

Figures in the charts are round numbers. Figures in parenthesis indicate loss or decrease.

May 24, 2004

Announcement of Financial Results for Fiscal Year 2003

We would now like to explain our financial results for FY2003, by using the two reports, *Financial Results for the Fiscal Year 2003 ended March 31, 2004*, and *Financial Results Fiscal Year 2003 Supplementary Information*.

The *Financial Results* of Sumitomo Mitsui Financial Group (“SMFG”) is provided pursuant to the listing rule. Financial statements of Sumitomo Mitsui Banking Corporation (“SMBC”) are provided at the end of SMFG’s *Supplementary Information* as Reference.

Let us look at the *Supplementary Information*. In this report, <N> indicates SMBC’s non-consolidated figures and <C> indicates SMFG’s consolidated figures.

<SMBC Non-consolidated Financial Results>

Please look at page 1. This is an overview of SMBC’s non-consolidated financial results. In line 22, Banking profit excluding transfer to general reserve for possible loan losses was JPY 1,000.1 billion, exceeding JPY 1 trillion for three consecutive years since the merger in April 2001.

Gross banking profit, shown in line 1, was JPY 1,584.1 billion, a decrease of JPY 176.5 billion year over year. The profit decline was due to decreases in profits of the Treasury Unit such as Gains on bonds, which was at a high level in FY2002, despite increases in Net fees and commissions and so on.

Meanwhile, Expenses shown in line 18 fell year over year by JPY 63.0 billion, to JPY 584.0 billion, as a result of workforce streamlining and bonus fund reduction, as well as realization of the effect of integration of overlapping branches and full integration of the accounting systems which were completed in FY2002.

Due to these actions, we achieved the annual cost target of JPY 600.0 billion one year ahead of the original schedule.

(Billions of yen)

			FY2003	Change	FY2002
	Gross banking profit	1	1,584.1	(176.5)	1,760.6
	Expenses (excluding non-recurring losses)	18	(584.0)	63.0	(647.0)
	Banking profit (excluding transfer to general reserve for possible loan losses)	22	1,000.1	(113.5)	1,113.6

Let us move on to Non-recurring gains (losses). Regarding Credit related costs in line 28, the net amount of Write-back of and Transfer to loan loss reserve, calculated by adding the amount of Write-backs of General reserve for possible loan losses and Loan loss reserve for specific overseas countries, to the amount of Transfer to specific reserve for possible loan losses, was positive and recorded as Extraordinary gains.

Accordingly, Total credit cost, shown in line 58 at the bottom of the page, was JPY 803.4 billion. Total credit cost is the sum of the following amounts: Credit related costs of JPY 869.2 billion under Non-recurring gains shown in line 28, and Write-backs of reserves for loan losses of JPY 65.8 billion shown in line 47 and 51.

Credit cost consists of cost related to deterioration of assets and cost of work-outs for drastically resolving the non-performing loan problem.

(Billions of yen)

			FY2003	Change	FY2002
	Transfer to general reserve for possible loan losses	24	-	238.1	(238.1)
	Non-recurring gains (losses)	27	(815.0)	657.7	(1,472.7)
	Credit related costs	28	(869.2)	(32.8)	(836.4)
	Extraordinary gains (losses)	42	133.7	207.5	(73.8)
	Write-back of loan loss reserves	47	65.3	65.3	-
	Write-back of reserve for losses on loans sold	51	0.5	0.5	-
	Total credit cost (24 + 28 + 47 + 51)	58	(803.4)	271.1	(1,074.5)

Now looking at Gains (losses) on stocks in line 35, there was a net gain of JPY 103.9 billion, a JPY 739.6 billion increase year over year thanks to Gains on sales of stocks due to the recovery in the stock market, and Losses on devaluation of stocks kept to a low level because of substantial write-offs of unrealized losses on securities portfolio executed in the previous fiscal year.

(Billions of yen)

			FY2003	Change	FY2002
	Gains (losses) on stocks	35	103.9	739.6	(635.7)

The amount of stockholdings sold in book value basis was approximately JPY 930.0 billion.

These items added up to Ordinary profit of JPY 185.1 billion, a JPY 782.3 billion increase year over year, as shown in Line 41.

Extraordinary gains (losses) was JPY 133.7 billion as shown in line 42. This large gain was due to JPY 65.8 billion in Write-backs of reserves for loan losses in line 47 and 51 as previously explained, JPY 40.4 billion in Refund of enterprise tax from the Tokyo Government and interest on the refund as shown in line 52, and JPY 59.1 billion in Gains on return of the entrusted portion of employee pension fund as shown in line 53.

Also, in line 56, Deferred income tax was JPY 5.0 billion.

As a result, in line 57, we can see Net income of JPY 301.1 billion, a year-over-year increase of JPY 779.4 billion.

(Billions of yen)

		FY2003	Change	FY2002
Ordinary profit (loss)	41	185.1	782.3	(597.2)
Extraordinary gains (losses)	42	133.7	207.5	(73.8)
Refund of enterprise tax from Tokyo Government and interest on the refund	52	40.4	40.4	-
Gains on return of the entrusted portion of employee pension fund	53	59.1	59.1	-
Income(loss) before income taxes	54	318.8	989.8	(671.0)
Income taxes, current	55	(12.7)	27.6	(40.3)
Income taxes, deferred	56	(5.0)	(238.0)	233.0
Net income (loss)	57	301.1	779.4	(478.3)

<SMFG Consolidated Financial Results>

Let us now look at SMFG's consolidated financial results on the next page. As shown in line 16, consolidated Ordinary profit was JPY 342.8 billion, and in line 26, consolidated Net income was JPY 330.4 billion, mainly reflecting SMBC's financial results.

(Billions of yen)

<Consolidated>		FY2003	Change	FY2002
Ordinary profit (loss)	16	342.8	858.6	(515.7)
Net income (loss)	26	330.4	795.8	(465.4)

<Unrealized Gains (Losses) on Securities>

Next, let us look at page 4 for Unrealized gains (losses) on securities. Figures on non-consolidated Unrealized gains (losses) on securities portfolio of SMBC are shown

in the middle of the page. In the table, you can find Unrealized gains on “Other securities” totaling JPY 556.1 billion. Reflecting the recovery in the stock market, Unrealized gains (losses) on securities increased by JPY 574.0 billion compared with March 31, 2003.

(Billions of yen)

	Mar.31, 2004			
	Unrealized gains (losses)			
		Change from Mar. 31, 2003	Gains	Losses
Other securities	556.1	574.0	757.1	(200.9)

<BIS Capital Ratio>

Next, we would like to explain about the consolidated BIS capital ratio on page 7. As you can see, the preliminary figure of the consolidated BIS capital ratio as of March 31, 2004 is 11.37%, a 1.27% increase compared with March 31, 2003.

<Consolidated>	Mar.31, 2004		Mar. 31, 2003
	[Preliminary]	Change	
Capital ratio (%)	11.37	1.27	10.10

<Non-Performing Loans>

Let us now move on to page 8, which shows the situation of non-performing loans. The breakdown of Problem assets based on the Financial Reconstruction Law is as follows: Bankrupt and quasi-bankrupt assets was JPY 361.6 billion (a JPY 163.3 billion decrease compared with March 31, 2003), Doubtful assets was JPY 1,202.7 billion (a JPY 926.8 billion decrease), and Substandard loans was JPY 1,246.9 billion (a JPY 1,360.0 billion decrease). The aggregate amount was JPY 2,811.2 billion, which is a JPY 2,450.1 billion decrease from March 31, 2003, less than half the level as of March 31, 2002.

As a result, we have greatly overachieved the plan to reduce Problem assets to JPY 3,900.0 billion by March 31, 2004, which was announced in May 2003. Problem asset ratio, a ratio of Problem assets to Total assets including Normal assets, was 5.0%, a 3.4% decrease compared with March 31, 2003.

(Billions of yen)

	Mar. 31, 2004	
		Change from Mar. 31, 2003
Bankrupt and quasi-bankrupt assets	361.6	(163.3)
Doubtful assets	1,202.7	(926.8)
Substandard loans	1,246.9	(1,360.0)
Total (A)	2,811.2	(2,450.1)
Normal assets	52,874.4	(4,439.0)
Total (B)	55,685.6	(6,889.1)
Problem asset ratio (A/B) (%)	5.0	(3.4)

Excerpted from the
Supplementary Information
page 11.

We would now like to turn to the Reserve ratio for each category of borrowers.

100% for the unsecured portion of Bankrupt and quasi-bankrupt assets, 83.6% for the JPY 545.4 billion unsecured portion of Doubtful assets, and 39.0% for the unsecured portion of Substandard loans. For Normal assets, the Reserve ratio for total claims on Borrowers requiring caution excluding Substandard borrowers was 4.2%, and the Reserve ratio for total claims on Normal borrowers was 0.2%.

The progress in “Off-balancing” of Problem assets is summarized on pages 12 to 14. The total amount Off-balanced in the second half of FY2003 was JPY 1,256.8 billion, shown as Reference in page 14.

<Deferred Tax Assets>

On pages 20 to 22, an explanation of Deferred tax assets for SMBC non-consolidated is provided.

First, on page 20, the amount of Net deferred tax assets on the Balance Sheet and the breakdown by factors are provided. The amount of Deferred tax assets recorded in the Balance Sheet as of March 31, 2004 was JPY 1,590.5 billion as shown in line 17, which was a JPY 224.1 billion decrease compared with March 31, 2003. The decrease was mainly due to revaluation of “Other securities” resulting in unrealized gains. Major components of Deferred tax assets are, items related to disposal of non-performing loans, items related to write-off and revaluation of securities, and Net operating loss carryforwards.

(Billions of yen)

		Mar.31, 2004		
		Change	Mar.31, 2003	
Net deferred tax assets (Balance sheet amount)	17	1,590.5	(224.1)	1,814.6

Next, on page 21, basis in recognizing Deferred tax assets are provided.

As shown in (a), “Recognition criteria”, Deferred tax assets of SMBC were recognized pursuant to the Practical Guidelines on assessing the collectability of Deferred tax assets issued by the Japanese Institute of Certified Public Accountants (JICPA). We estimate that SMBC’s Net operating loss carryforwards were results of “extraordinary factors” such as measures taken to improve its Balance Sheet under the prolonged deflationary environment, and disposal of non-performing loans and unrealized losses on securities portfolio in accordance with the government policy.

As you can see in (b), “Term for future taxable income to be estimated” is 5 years.

As shown in (c), “Accumulated amount of estimated future taxable income before adjustments for the next 5 years”, Income before income taxes is JPY 3,090.0 billion, calculated based on the stress scenario of future income plan in the Plan for Strengthening the Financial Base. Taxable income before adjustments in line 4 is JPY 4,256.9 billion, calculated by adding Adjustments to taxable income, such as adjustments due to taxable reserve of possible loan losses and so on, to Income before income taxes.

(Billions of yen)

		Estimates of next 5 years
	Banking profit (excluding transfer to general reserve for possible loan losses)	1 5,450.0
A	Income before income taxes	2 3,090.0
B	Adjustments to taxable income (excluding reversal of temporary differences as of Mar. 31, 2004)	3 1,166.9
C	Taxable income before adjustments (A+B)	4 4,256.9

In Reference 1, Income of final return before deducting Operating loss carryforwards for the last 5 years is provided. As explained in Note 3, for the last 5 years, SMBC had positive final returns when “extraordinary factors”, previously explained, are excluded. To further your understanding, the mechanism for recognizing Deferred tax assets is described in Reference 2 on page 22.

< Earnings Forecast for FY2004 >

Lastly, we will explain about the earnings forecast for FY2004, which you can see on page 23.

(Billions of yen)	
	FY2004
Operating income	260.0
Ordinary profit	255.0
Net income	255.0

Let us look at SMFG's non-consolidated earnings forecast for FY2004. We forecast Operating income of JPY 260.0 billion, Ordinary profit of JPY 255.0 billion and Net income of JPY 255.0 billion.

SMFG is planning to pay dividends totalling JPY 52.2 billion, with dividend per common stock of JPY 4,000, which is a JPY 1,000 increase compared with FY2003 and dividends per preferred stock as originally set.

Next, let us look at SMFG's consolidated earnings forecast for FY2004 shown in the middle of the page. We expect results will be JPY 650.0 billion in Ordinary profit and JPY 330.0 billion in Net income.

SMBC's non-consolidated earnings forecast for FY2004 is shown at the bottom of the page. We expect results will be JPY 980.0 billion in Banking profit, JPY 500.0 billion in Ordinary profit, JPY 280.0 billion in Net income and JPY 450.0 billion in Total credit cost.

< Progress in the Management Commitment and the Plan >

Page 24 of the *Supplementary Information* attached in the last page.

On the next page, we show the Progress in our Management Commitment and the Plan as Reference.

As the Management Policy in FY2003, we committed ourselves to achieving three goals in fiscal years 2003 and 2004: cut the Problem asset ratio by half and reduce stockholdings further to reinforce Balance Sheet, establish highly-profitable business models, secure and expand Net income. The progress is as follows.

First, in FY2003, Problem assets based on the Financial Reconstruction Law was reduced by approximately JPY 2.5 trillion. As a result, the term-end balance was more than JPY 1 trillion lower than the targetted balance set at the beginning of the fiscal year and less than half the balance as of March 31, 2002. Furthermore, the balance is expected to fall below JPY 2 trillion by March 31, 2005, and the Problem asset ratio is expected to be at 3% level.

Second, although stockholdings was already below the level of Tier 1 capital at March 31, 2003, fulfilling the restriction on bank shareholdings, we plan to reduce them further.

Third, as a result of enhancement of highly-profitable business models, SMBC maintained JPY 1 trillion in Banking profit and recorded JPY 300 billion in Net income in FY2003. For FY2004, we have targetted Banking profit and Net income of JPY 980 billion and JPY 280 billion, respectively.

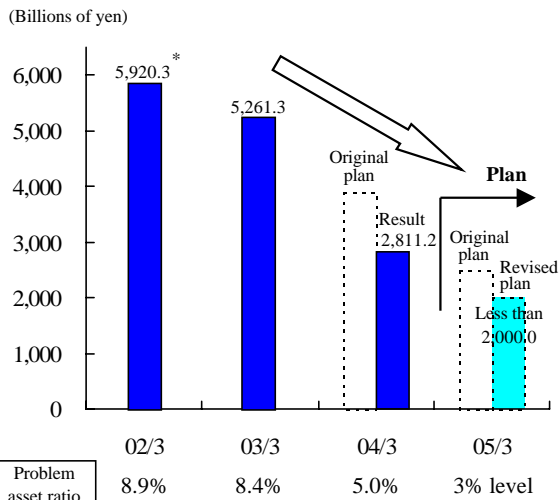
(Reference) Progress in the Management Commitment and the Plan

1. Management Policy in FY2003

SMFG will achieve the following 3 goals within fiscal years 2003 and 2004	
-Reinforce Balance Sheet	⇒ -Cut Problem asset ratio by half -Further reduce stockholdings
-Establish highly-profitable business models	⇒ Establish earnings structure to ensure Banking profit of JPY 1 trillion
-Secure and expand Net income	⇒ JPY 100 billion in FY2003, increase substantially thereafter

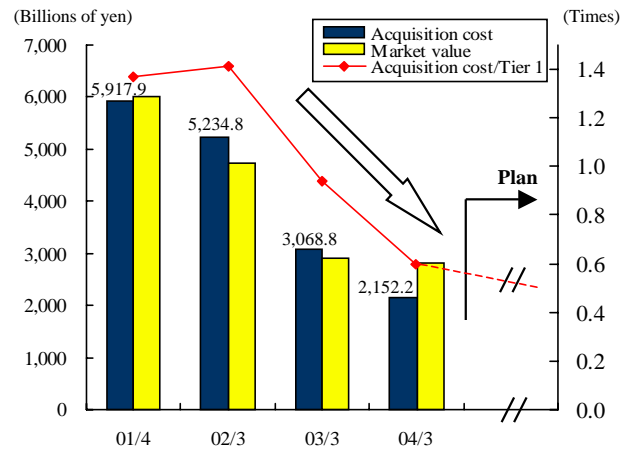
2. Reinforcement of Balance Sheet

(1) Problem Assets based on the Financial Reconstruction Law



* Including the former Wakashio Bank

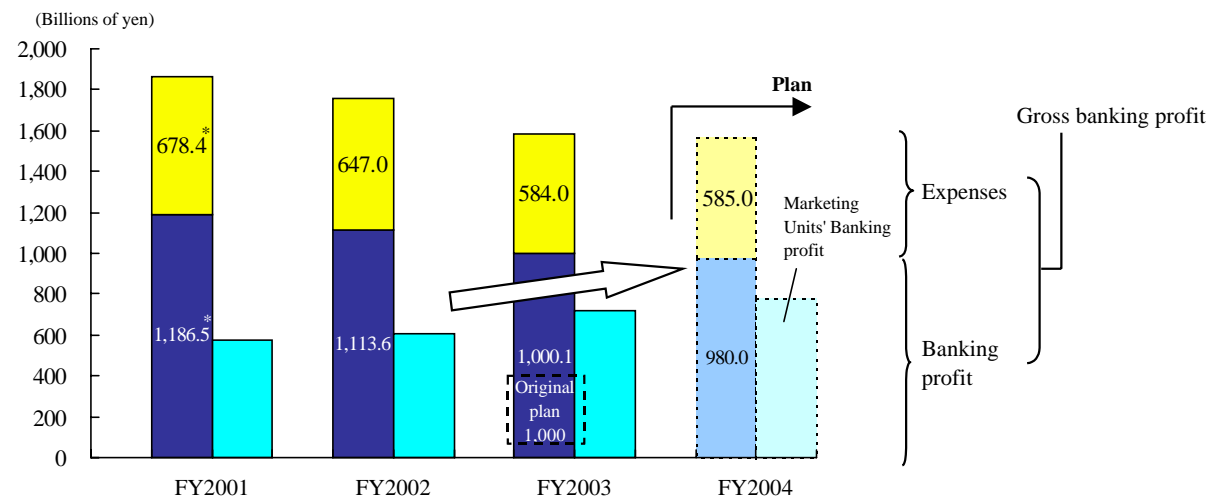
(2) Stockholdings



* Figures of listed stocks and over-the-counter stocks (SMBC non-consolidated)
**Tier 1 Capital figures are after-merger basis in round number for 01/4, SMBC consolidated basis for 02/3, SMFG consolidated basis for 03/3 and 04/3.

3. Establishment of highly-profitable business models

-Banking profit, Marketing Units' Banking profit, Expenses



**Proportion of Marketing Units' Banking profit to Total Banking profit

* Including the former Wakashio Bank

This material contains certain forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may materially differ from those contained in the forward-looking statements as a result of various factors.

The following items are among the factors that could cause actual results to differ materially from the forward-looking statements in this material: business conditions in the banking industry, the regulatory environment, new legislation, competition with other financial services companies, changing technology and evolving banking industry standards and similar matters.