

Sumitomo Mitsui Financial Group, Inc.  
Sumitomo Mitsui Banking Corporation  
The Wakashio Bank, Limited

**Merger Agreement between Sumitomo Mitsui Banking Corporation  
and The Wakashio Bank, Limited**

TOKYO, January 21, 2003 --- Sumitomo Mitsui Banking Corporation (“SMBC”, President and CEO: Yoshifumi Nishikawa) and The Wakashio Bank, Ltd. (“Wakashio Bank”, President and CEO: Hiroyasu Ichikawa) announced today that two banks have signed a Merger Agreement after a resolution at their respective Board of Directors’ Meetings held today, subject to the approval of the relevant authorities.

**1. Basic Items of Merger**

**(1) Method of Merger**

Wakashio Bank will be the surviving entity in legal terms, and SMBC will be dissolved.

**(2) Share Exchange Ratio**

	Wakashio Bank	SMBC
Common Stock	1	0.007
Preferred Stock (Type I)*	1	0.001
Preferred Stock (Type II)*	1	0.001
Preferred Stock (Type III)*	1	0.001

Note) Before the revision of the Commercial Code, par value of Wakashio Bank’s common stocks was 50,000 yen, and par value of SMBC’s common stocks was 50 yen.

\* New names of preferred stocks in the new bank. These are originally called Preferred Stock (First Series Type I), Preferred Stock (Second Series Type I) and Preferred Stock (Type V) respectively, in current SMBC.

0.007 of a common stock of “new” SMBC (renamed from Wakashio Bank) will be allotted to each of current SMBC’s common stock. 0.001 of a Preferred Stock (Type I), a Preferred Stock (Type II), and a Preferred Stock (Type III) of new SMBC will be allotted to each of a Preferred Stock (First Series Type I), a Preferred Stock (Second Series Type I) and a Preferred Stock (Type V) of current SMBC, respectively.

(Notes)

(i) Basis for calculation of share exchange ratio

The share exchange ratio of common stocks is agreed between both parties referring to the results of the evaluation and calculation of the value for SMBC's common stocks by Daiwa Securities SMBC, and those for Wakashio Bank's common stocks by KPMG Corporate Finance K.K.

The share exchange ratios of preferred stocks are agreed between both parties, taking into consideration the fact that the current preferred stocks and those issued at the merger are economically the same.

(ii) Number of shares issued through merger

Common Stock	45,339,415**
Preferred Stock (Type I)	67,000
Preferred Stock (Type II)	100,000
Preferred Stock (Type III)	800,000

\*\* This number includes the number of shares which are scheduled to be issued at the stock exchange to make SMBC Guarantee Co., Ltd., a wholly-owned subsidiary on February 5, 2003, and the number of new shares whose payment due is scheduled on February 10, 2003.

**(3) Increase in Capital Stock through Merger**

JPY 479,169,000,000

**(4) Delivered Money due to Merger**

There will be no delivered money due to the merger.

**(5) Date of Merger**

The merger is scheduled on March 17, 2003 (Monday).

**(6) Shareholders' Meeting for Approval of Merger**

A proposal for approval of the merger and for the resolution of necessary items for the merger will be submitted to the shareholders' meetings of both banks scheduled on February 6, 2003 (Thursday).

**(7) New Directors and Corporate Auditors on Merger**

Directors:

Akishige Okada, Yoshifumi Nishikawa, Michiyoshi Kuriyama, Takeharu Nagata, Hidenori Hiramatsu, Tadashi Inoue, Takemasa Tsukamoto, Teisuke Kitayama, Shigetada Takahashi, Kenjiro Noda, Mutsuhiko Matsumoto and Toichiro Mizushima

Corporate Auditors:

Tomoyuki Watanabe, Kinrou Nakamura, Katsuya Onishi, Hiroshi Kii and Toyosaburo Hirano

## 2. Information after Merger

(1) Trade Name	Sumitomo Mitsui Banking Corporation (Kabushiki-Gaisha Mitsui Sumitomo Ginko, in Japanese)
(2) Business Description	Banking
(3) Head Office Address	1-2, Yuraku-cho 1-chome, Chiyoda-ku, Tokyo
(4) Top Management	Chairman of the Board: Akishige Okada President and CEO: Yoshifumi Nishikawa Hiroyasu Ichikawa, President and CEO of Wakashio Bank, will be the Senior Managing Director (Representative Director) on March 17, 2003.
(5) Capital Stock	500 billion yen
(6) Total Assets	99,389.8 billion yen (Sum of both banks' total assets as of September 30, 2002)
(7) Fiscal Year End	March 31 <sup>st</sup>
(8) Number of	Common Stock: 45,756,035***
Total Shares Issued	Preferred Stock (Type I): 67,000 Preferred Stock (Type II): 100,000 Preferred Stock (Type III): 800,000 Total: 46,723,035

\*\*\* This number includes the number of shares which are scheduled to be issued at the stock exchange to make SMBC Guarantee Co., Ltd., a wholly-owned subsidiary on February 5, 2003, and the number of shares whose payment due is scheduled on February 10, 2003.

## (9) Earnings Forecast after Merger

There will be no change in SMFG's earnings forecast due to the merger.

## (10) Information Regarding Concerned Companies

Trade Name	Sumitomo Mitsui Banking Corporation	The Wakashio Bank, Limited
Establishment	March, 1912	June, 1996
Head Office Address	Chiyoda-ku, Tokyo	Chiyoda-ku, Tokyo
Representative	Yoshifumi Nishikawa	Hiroyasu Ichikawa
Capital Stock	1,326.7 billion yen	20.8 billion yen
Business Description	Banking	Banking
Number of Shares Issued		
Common Stock	5,709,424 thousand (thd.)	416,620
Preferred Stock	Preferred Stock (1 <sup>st</sup> Series Type I) 67,000 thd. Preferred Stock (2 <sup>nd</sup> Series Type I) 100,000 thd. Preferred Stock (Type V) 800,000 thd.	
Stockholders' Equity	2,998.9 billion yen	21.1 billion yen
Total Assets	98,900.9 billion yen	488.9 billion yen
Fiscal Year End	March 31 <sup>st</sup>	March 31 <sup>st</sup>
Number of Employees	21,940	641
Principal Stockholders and Percentage of Shares Outstanding	Sumitomo Mitsui Financial Group, Inc. (100.00%)	Sumitomo Mitsui Financial Group, Inc. (100.00%)

(Note) Information on both banks is as of September 30, 2002, except "Principal Stockholders and Percentage of Shares Outstanding" whose information is as of this announcement date.

**(11) Operating Results for the Latest Three Years****Sumitomo Mitsui Banking Corporation (merged corporation):**

Millions of yen (except per share data)

Settlement date	March 31, 2002	March 31, 2001		March 31, 2000	
Operating income	2,791,405	3,289,556		4,112,276	
Operating profit	(522,106)	359,167		336,409	
Net income	(322,852)	137,835		105,935	
Former banks, as applicable	-	Sakura	Sumitomo	Sakura	Sumitomo
Net income per share (yen)	(59.20)	17.28	16.59	11.24	14.41
Dividend per share (yen)					
Common stock	4.00	6.00	6.00	6.00	6.00
Pref. Stock (Series II)	-	15.00	-	15.00	-
Pref. Stock (Series III) Type II	-	13.70	-	13.70	-
Pref. Stock (1 <sup>st</sup> Series Type I)	10.50	-	10.50	-	10.50
Pref. Stock (2 <sup>nd</sup> Series Type I)	28.50	-	28.50	-	28.50
Pref. Stock (Type V)	13.70	-	-	-	-
Net asset value per share (yen)	332.02	358.43	451.35	351.38	439.23

**The Wakashio Bank, Ltd. (merging corporation):**

Millions of yen (except per share data)

Settlement date	March 31, 2002	March 31, 2001	March 31, 2000
Operating income	14,144	15,342	16,534
Operating profit	477	964	1,105
Net income	0	(4,881)	3,067
Net income per share (yen)	0.82	(6,117.88)	3,834.38
Dividend per share (yen)	-	-	-
Net asset value per share (yen)	48,177	50,000	32,140