Significant Accounting Policies for Nonconsolidated Financial Statements

1. Valuation of securities
   Investments in subsidiaries and affiliates, and other securities without market value are carried at cost using the moving-average method.

2. Depreciation of fixed assets
   (1) Premises and equipment
   Premises and equipment owned by Sumitomo Mitsui Financial Group, Inc. (SMFG) are depreciated using the straight-line method for premises and the declining-balance method for equipment.
   (2) Intangible assets
   SMFG computes depreciation for capitalized software for internal use using the straight-line method over its estimated useful life (five years).

3. Reserve for employee bonuses
   Reserve for employee bonuses is provided, in provision for payment of bonuses to employees, in the amount of estimated bonuses attributable to this interim term.

4. Lease transactions
   Financing leases, excluding those in which the ownership of the property is transferred to the lessee, are accounted for in the same manner as operating leases.

5. Consumption taxes
   National and local consumption taxes are accounted for using the tax-excluded method.

Change in Significant Accounting Policy

Effective April 1, 2005, SMFG applied “Accounting standards for impairment of fixed assets” (“Opinion Concerning Establishment of Accounting Standard for Impairment on Fixed Assets” issued by the Business Accounting Council on August 9, 2002) and “Guidelines on Implementation of Accounting Standard for Impairment of Fixed Assets” (Guidelines on Implementation of Business Accounting Standard No.6, issued on October 31, 2003). This accounting change has no impact on profit and loss account.

Notes to Nonconsolidated Balance Sheet

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

2. Accumulated depreciation of premises and equipment was 1 million yen.

3. Contingent liabilities
   SMFG has guaranteed the Deposit Protection Fund within the Association of German Banks for the return of up to 46,753 million yen in customers’ deposits at SMBC’s Düsseldorf Branch.

Notes to Nonconsolidated Statement of Income

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

2. Nonoperating expenses include fees and commissions of 1,038 million yen, interest on borrowings of 811 million yen and amortization of organization costs of 150 million yen.

3. Extraordinary gains include gains on sale of a subsidiary’s shares of 27,579 million yen.

4. Depreciation cost is as follows:

Premises and equipment	0 million yen
Intangible assets	6 million yen

Securities

SMFG has no investments in subsidiaries and affiliates that have market value.