778,805	—
Total voting rights		—	54,811,805

Note: The articles of incorporation concerning the fractional shares stipulate that "The bank shall not make an entry of any share which is less than one share, whether in writing or digital record, as a fractional share in any register of fractional shares."

Treasury stock, etc.

There are no corresponding items.

Principal Shareholders

a. Common Stock

March 31, 2003 Shareholder	Number of shares	Percentage of shares outstanding
Sumitomo Mitsui Financial Group, Inc.	54,811,805	100.00%

b. Preferred Stock (Type 1)

March 31, 2003 Shareholder	Number of shares	Percentage of shares outstanding
Sumitomo Mitsui Financial Group, Inc.	67,000	100.00%

c. Preferred Stock (Type 2)

March 31, 2003 Shareholder	Number of shares	Percentage of shares outstanding
Sumitomo Mitsui Financial Group, Inc.	100,000	100.00%

d. Preferred Stock (Type 3)

March 31, 2003 Shareholder	Number of shares	Percentage of shares outstanding
Sumitomo Mitsui Financial Group, Inc.	800,000	100.00%

Common Stock Price Range

Five-Year Stock Price Performance

Year ended March 31	Yen				
	2003	2002	2001	2000	1999
High.....	¥766	¥1,240	¥1,640	¥1,902	¥1,710
Low.....	310	406	867	1,271	860

Notes: 1. SMBC's shares are not listed on a stock exchange or registered on the OTC market. The above table represents prices of the former SMBC's common stock on the First Section of the Tokyo Stock Exchange.

2. The year-high and year-low prices for the year ended March 31, 2003, cover the period from April 1, 2002 to November 25, 2002.

3. The former Sumitomo Bank's stock prices are shown up to the year ended March 31, 2001.

The high and low stock prices for each year in the three-year period ended March 31, 2001, for the former Sakura Bank are as follows:

The Sakura Bank, Limited

Year ended March 31	Yen		
	2001	2000	1999
High.....	¥858	¥1,045	¥404
Low.....	477	358	165

Six-Month Performance

	Yen					
	March 2003	February 2003	January 2003	December 2002	November 2002	October 2002
High.....	/	/	/	/	¥508	¥660
Low.....	/	/	/	/	310	444

Notes: 1. SMBC's shares are not listed on a stock exchange or registered on the OTC market. The above table represents prices of the former SMBC's common stock on the First Section of the Tokyo Stock Exchange.

2. Information on stock prices after December 2002 is not provided since the shares were de-listed on November 26, 2002.

Others (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Figures as of and for the year ended March 31, 2003, include those of the former SMBC for the period from April 1, 2002 to March 16, 2003. In principle, figures as of and for the year ended March 31, 2001, are combined figures for the former Sakura Bank and the former Sumitomo Bank.

Employees

March 31	2003	2002	2001	
			Sakura Bank	Sumitomo Bank
Number of employees	24,024	25,027	13,632	13,526
Average age (years–months)	38–8	38–3	38–7	37–5
Average length of employment (years–months)	16–8	16–4	16–10	15–5
Average monthly salary (thousands of yen)	¥508	¥496	¥515	¥504

Notes: 1. Temporary, part-time, and overseas local staff are excluded from the above calculations.
 2. "Average monthly salary" includes overtime pay in March but excludes bonus.
 3. Employees are required to retire at the end of the month when they reach 60.
 4. "Number of employees" as of March 31, 2003, including locally hired overseas staff members but excluding employees temporarily transferred to other companies, totaled 19,797.

Number of Offices

March 31	2003	2002	2001
Domestic network:			
Main offices and branches	468	590	593
Subbranches	100	96	79
Agency	2	5	5
Overseas network:			
Branches	20	21	33
Subbranches	3	2	5
Representative offices	14	16	21
Total	607	730	736

Note: "Main offices and branches" includes International Business Operations Dept. (2003, 2 branches; 2002, 2 branches; 2001, 2 branches), specialized deposit account branch (2003, 28 branches; 2002, 23 branches; 2001, 12 branches) and ATM administration branch (2003, 1 branch; 2002, 1 branch; 2001, 1 branch).

Number of Automated Service Centers

March 31	2003	2002	2001
Automated service centers	14,572	11,479	3,222

Domestic Exchange Transactions

Year ended March 31	Millions of yen		
	2003	2002	2001
Exchange for remittance:			
Destined for various parts of the country:			
Number of accounts (thousands)	368,430	339,801	350,579
Amount	¥ 664,425,453	¥ 625,250,208	¥ 786,592,817
Received from various parts of the country:			
Number of accounts (thousands)	279,228	264,008	241,455
Amount	717,489,853	754,026,135	883,811,562
Collection:			
Destined for various parts of the country:			
Number of accounts (thousands)	5,095	6,376	7,293
Amount	¥ 12,620,267	¥ 19,552,377	¥ 19,690,632
Received from various parts of the country:			
Number of accounts (thousands)	3,987	2,584	2,978
Amount	6,513,720	7,692,390	10,502,373
Total	¥1,401,049,294	¥1,406,521,112	¥1,700,597,387

Foreign Exchange Transactions

Year ended March 31	Millions of U.S. dollars		
	2003	2002	2001
Outward exchanges:			
Foreign bills sold.....	\$ 545,156	\$ 529,638	\$ 822,512
Foreign bills bought.....	122,309	101,593	200,260
Incoming exchanges:			
Foreign bills payable.....	\$ 548,607	\$ 635,462	\$ 771,801
Foreign bills receivable.....	21,684	20,854	24,234
Total.....	\$1,237,757	\$1,287,548	\$1,818,810

Note: The figures above include foreign exchange transactions by overseas branches.

Breakdown of Collateral for Customers' Liabilities for Acceptances and Guarantees

March 31	Millions of yen		
	2003	2002	2001
Securities.....	¥ 14,376	¥ 13,322	¥ 4,908
Commercial claims.....	29,253	257,213	258,005
Commercial goods.....	13,464	13,456	7,966
Real estate.....	178,806	58,580	51,828
Others.....	13,225	47,386	32,677
Subtotal.....	¥ 249,125	¥ 389,958	¥ 355,390
Guaranteed.....	636,661	571,126	584,587
Unsecured.....	3,530,504	4,568,910	5,353,048
Total.....	¥4,416,292	¥5,529,996	¥6,293,027

Trust Assets and Liabilities (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Statement of Trust Assets and Liabilities

March 31	Millions of yen 2003
Assets:	
Loans and bills discounted	¥ 35,080
Loans on deeds	35,080
Monetary claims	125,942
Other monetary claims	125,942
Due from banking account	5,953
Total assets	¥166,976
Liabilities:	
Money trusts	¥ 35,080
Monetary claims trusts	112,952
Composite trusts	18,944
Total liabilities	¥166,976

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.

Year-End Balance of Money Trusts and Others

March 31	Millions of yen 2003
Money trusts	¥35,080
Pension trusts	—
Asset formation benefit trusts	—
Loan trusts	—
Total	¥35,080

Note: Money trusts and others include money trusts, pension trusts, asset formation benefit trusts and loan trusts.

Balance of Principal Amounts of Money Trusts and Loan Trusts, Classified by Maturity

March 31	Millions of yen 2003
Money trusts:	
Less than one year	¥32,080
One–two years	—
Two–five years	3,000
Five years and more	—
No designated term	—
Total	¥35,080
Loan trusts:	
Less than one year	¥ —
One–two years	—
Two–five years	—
Five years and more	—
No designated term	—
Total	¥ —

Year-End Balance of Trusts with Principal Indemnification

There are no corresponding items.

Risk-Monitored Loans Related with Trusts with Principal Indemnification

There are no corresponding items.

Year-End Balance of Money Trusts and Others

March 31	Millions of yen 2003
Money trusts:	
Loans and bills discounted	¥35,080
Securities	—
Subtotal	¥35,080
Pension trusts:	
Loans and bills discounted	¥ —
Securities	—
Subtotal	¥ —
Asset formation benefit trusts:	
Loans and bills discounted	¥ —
Securities	—
Subtotal	¥ —
Loan trusts:	
Loans and bills discounted	¥ —
Securities	—
Subtotal	¥ —
Total of loans and bills discounted	¥35,080
Total of securities	¥ —
Total	¥35,080

Year-End Balance of Loans and Bills Discounted

March 31	Millions of yen 2003
Loans on deeds	¥35,080
Loans on notes	—
Bills discounted	—
Total	¥35,080

Balance of Loan Collateral

March 31	Millions of yen 2003
Securities	¥ —
Commercial claims	—
Real estate	—
Factory	—
Fund	—
Ships and vessels	—
Others	—
Subtotal	¥ —
Guaranteed	¥ 3,000
Unsecured	32,080
Total	¥35,080

Breakdown of Loan Portfolio, Classified by Industry

March 31	2003	
	Millions of yen	Percentage
Manufacturing.....	¥ 5,400	15.39%
Agriculture, forestry, fisheries and mining.....	—	—
Construction.....	2,500	7.13
Transportation, communications and public enterprises.....	9,180	26.17
Wholesale and retail.....	2,000	5.70
Finance and insurance.....	11,000	31.36
Real estate.....	—	—
Services.....	5,000	14.25
Municipalities.....	—	—
Others.....	—	—
Total.....	¥35,080	100.00%

Year-End Balance of Loans and Bills Discounted, Classified by Maturity

March 31	Millions of yen	
	2003	
Loans and bills discounted		
One year or less.....	¥32,080	
One–three years.....	—	
Three–five years.....	3,000	
Five–seven years.....	—	
Seven years and more.....	—	
Total.....	¥35,080	

Balance of Loans and Bills Discounted, Classified by Purpose

March 31	2003	
	Millions of yen	Percentage
Funds for capital investment.....	¥ 4,220	12.03%
Funds for working capital.....	30,860	87.97
Total.....	¥35,080	100.00%

Loans to Individuals/Small and Medium-Sized Corporations

Balance of Loans

March 31	Millions of yen	
	2003	
Total to individuals, and small and medium- sized corporations (A).....	¥14,680	
Total loans (B).....	35,080	
(A) / (B).....		41.84%

Number of Loans Lent

March 31	Number of loans	
	2003	
Total to individuals, and small and medium- sized corporations (C).....	8	
Total loans (D).....	16	
(C) / (D).....		50.00%

Note: Small and medium-sized corporations are individuals or companies with capital stock of ¥300 million or less, or an operating staff of 300 or fewer employees. (Exceptions to these capital stock and staff restrictions include wholesalers: ¥100 million, 100 employees; retailers: ¥50 million, 50 employees; and service industry companies: ¥50 million, 100 employees.)

Year-End Balance of Securities Related with Money Trusts and Others

There are no corresponding items.

Corporate Data

Sumitomo Mitsui Financial Group, Inc.

Board of Directors, Corporate Auditors, and Executive Officers (as of June 30, 2003)

BOARD OF DIRECTORS

Akishige Okada

Chairman of the Board and Representative Director

Yoshifumi Nishikawa

President, CEO and Representative Director

Hideharu Kadowaki

Deputy President and Representative Director,
Corporate Risk Management Dept., and Audit Dept.

Koji Ishida

Managing Director and Representative Director,
Public Relations Dept., Corporate Planning Dept.,
Financial Accounting Dept.,
and Subsidiaries and Affiliates Dept.

Masahide Hirasawa

Director, General Affairs Dept., and Human Resources Dept.

Mitsuaki Yahagi

Director, IT Planning Dept.

Yoshiaki Yamauchi

Director (outside)

Yoichiro Yamakawa

Director (outside)

CORPORATE AUDITORS

Toyosaburo Hirano

Corporate Auditor

Sadao Kobayashi

Corporate Auditor

Shoh Nasu

Corporate Auditor (outside)

Katsuya Onishi

Corporate Auditor (outside)

Josei Itoh

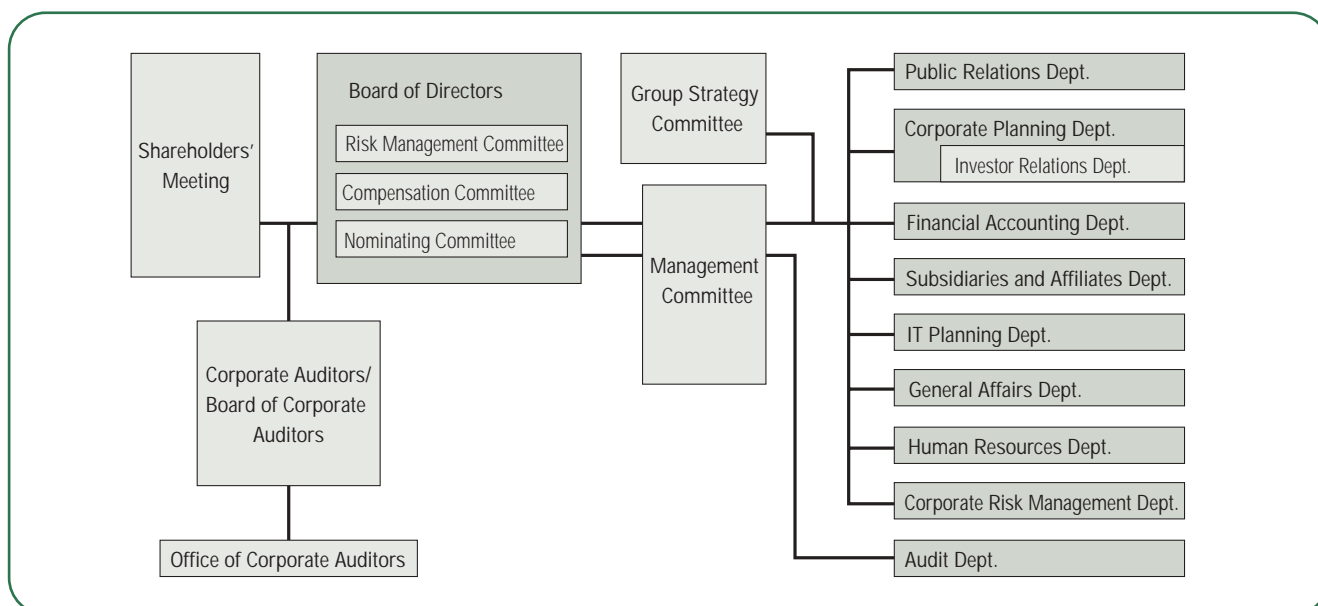
Corporate Auditor (outside)

EXECUTIVE OFFICERS

Teisuke Kitayama

Senior Managing Director,
Public Relations Dept., Corporate Planning Dept.,
Financial Accounting Dept.,
and Subsidiaries and Affiliates Dept.

SMFG Organization (as of June 30, 2003)



Sumitomo Mitsui Banking Corporation

■ Directors, Corporate Auditors, and Executive Officers (as of June 30, 2003)

BOARD OF DIRECTORS

Chairman of the Board

Akishige Okada

President and CEO

Yoshifumi Nishikawa*

Deputy Presidents

Takeharu Nagata*

Corporate Research Dept.,
Head of Asset Restructuring Unit

Masayuki Oku*

Head of Corporate Banking Unit,
Head of International Banking Unit

Senior Managing Directors

Hiroyasu Ichikawa*

Head of Community Banking Unit

Teisuke Kitayama*

Public Relations Dept., Corporate Planning Dept.,
Financial Accounting Dept., Subsidiaries and Affiliates Dept.

Shigetada Takahashi*

Corporate Risk Management Dept., Credit Risk Management Dept.

Mutsumiko Matsumoto*

Head of Consumer Banking Unit,
Operations Planning Dept.,
Operations and Administration Dept., Trust Services Dept.

Toichiro Mizushima*

Head of Middle Market Banking Unit

Managing Directors

Morio Kusunoki*

Internal Audit Dept., Credit Review Dept.

Koichi Tsukihara*

Deputy Head of Middle Market Banking Unit

Masahide Hirasawa*

General Affairs Dept., Legal Dept., Customer Relations Dept.,
Human Resources Dept., Human Resources Development Dept.,
Administrative Services Dept.

Mitsuaki Yahagi*

IT Planning Dept., Electronic Commerce Banking Dept.,
Head of Treasury Unit, Head of Investment Banking Unit

*Executive Officers

CORPORATE AUDITORS

Kazutoshi Katsumata

Tetsuro Taniguchi

Katsuya Onishi

Toyosaburo Hirano

Sadao Kobayashi

EXECUTIVE OFFICERS

Managing Directors

Takao Umino

Head of Nagoya Corporate Banking Division,
and Head of Tokai Middle Market Banking Division

Yasuyuki Kimoto

Head of Europe Division,
and President of Sumitomo Mitsui Banking Corporation Europe Limited

Kenjiro Nakano

Head of Osaka Corporate Banking Division

Shigeru Nishiyama

Deputy Head of Corporate Banking Unit
(Credit Dept. I, Corporate Banking Unit)

Koichi Maeda

Deputy Head of Asset Restructuring Unit
(Credit Dept. I, II, and IV, Asset Restructuring Unit)

Hitoshi Yoshimatsu

Deputy Head of International Banking Unit (in charge of China),
Deputy Head of Middle Market Banking Unit (stationed at Tokyo),
and Head of Asia Pacific Division

Shiro Kawajiri

IT Planning Dept., Operations Planning Dept.,
Operations and Administration Dept.,
Electronic Commerce Banking Dept., Trust Services Dept.

Shigenobu Aikyo

Head of Tokyo Corporate Banking Division I

Osamu Endo

Head of Tokyo Corporate Banking Division II

Shuntaro Higashi

Head of The Americas Division

Hiroaki Shukuzawa

Deputy Head of Treasury Unit

Hirosumi Tsusue

Human Resources Dept., and Human Resources Development Dept.

Directors

Jun Suzuki

General Manager, Internal Audit Dept.

Kengo Miyauchi

Deputy Head of Asset Restructuring Unit
(Tokyo Credit Business Dept. I-VI, Asset Restructuring Unit)

Shigeo Imafuku

General Manager, Credit Dept. II, Asset Restructuring Unit

Nobuyuki Kameoka

General Manager, Credit Dept. I, Corporate Banking Unit

Kohei Katsukawa

Head of East Japan Middle Market Banking Division I

Kazuhisa Kishikawa

General Manager, Planning Dept., Consumer Banking Unit

Hiroki Nishio

General Manager, Planning Dept., Corporate Banking Unit

Hajime Yamashita

General Manager, Planning Dept., Middle Market Banking Unit

Shunji Ono

Head of West Japan Middle Market Banking Division III

Shigeru Kawamura

General Manager, Operations Planning Dept.

Junji Tanehashi

General Manager, Corporate Planning Dept.

Mitsumasa Wada

General Manager, IT Planning Dept.

Masanobu Tomitaka

Deputy Head of Middle Market Banking Unit
(Credit Dept. I and II, Middle Market Banking Unit)

Yuji Harada

General Manager, Planning Dept., International Banking Unit

Takahiro Matsusaka

General Manager, Himeji Corporate Business Office I

Takashi Yamaguchi

Head of East Japan Middle Market Banking Division II

Takashi Ueda

General Manager, Osaka Corporate Banking Division I

Wataru Ohara

General Manager, Credit Dept. I, Middle Market Banking Unit

Toshiaki Kawai

General Manager, International Treasury Dept.

Yoshinori Kawamura

General Manager, Structured Finance Dept.

Hideo Shimada

General Manager, Planning Dept., Investment Banking Unit

Hitoshi Sogabe

Head of West Japan Middle Market Banking Division I

Fukuzo Yasuo

General Manager, Tokyo Corporate Banking Dept. II

Masaharu Masuda

Deputy Head of Community Banking Unit

Motoyoshi Kita

General Manager, Business Promotion Dept.,
Community Banking Unit

Kuniharu Oshida

Head of West Japan Middle Market Banking Division II

Akira Kitamura

Deputy Head of Asset Restructuring Unit
(Credit Dept. III, Osaka Credit Business Dept. I-III,
Kobe Credit Business Dept., Asset Restructuring Unit)

Yoshiyuki Nagahara

Deputy Head of Consumer Banking Unit

Kenji Ikeda

Head of West Japan Middle Market Banking Division IV

Norio Kinoshita

General Manager, Credit Dept. II, Middle Market Banking Unit

Shinichiro Kohashi

General Manager, Bangkok Branch, Chonburi Branch,
and Ayudhaya Branch

Kazuaki Tokuda

Head of East Japan Middle Market Banking Division III

Keiichi Ando

General Manager, Planning Dept., Asset Restructuring Unit

Koji Kita

General Manager, Osaka Corporate Banking Division III

Takeshi Kunibe

General Manager, Financial Accounting Dept.

Tetsuya Kubo

General Manager, Hong Kong Branch

Masami Tashiro

General Manager, Singapore Branch

Fumihiko Tanizawa

General Manager, Credit Risk Management Dept.

Koki Nomura

Head of East Japan Middle Market Banking Division IV

Junsuke Fujii

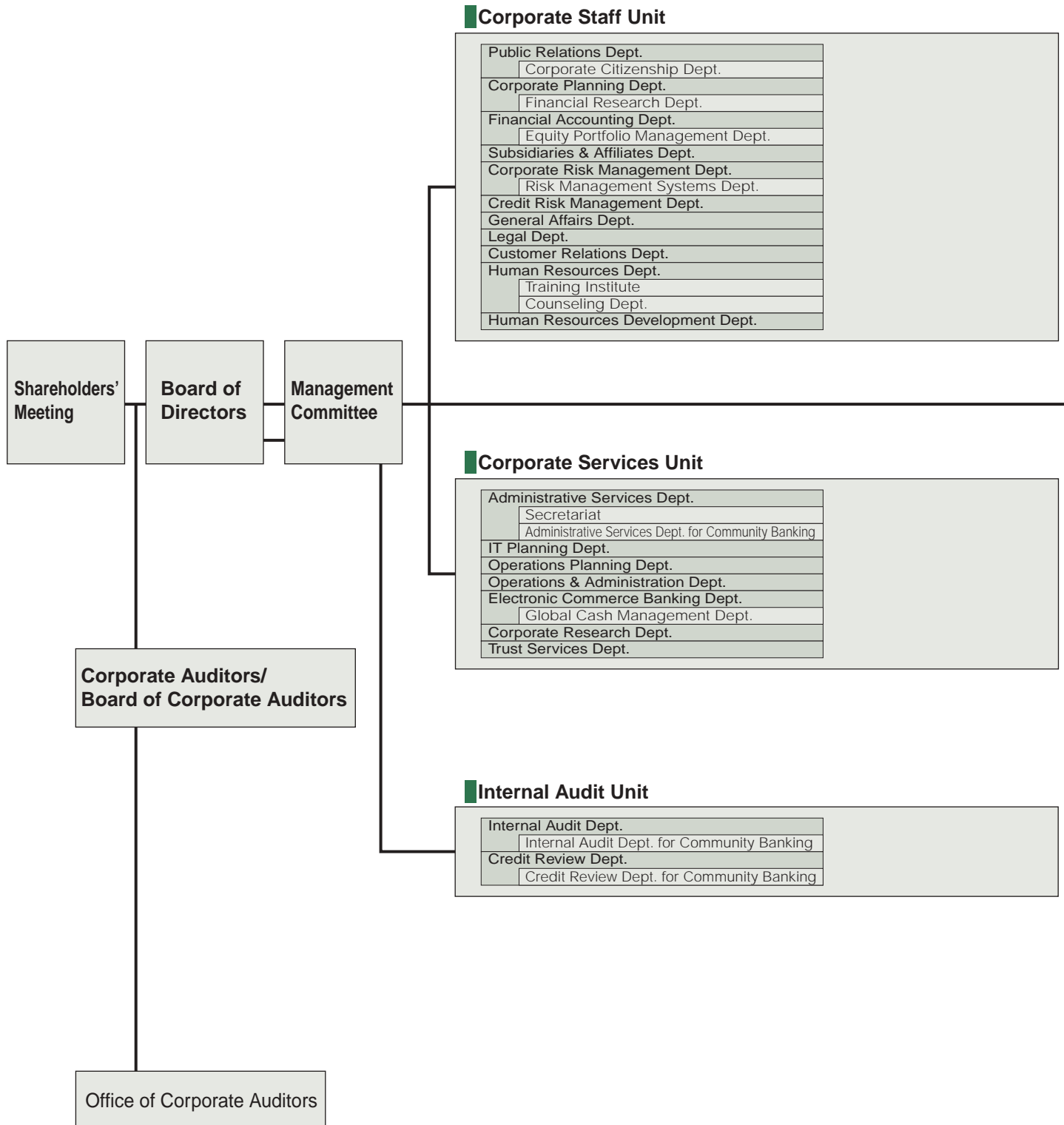
General Manager, Human Resources Dept.

Mitsuru Maki

General Manager, Public Relations Dept.,
and Corporate Citizenship Dept.

Koichi Miyata

General Manager, Planning Dept., and Treasury Dept., Treasury Unit



Consumer Banking Unit

Planning Dept., Consumer Banking Unit	Block Consumer Business Office	Branch
Financial Consulting Dept.		Public Institutions Operations Office
Consumer Loan Dept.		Call Center
Consumer Finance Dept.		Consumer Loan Promotion Office
Branch Banking Dept., Consumer Banking Unit		Consumer Loan Servicing Center
Corporate Employees Business Promotion Dept.		Private Banking Dept.
Branch Operations Dept.		
Credit Dept., Consumer Banking Unit		

Middle Market Banking Unit

Planning Dept., Middle Market Banking Unit	Middle Market Banking Division	Corporate Business Office
Business Promotion Dept., Middle Market Banking Unit		Public Institutions Business Office
International Business Promotion Dept., Middle Market Banking Unit		Business Support Office
China Business Promotion Dept., Middle Market Banking Unit		Business Promotion Office
Public Institutions Banking Dept.		
Business Owner Banking Dept.		
Credit Dept. I, Middle Market Banking Unit		
Credit Dept. II, Middle Market Banking Unit		

Corporate Banking Unit

Planning Dept., Corporate Banking Unit	Tokyo Corporate Banking Division I Tokyo Corporate Banking Division II Osaka Corporate Banking Division Nagoya Corporate Banking Division	Corporate Banking Dept.
Credit Dept. I, Corporate Banking Unit		

International Banking Unit

Planning Dept., International Banking Unit	Asia Pacific Division The Americas Division Europe Division	Global Client Business Dept.
Systems Dept.		Global Institutional Banking Dept.
Planning Dept., The Americas Division		Global Investors Services Dept.
Credit Dept., The Americas Division		Branches/Representative Offices in Asia Pacific Division
Planning Dept., Europe Division		Departments of the Americas Division
Credit Dept., Europe Division		Departments of Europe Division
Credit Dept., International Banking Unit		

Treasury Unit

Planning Dept., Treasury Unit	
Treasury Dept.	
International Treasury Dept.	
Trading Dept.	
Treasury Marketing Dept.	

Investment Banking Unit

Planning Dept., Investment Banking Unit	
Structured Finance Credit Dept.	
Securitization & Syndication Dept.	
Financial Solutions Dept., Investment Banking Unit	
Derivatives and Financial Engineering Dept.	
Structured Finance Dept.	
M&A Advisory Services Dept.	
Corporate Finance Services Dept.	

Asset Restructuring Unit

Planning Dept., Asset Restructuring Unit	
Credit Administration Dept., Asset Restructuring Unit	
Tokyo Credit Business Dept. I-VI	
Osaka Credit Business Dept. I-III	
Kobe Credit Business Dept.	
Credit Dept. I-IV, Asset Restructuring Unit	

Community Banking Unit

Planning Dept., Community Banking Unit	Chiyoda Main Office Branch
Subsidiaries & Affiliates Dept., Community Banking Unit	
Human Resources Dept., Community Banking Unit	
Business Promotion Dept., Community Banking Unit	
Business Loan Promotion Dept., Community Banking Unit	
Housing Loan Promotion Dept., Community Banking Unit	
Consumer Loan Promotion Dept., Community Banking Unit	
Security & International Business Promotion Dept., Community Banking Unit	
Branch Banking Dept., Community Banking Unit	
Credit Dept., Community Banking Unit	
Credit Administration Dept., Community Banking Unit	
Branch Operations & Administration Dept., Community Banking Unit	

Principal Subsidiaries and Affiliates (as of March 31, 2003)

All companies shown hereunder are consolidated subsidiaries or affiliates of Sumitomo Mitsui Financial Group, Inc. Those printed in green ink are consolidated subsidiaries or affiliates of Sumitomo Mitsui Banking Corporation.

■ Domestic Principal Subsidiaries

Company Name	Issued Capital (Millions of Yen)	Percentage of SMFG's Voting Rights (%)	Percentage of SMBC's Voting Rights (%)	Established	Main Business
Sumitomo Mitsui Banking Corporation	559,985	100	—	June 6, 1996	Commercial banking
Sumitomo Mitsui Card Company, Limited	10,000	100	—	Dec. 26, 1967	Credit card services
SMBC Leasing Company, Limited	82,600	100	—	Sept. 2, 1968	Leasing
SMBC Auto Leasing Company, Limited	4,200	100 (100)	—	Jan. 6, 1995	Leasing
The Japan Research Institute, Limited	10,000	100	—	Nov. 1, 2002	System engineering, data processing, management consulting, and economic research
SAKURA CARD CO., Ltd.	7,438	95.74 (95.74)	95.74 (27.25)	Feb. 23, 1983	Credit card services
At-Loan Co., Ltd.	17,500	52 (52)	52	June 8, 2000	Loans
The Japan Net Bank, Limited	20,000	57 (57)	57	Sept. 19, 2000	Commercial banking
SMBC Loan Adviser Co., Ltd.	10	100 (100)	100	April 1, 1998	Consulting and agency services for consumer loans
SMBC Guarantee Co., Ltd.	87,720	100 (100)	100	July 14, 1976	Credit guarantee
Sansei Guarantee Co., Ltd.	48	100 (100)	100	April 1, 1974	Credit guarantee
SMBC Loan Servicer Co., Ltd.	500	80 (80)	60	July 28, 1999	Servicer
SMBC Finance Co., Ltd. *	71,705	99.15 (99.15)	80.76 (0.07)	Dec. 5, 1972	Factoring and loans
Mitsui Finance Service Co., Ltd. *	1,100	100 (100)	100 (100)	Dec. 22, 1979	Collecting agent
Sakura Finance Service Co., Ltd. *	1,800	100 (100)	100 (100)	July 12, 1979	Collecting agent
SMBC Capital Co., Ltd.	2,500	69.8 (69.8)	59.8 (20)	Aug. 1, 1995	Venture capital
SMBC Consulting Co., Ltd.	1,100	100 (100)	75 (25)	May 1, 1981	Management consulting and information service
Financial Link Company, Limited	160	91.46 (91.46)	68.13 (24.46)	Sept. 29, 2000	Data processing service and e-trading consulting
SMBC Support & Solution Co., Ltd.	10	100 (100)	100	April 1, 1996	Advertising and data processing
SMBC Mortgage Co., Ltd.	18,182	53.58 (53.58)	53.58 (6.58)	Oct. 14, 1983	Loans
SMBC Business Servicing Co., Ltd.	500	100 (100)	100	Mar. 11, 1999	Servicer
Sakura Friend Securities Co., Ltd. **	26,139	44.66 (44.66)	44.66 (6.09)	April 20, 1932	Securities
Meiko National Securities Co., Ltd. **	27,270	49.29 (49.29)	47.73 (2.06)	Mar. 2, 1948	Securities
Sakura Information Systems Co., Ltd.	600	40 (40)	40 (35)	Nov. 29, 1972	System engineering and data processing
SAKURA KCS Corporation	2,054	52.89 (52.89)	35.21 (30.21) [17.67]	Mar. 29, 1969	System engineering and data processing
THE MINATO BANK, LTD.	24,908	50.0 (50.0)	50.0 (1.58)	Sept. 6, 1949	Commercial banking
The Bank of Kansai, Ltd.	32,500	61.42 (61.42)	50.24 (0.54)	July 1, 1922	Commercial banking
SMBC Staff Service Co., Ltd.	90	100 (100)	100	July 15, 1982	Temporary manpower service
SMBC Learning Support Co., Ltd.	10	100 (100)	100	May 27, 1998	Seminar organizer
SMBC PERSONNEL SUPPORT CO., LTD.	10	100 (100)	100	April 15, 2002	Banking clerical work
SMBC Center Service Co., Ltd.	100	100 (100)	100	Oct. 16, 1995	Banking clerical work
SMBC Delivery Service Co., Ltd.	30	100 (100)	100	Jan. 31, 1996	Banking clerical work
SMBC Green Service Co., Ltd.	30	100 (100)	100	Mar. 15, 1990	Banking clerical work
SMBC International Business Co., Ltd.	20	100 (100)	100	Sept. 28, 1983	Banking clerical work
SMBC International Operations Co., Ltd.	40	100 (100)	100	Dec. 21, 1994	Banking clerical work
SMBC Loan Business Service Co., Ltd.	70	100 (100)	100	Sept. 24, 1976	Banking clerical work
SMBC Market Service Co., Ltd.	10	100 (100)	100	Feb. 3, 2003	Banking clerical work
SMBC Loan Administration and Operations Service Co., Ltd.	10	100 (100)	100	Feb. 3, 2003	Banking clerical work
SMBC Property Research Service Co., Ltd.	30	100 (100)	100	Feb. 1, 1984	Banking clerical work
SMBC Total Maintenance Co., Ltd.	450	100 (100)	100	Oct. 7, 1994	Disposal of real estate collateral

Note: Figures in parentheses () in the voting rights column indicate voting rights held indirectly via subsidiaries; the figures in square brackets [] refer to voting rights held by companies under the de facto control of SMBC.

Overseas Principal Subsidiaries

Company Name	Country	Issued Capital	Percentage of SMFG's Voting Rights (%)		Percentage of SMBC's Voting Rights (%)		Established	Main Business
Sumitomo Mitsui Banking Corporation Europe Limited	U.K.	US\$1,700 million	100	(100)	100		Mar. 5, 2003	Commercial banking
Manufacturers Bank	U.S.A.	US\$80.786 million	100	(100)	100		June 26, 1962	Commercial banking
Sumitomo Mitsui Banking Corporation of Canada	Canada	C\$121.87 million	100	(100)	100		April 1, 2001	Commercial banking
Banco Sumitomo Mitsui Brasileiro S.A.	Brazil	R\$309.356 million	100	(100)	100		Oct. 6, 1958	Commercial banking
PT Bank Sumitomo Mitsui Indonesia	Indonesia	Rp1,502.4 billion	97.63	(97.63)	97.63		Aug. 22, 1989	Commercial banking
SMBC Leasing and Finance, Inc.	U.S.A.	US\$1,620	100	(100)	97.38	(7.69)	Nov. 9, 1990	Leasing
Sumitomo Mitsui Finanz (Deutschland) GmbH	Germany	€25,600	100	(100)	100		June 14, 1985	Commercial banking
SMBC Capital Markets, Inc.	U.S.A.	US\$100	100	(100)	100	(10)	Dec. 4, 1986	Investments and derivatives
SMBC Securities, Inc.	U.S.A.	US\$100	100	(100)	100	(10)	Aug. 8, 1990	Securities
SMBC Financial Services, Inc.	U.S.A.	US\$300	100	(100)	100		Aug. 8, 1990	Investments
SMBC Cayman LC Limited ***	British West Indies	US\$1,375 million	100	(100)	100		Feb. 7, 2003	Credit guarantee
Sumitomo Finance (Asia) Limited	British West Indies	US\$35 million	100	(100)	100		Sept. 26, 1973	Investments
SBTC, Inc.	U.S.A.	US\$1	100	(100)	100		Jan. 26, 1998	Investments
SB Treasury Company L.L.C.	U.S.A.	US\$470 million	100	(100)	100	(100)	Jan. 26, 1998	Loans
SB Equity Securities (Cayman), Limited	British West Indies	¥1 million	100	(100)	100		Dec. 15, 1998	Finance
SFVI Limited	British West Indies	US\$300	100	(100)	100		July 30, 1997	Investments
Sakura Finance (Cayman) Limited	British West Indies	US\$100,000	100	(100)	100		Feb. 11, 1991	Finance
Sakura Capital Funding (Cayman) Limited	British West Indies	US\$100,000	100	(100)	100		July 15, 1992	Finance
Sakura Preferred Capital (Cayman) Limited	British West Indies	¥10 million	100	(100)	100		Nov. 12, 1998	Finance
SMBC International Finance N.V.	Netherlands Antilles	US\$200,000	100	(100)	100		June 25, 1990	Finance
SMBC Capital Markets Limited	U.K.	US\$297 million	100	(100)	100		April 18, 1995	Derivatives
SMBC Derivative Products Limited	U.K.	US\$300 million	100	(100)	100	(100)	April 18, 1995	Derivatives
Sumitomo Finance International plc	U.K.	£200 million	100	(100)	100		July 1, 1991	Investments
Sumitomo Mitsui Finance Dublin Limited	Ireland	US\$18 million	100	(100)	100		Sept. 19, 1989	Investments
Sakura Finance Asia Limited	P.R.C.	US\$65.5 million	100	(100)	100		Oct. 17, 1977	Investments
Sumitomo Mitsui Finance Australia Limited	Australia	A\$102.5 million	100	(100)	100		June 29, 1984	Investments
Sakura Finance Australia Limited	Australia	A\$54 million	100	(100)	100		Mar. 27, 1986	Investments
Sakura Merchant Bank (Singapore) Limited	Singapore	S\$4 million	100	(100)	100		April 18, 1990	Investments

* The three companies merged in April 2003; the successor company operates under the name of SMBC Finance Service Co., Ltd.

** The two companies merged in April 2003; the successor company operates under the name of SMBC Friend Securities Co., Ltd.

*** Each subsidiary is a separate corporate entity with its own separate creditors and the claims of such creditors are prior to the claims of SMBC (Japan), as the direct or indirect holder of the entity in such subsidiary.

Note: Figures in parentheses () in the voting rights column indicate voting rights held indirectly via subsidiaries; the figures in square brackets [] refer to voting rights held by companies under the de facto control of SMBC.

■ Principal Affiliates

Company Name	Issued Capital (Millions of Yen)	Percentage of SMFG's Voting Rights (%)		Percentage of SMBC's Voting Rights (%)	Established	Main Business	
Daiwa Securities SMBC Co. Ltd.	205,600	40	—	—	Feb. 5, 1999	Wholesale securities	
Daiwa Securities SMBC Principal Investment Co. Ltd.	500	—	—	—	Sept. 4, 2001	Investments	
Daiwa SB Investments Ltd.	2,000	43.96	—	—	April 1, 1999	Investment advisory and investment trust management	
DLJ <i>direct</i> SFG Securities Inc.	3,000	21.25	(21.25)	21.25	Mar. 24, 1999	Securities via Internet	
Sumitomo Mitsui Asset Management Company, Limited	2,000	17.5	(17.5)	17.5	Dec. 1, 2002	Investment advisory and investment trust management	
Japan Pension Navigator Co., Ltd.	4,000	30	(30)	30	Sept. 21, 2000	Operation and administration of defined contribution pension plans	
QUOQ Inc.	1,000	39.22	(39.22)	23.15	(9.26)	April 5, 1978	Purchase of monetary assets
SMFC Holdings (Cayman) Limited	1.5	49	—	—	Feb. 13, 2003	Finance	
SMFG Finance (Cayman) Limited	0.01	[100]	—	—	Feb. 13, 2003	Finance	

Note: Figures in parentheses () in the voting rights column indicate voting rights held indirectly via subsidiaries;
the figures in square brackets [] refer to voting rights held by companies under the de facto control of SMBC.

International Directory (as of June 30, 2003)

Asia and Oceania

SMBC

Branches and Representative Offices

Hong Kong Branch

7th and 8th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong Special Administrative Region, The People's Republic of China
Tel: 852 (2206) 2000
Fax: 852 (2206) 2888

Shanghai Branch

30F, HSBC Tower, 101 Yin Cheng East Road, Pudong New Area, Shanghai, The People's Republic of China
Tel: 86 (21) 6841-5000
Fax: 86 (21) 6841-0144

Tianjin Branch

Room No. 1210, Tianjin International Building, No. 75 Nan Jing Lu, Tianjin, The People's Republic of China
Tel: 86 (22) 2330-6667
Fax: 86 (22) 2319-2111

Guangzhou Branch

31F, Office Tower, CITIC Plaza, 233 Tianhe North Road, Guangzhou, The People's Republic of China
Tel: 86 (20) 8752-0168
Fax: 86 (20) 8752-0672

Suzhou Branch

10th Floor-D, Kings Tower, 12 Shishan Road, Suzhou New District, Suzhou, Jiangsu, 215011 The People's Republic of China
Tel: 86 (512) 6825-8205
Fax: 86 (512) 6825-6121

General Representative Office in China

2902, Jing Guang Centre, Hujialou, Chaoyang District, Beijing, The People's Republic of China
Tel: 86 (10) 6597-3351
Fax: 86 (10) 6597-3002

Dalian Representative Office

Senmao Building 9F, 147 Zhongshan Lu, Dalian, 116011 The People's Republic of China
Tel: 86 (411) 370-7873
Fax: 86 (411) 370-7761

Chongqing Representative Office

3F, Holiday Inn Yangtze Chongqing, 15 Nan Ping Bei Lu, Chongqing, The People's Republic of China
Tel: 86 (23) 6280-3394
Fax: 86 (23) 6280-3748

Shenyang Representative Office

Room No. 606, Gloria Plaza Hotel Shenyang, No. 32 Yingbin Street, Shenhe District, Shenyang, The People's Republic of China
Tel: 86 (24) 2252-8310
Fax: 86 (24) 2252-8769

Taipei Branch

Aurora International Building 9F, No. 2, Hsin Yi Rd. Sec. 5, Taipei, Taiwan
Tel: 886 (2) 2720-8100
Fax: 886 (2) 2720-8287

Seoul Branch

Young Poong Bldg. 7F, 33, Seorin-Dong, Chongro-ku, Seoul, 110-752, Korea
Tel: 82 (2) 732-1801
Fax: 82 (2) 399-6330

Singapore Branch

3 Temasek Avenue, #06-01, Centennial Tower, Singapore 039190, The Republic of Singapore
Tel: 65 (6882) 0000/0001
Fax: 65 (6887) 0220/0330

Labuan Branch

Level 12 (B&C), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Labuan, Federal Territory, Malaysia
Tel: 60 (87) 410955
Fax: 60 (87) 410959

Labuan Branch Kuala Lumpur Marketing Office

Letter Box No. 25, 29th Floor, UBN Tower, 10, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia
Tel: 60 (3) 2026-8392
Fax: 60 (3) 2026-8395

Kuala Lumpur Representative Office

Letter Box No. 25, 29th Floor, UBN Tower, 10, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia
Tel: 60 (3) 2026-8392
Fax: 60 (3) 2026-8395

Jakarta Representative Office

Summitmas II, 8th Floor, Jl. Jendral Sudirman Kav. 61-62, Jakarta 12190, Indonesia
Tel: 62 (21) 525-1733
Fax: 62 (21) 525-1770

Ho Chi Minh Representative Office

Unit C, 4th Floor, OSIC Building, 8 Nguyen Hue Street, District 1, Ho Chi Minh City, Vietnam
Tel: 84 (8) 8231244
Fax: 84 (8) 8231241

Yangon Representative Office

Room No. 717/718, Traders Hotel, 223 Sule Pagoda Road, Pabedan Township, Yangon, Myanmar
Tel: 95 (1) 242828
Fax: 95 (1) 248061

Bangkok Branch

Boon-Mitr Building, 138 Silom Road, Bangkok 10500, Thailand
Tel: 66 (2) 353-8000
Fax: 66 (2) 353-8100

Ayudhya Branch

3rd Floor, Bank of Asia Building,
5-255, Pailing, Ayudhya District,
Ayudhya Province, Thailand
Tel: 66 (35) 245842
Fax: 66 (35) 212547

Chonburi Branch

6th Floor, Bangkok Bank Building,
98, Sukhumvit Road,
Sriracha District,
Chonburi Province, Thailand
Tel: 66 (38) 770584-7
Fax: 66 (38) 770588

Manila Representative Office

20th Floor, Rufino Pacific Tower,
6784 Ayala Avenue, Makati City,
Metro Manila, The Philippines
Tel: 63 (2) 841-0098/9
Fax: 63 (2) 811-0877

Mumbai Branch

15th Floor,
Jolly Maker Chambers No. 2,
225, Nariman Point,
Mumbai 400021, India
Tel: 91 (22) 2288-0025
Fax: 91 (22) 2288-0026

New Delhi Branch

Dr. Gopal Das Bhawan,
Ground Floor,
28 Barakhamba Road,
New Delhi 110001, India
Tel: 91 (11) 2373-7637-41
Fax: 91 (11) 2373-7642

SMFG

Subsidiaries

Sumitomo Mitsui Finance Australia Limited

Level 40, The Chifley Tower 2,
Chifley Square, Sydney,
NSW 2000, Australia
Tel: 61 (2) 9376-1800
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PT Bank Sumitomo Mitsui Indonesia

Summitmas II, 10th Floor,
Jl. Jendral Sudirman Kav. 61-62,
Jakarta 12190, Indonesia
Tel: 62 (21) 522-7011
Fax: 62 (21) 522-7022

SMBC Metro Investment Corp.

20th Floor, Rufino Pacific Tower,
6784 Ayala Avenue, Makati City,
Metro Manila, The Philippines
Tel: 63 (2) 811-0845
Fax: 63 (2) 811-0876

Sakura Finance Asia Limited

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Finance Centre, 1 Harbour View
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Special Administrative Region,
The People's Republic of China
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Sakura Merchant Bank (Singapore) Limited

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P.T. Perjahl Leasing Indonesia

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China International Finance Company Limited (Shenzhen)

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Tel: 86 (755) 8225-1509
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BSL Leasing Co., Ltd.

19th Fl. Sathorn City Tower,
175 South Sathorn Road,
Bangkok, Thailand
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Fax: 66 (2) 679-6160

SMBC Management Service Co., Ltd.

7th Floor Unit B6,
Boon-Mitr Building, 138 Silom Road,
Suriyawongse, Bangrak,
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Fax: 66 (2) 237-6299

Bangkok SMBC Consulting Company Limited

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Bangkok 10500, Thailand
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SBCS Co., Ltd.

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SMSB Co., Ltd.

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SMBC Capital Markets Limited Hong Kong Branch

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SMBC Leasing (Singapore) Pte. Ltd.

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SMBC Leasing (Guangzhou) Co., Ltd.

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The People's Republic of China
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P.T. Exim SB Leasing

Summitas II, 8th Floor, Jl. Jendral,
Sudirman Kav. 61-62,
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Americas

SMBC

Branches and Representative Offices

New York Branch

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Cayman Branch

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Cayman Islands

Los Angeles Branch

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San Francisco Branch

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SMFG

Subsidiaries

Manufacturers Bank

<corporate headquarters>

515 South Figueroa Street,
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Tel: 1 (213) 489-6200
Fax: 1 (213) 489-6254

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Fax: 1 (212) 224-5111

SMBC Leasing and Finance, Inc.

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NY 10172, U.S.A.
Tel: 1 (212) 224-5200
Fax: 1 (212) 224-5222

SMBC Securities, Inc.

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NY 10172, U.S.A.
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Fax: 1 (212) 224-5333

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Road Town, Tortola,
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Sumitomo Finance (Asia) Limited

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JRI America, Inc.

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Europe, Middle-East, and Africa

SMBC

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Brussels Branch

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SMFG

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SMBC Derivative Products Limited

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SMFG Website

The SMFG website contains the latest information regarding Group businesses and investor relations, as well as news releases and important financial data

● <http://www.smfg.co.jp/english/>

● Links to SMFG Subsidiaries

- SMBC ► <http://www.smbc.co.jp/global/>
- Sumitomo Mitsui Card* ► <http://www.smbc-card.com>
- SMBC Leasing* ► <http://www.smbcleasing.co.jp>
- JRI ► <http://www.jri.co.jp/english/>

*Currently available in Japanese only

● News Release Subscription Service

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● About SMFG

● Financial Information

	2002	1-3Q	2nd Quarter	1st Quarter	1st Quarter
Operating Income	5,102.4	1,444.7	3,757.7	1,332.4	1,325.3
Profit	303.8	88.0	215.8	88.0	87.8
Net Income	193.8	53.4	140.4	53.4	53.0
Total Shareholders' Equity	453.8	453.8	453.8	453.8	444.1
Total Assets	102,881.1	102,881.1	102,881.1	102,881.1	102,881.1
Loan and Bills	95,211.1	95,211.1	95,211.1	95,211.1	95,211.1
Deposits	4,887.9	4,887.9	4,887.9	4,887.9	4,887.9

● IR Library

● Stock Information



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FINANCIAL GROUP