



SMFG SUMITOMO MITSUI
FINANCIAL GROUP

ANNUAL REPORT
2004

YEAR ENDED MARCH 31, 2004

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, 2004)

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:	5,796,010	Type 4 Preference Shares (3rd series):	4,175	Type 4 Preference Shares (9th series):	4,175
Type 1 Preference Shares:	67,000	Type 4 Preference Shares (4th series):	4,175	Type 4 Preference Shares (10th series):	4,175
Type 2 Preference Shares:	100,000	Type 4 Preference Shares (5th series):	4,175	Type 4 Preference Shares (11th series):	4,175
Type 3 Preference Shares:	800,000	Type 4 Preference Shares (6th series):	4,175	Type 4 Preference Shares (12th series):	4,175
Type 4 Preference Shares (1st series):	4,175	Type 4 Preference Shares (7th series):	4,175	Type 4 Preference Shares (13th series):	114,999

Credit Ratings

Credit ratings for applicable companies within SMFG as of July 31, 2004 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+						

CONTENTS

Foreword.....	1	Internal Audit System.....	28
President's Message	2	Compliance.....	29
Group Companies.....	4	Risk Management.....	31
Topics	8	Business Overview	39
Financial Highlights.....	10	Environmental Preservation Initiatives.....	50
Financial Review.....	13	Social Contribution Activities	60
Asset Quality.....	21	Financial Section and Corporate Data.....	63
Corporate Governance	27	SMFG Website	167

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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Sumitomo Mitsui Banking Corporation

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August 2004



We are pleased to present to you the Annual Report 2004, summarizing our activities and results in fiscal 2003.

Our core priorities are providing greater value-added products and services that meet the diversified and increasingly sophisticated needs of our customers, and strengthening our financial base and profitability to further improve our financial results. Through the accomplishment of these priorities, we aim to further solidify the trust of our customers and the market.

We look forward to your continued support and encouragement as we take steps toward the next stage of our development.

August 2004

Akishige Okada
Chairman of the Board

Yoshifumi Nishikawa
President and Chief Executive Officer

President's Message

Review on Fiscal 2003

The pulse of Japanese economic recovery strengthened in fiscal 2003 as capital investment grew against the background of higher exports and corporate earnings. In the financial markets, short-term interest rates remained at near zero percent as the Bank of Japan maintained its easy monetary policy. On the other hand, long-term interest rates rose higher on economic recovery expectations and as of March 2004, the yield on new 10-year Japanese government bonds was considerably higher than a year earlier. The stock market entered a general uptrend.

In this business environment, Sumitomo Mitsui Banking Corporation ("SMBC") made three commitments for two years from fiscal 2003 to fiscal 2004: halving the non-performing loan ratio, reducing stockholdings, and establishing a strong earnings structure to ensure ¥1 trillion in banking profit.

In fiscal 2003, we made steady progress toward fulfilling these commitments.

Firstly, we reduced the non-performing loan ("NPL") balance¹ by more than ¥2.4 trillion to approximately ¥2.8 trillion. As a result, the NPL ratio as of March 31, 2004 came to 5.0% and the commitment to halve the NPL ratio as of March 31, 2002, 8.9%, is now within our reach.

Secondly, on stockholdings, we greatly reduced the price fluctuation risk by selling nearly ¥930 billion.

Lastly, we achieved banking profit of more than ¥1 trillion for three consecutive years following the merger in April 2001, as profits of the marketing units² were boosted further. We were early in developing and growing core business models in various markets under the two key initiatives toward sustainable growth: establishing competitive business models, and creating a strong business portfolio with various leading businesses. As a result, annual gross profit of many businesses in markets such as loans to small and medium-sized enterprises ("SMEs"), financial consulting for individuals, and investment banking, increased to the ¥10 billion to ¥20 billion level. In fiscal 2003, the marketing units accounted for nearly 80% of total gross profit, up from about 60% in fiscal 2002.

Business Policy in Fiscal 2004

In order to fulfill the three commitments, we have set two initiatives: completion of intensive improvement in asset quality, and enhancement of profitability by accelerating the offensive in strategic businesses, as our business policy in this fiscal year.

1. Completion of Intensive Improvement in Asset Quality

We aim to reduce the NPL balance to less than ¥2.5 trillion and the NPL ratio to less than 4.5% by the end of September, six months ahead of the original schedule to halve the NPL ratio, through further off-balancing, corporate recovery, and prevention of deterioration of borrowers' financial condition. We plan to further reduce the NPL balance to less than ¥2.0 trillion and the NPL ratio to less than 4.0% by the end of fiscal 2004, and thereby put the NPL issue behind us. On stockholdings, we will further reduce the balance in line with our medium-term target to cut the balance to around 50% of Tier I capital.

2. Enhancement of Profitability by Accelerating the Offensive in Strategic Businesses

We will further strengthen the competitive advantages of the following three businesses as the core initiatives of our profit growth in fiscal 2004.

• Loans to SMEs

We will further improve our risk-taking capability in order to increase loan volume. In addition to a more proactive promotion of *Business Select Loan* and *N-Fund Loan*, we will offer new types of loans such as *Turnaround Loan* and *V-Fund Loan*, and increase distribution channels, personnel and business promotion activities.

• Financial Consulting for Individuals

In mortgage loans, we will further reinforce our marketing ability by increasing the number of SMBC Consulting Plazas to 50 and the headcount at Consumer Loan Promotion Offices, to surpass the record result of origination achieved last fiscal year. In sales of investment trusts and pension-type insurances that have been successful so far, we will further reinforce marketing staff, improve productivity, and expand the range of products and services to increase profits significantly.

- **Investment Banking Business**

In investment banking businesses operated by SMBC such as loan syndication, securitization of monetary claims and others, we will continue to strengthen products and services, expand the customer base, and allocate human resources. From a Groupwide perspective, collaboration with Daiwa Securities SMBC Co., Ltd., which has a steady track record, will be accelerated in stock and bond underwriting, M&A and other various businesses in fiscal 2004. We will enhance proactive collaboration with the aim of improving our Groupwide solution-providing ability.

We will also proactively implement measures for the early establishment of a solid earnings structure in the following two businesses.

- **Consumer Finance**

The consumer finance business of Group companies: SMBC, Sumitomo Mitsui Card Company, Limited, QUOQ Inc., and At-Loan Co., Ltd., will be reinforced to increase lending volume and profit. Moreover, through a business and capital alliance with Promise Co., Ltd., we plan to leverage respective brands, customer bases, expertise and experiences to provide customers with the best consumer finance products and services. As a business alliance, we will provide several types of loans with different levels of interest rates, including loan products of a new joint venture company, through SMBC's distribution channels. Also, collaborations with other Group companies will be promoted. As a capital alliance, SMBC will purchase common stock equivalent to 20% of Promise's outstanding shares. With these initiatives, we are aiming at the No.1 position in the Japanese consumer finance market.

- **Overseas Business**

We will continue to strengthen Asian business centered on China, and strategically allocate business resources in the Americas and Europe to increase business volume.

- **Group Business**

We have been promoting collaboration among Group companies including SMBC in a wide range of businesses to strengthen Group business, one of our key business priorities. We will further promote collaboration and reinforce the Group's profitability with initiatives such as reinforcement of consumer finance business by Sumitomo Mitsui Card, development of small and medium-sized customers by SMBC Leasing Company, Limited, and development of IT business opportunities utilizing financial system know-how by The Japan Research Institute, Limited.



In Closing

In fiscal 2003, we took the first and major step toward sustainable growth by making steady progress in both improving asset quality and reinforcing profitability. However, for our further dramatic improvement, efforts in this fiscal year, especially the reinforcement of profitability, are indispensable. The sustainable growth cannot be achieved without establishing an earnings structure with highly competitive business models in many growth markets. Accordingly, in fiscal 2004, we will devote ourselves to complete intensive improvement in asset quality early, and will implement aggressive measures in the strategic businesses to fortify our competitive advantages with speed, which is our strength, and thereby enjoy greater trust and support of our stakeholders and increase shareholder value.

Notes:

1. NPLs defined as problem assets based on the Financial Reconstruction Law.
2. Total profits from the Consumer Banking, Middle Market Banking, Corporate Banking, International Banking and Community Banking Units.

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

August 2004



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 bank 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: 22,348 (as of March 31, 2004)

Network: (as of June 30, 2004)		Overseas:	37 locations
Domestic:	1,415 locations*	Branches	20
Branches	483	Subbranches	3
(including 28 specialized deposit account branches)		Representative offices	14
Subbranches	132		
Offices handling nonbanking business	14		
Automated service centers	786		

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

Consolidated

Year ended March 31	Billions of yen		
	2004	2003	2002
For the Year:			
Total income	¥ 2,843.5	¥ 3,561.8	¥ 3,809.1
Income (loss) before income taxes and minority interests	356.3	(542.6)	(604.3)
Net income (loss)	301.6	(429.3)	(463.8)
At Year-End:			
Total stockholders' equity	¥ 2,722.1	¥ 2,142.5	¥ 2,912.6
Total assets	99,843.2	102,394.6	108,005.0

Notes: Figures for the year ended March 31, 2002 are those for SMBC, and include its then consolidated subsidiary, Wakashio Bank.

www.smbc.co.jp/global/





SUMITOMO MITSUI CARD COMPANY, LIMITED

As the pioneer in the issuance of the Visa Card in Japan and a leader in the domestic credit card industry, Sumitomo Mitsui Card Company, Limited enjoys the strong support of its many customers. It also plays a major role as one of the strategic businesses of SMFG. Leveraging its strong brand image and its excellent capabilities across a wide range of

card-related services, the company meets customers' credit needs through the provision of settlement and financing services. Sumitomo Mitsui Card's core priority is to provide customers with the most convenient and user-friendly card services, thereby becoming the card provider of choice.

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; operational 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: 1,727 (as of March 31, 2004)

Year ended March 31	Billions of yen		
	2004	2003	2002
For the Year:			
Revenues from credit card operations	¥3,258.4	¥3,035.5	¥2,813.1
Operating revenue	126.3	122.1	116.4
Operating profit	18.5	16.0	9.6
At Year-End:			
Number of cardholders (in thousands).....	12,758	12,118	11,708
Number of merchant outlets (in thousands)...	2,892	2,699	2,531

► www.smbc-card.com



★Currently available in Japanese only



SMBC LEASING COMPANY, LIMITED

As a pioneer in the leasing business in Japan, SMBC Leasing Company, Limited has made a significant contribution to the growth and development of this industry. It offers a diverse lineup of leasing products that cater to companies' capital investment needs, ranging from equipment for newly built overseas factories to leasing PCs in Japan. Leasing has recently

been assuming growing importance in Japan as a means of raising business efficiency. In response to this strong demand, SMBC Leasing, in keeping with its status as an industry leader, constantly seeks to ensure ever-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 in collaboration 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: 926 (as of March 31, 2004)

▶ www.smbcleasing.co.jp



★Currently available in Japanese only

Year ended March 31	Billions of yen		
	2004	2003	2002
Revenues from leasing operations	¥555.7	¥466.4	¥443.6
Operating revenue	553.0	515.0	479.0
Operating profit	23.2	20.4	16.9



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, JRI offers consulting services focusing on management

innovation and IT-related issues. It also provides services such as the design and development of strategic information systems, as well as outsourcing. In addition, JRI conducts research and analysis of both domestic and overseas economies, formulates policy recommendations, and assists in the incubation of new businesses.

Business Profile:

- **Computer systems development and information processing service**
Design and development of information systems; outsourcing 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: 3,137 (as of March 31, 2004)

▶ www.jri.co.jp/english/



Year ended March 31	Billions of yen		
	2004	2003	2002
Operating revenue.....	¥105.1	¥70.2	¥67.4
Operating profit.....	7.6	7.6	7.5

Expanded Lineup of Loan Products for Midsized Companies and SMEs

Meeting the funding needs of midsized companies and small and medium-sized enterprises (SMEs) is the top-priority function of SMBC's Middle Market Banking Unit. These needs are met primarily through the active marketing of unsecured loans without requirement of a third-party guarantee.

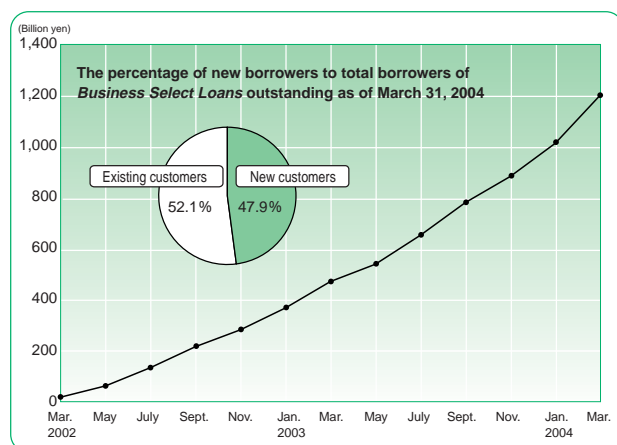
Full-scale marketing of our *Business Select Loan*, primarily targeting corporate customers with annual sales of less than ¥1 billion, started in March 2002. Since then, this product, available up to a maximum of ¥50 million per loan, has been widely advertised on television and in the print media. Thanks to the increased number of marketing staff assigned to the *Business Select Loan*, and the larger number of branches at which it is available, the total loan value of this product in fiscal 2003 exceeded ¥700 billion. This was a steep increase over the previous term, and gives an aggregate figure of approximately ¥1,200 billion since the launching of the product.

To meet the borrowing needs of customers with annual sales of ¥1 billion or more, we have transferred more decision-making authority for decisions to our branch office staff, and have greatly speeded up the credit screening process through the standardization of procedures, thus enabling us to offer *N-Fund Loans*, a risk-taking-type loan product available up to a maximum of ¥5 billion per loan. Total lending of this product in fiscal 2003 came to approximately ¥2,100 billion.

As a result of these steps, we extended loans to approximately 17,000 first-time customers in fiscal 2003, for a total loan amount of ¥1,400 billion.

In cooperation with the bank, SMBC Leasing Company, Limited provides the *Select Lease* product mainly to customers also taking out *Business Select Loans*. Total revenue from this business in fiscal 2003 came to approximately ¥15 billion.

Cumulative Total Value of Business Select Loans



Rolling Out Our Network of SMBC Consulting Plazas

To address the asset management and borrowing needs of individual customers, in March 2004 we opened the first six of our specialized customer-advisory offices in Tokyo, Osaka, and Kobe under the name of "SMBC Consulting Plaza." Following this, in June we opened another one at a new bank branch in Tokyo's Shinagawa Ward, and it has been attracting many customers. In July, we opened 18 more in eastern Japan and 15 in western Japan, mostly in residential areas and close to important commuter railway terminals in major cities.

The locations and operating hours of the SMBC Consulting Plazas have been specifically chosen to suit the needs of customers—particularly office workers—who find it difficult to visit our ordinary branches during their working hours. These measures we have taken to make our consulting services more accessible to our customers are part of a broader initiative aimed at establishing a strong brand image that communicates SMBC's determination to be No. 1 in financial services for individuals.

During the current term, we will be expanding our network of SMBC Consulting Plazas to approximately 100 (some of which will be in newly established bank branches) nationwide.



Inside the SMBC Consulting Plaza in Shinjuku, Tokyo



Seminars on money management for customers—focusing on business trends and the basics of personal asset management—are held at SMBC Consulting Plazas on a regular basis.

Strategic Alliance between SMFG and Promise

SMFG and Promise Co., Ltd., one of the leading Japanese consumer finance companies, have reached an agreement to form a strategic alliance in the consumer finance business.

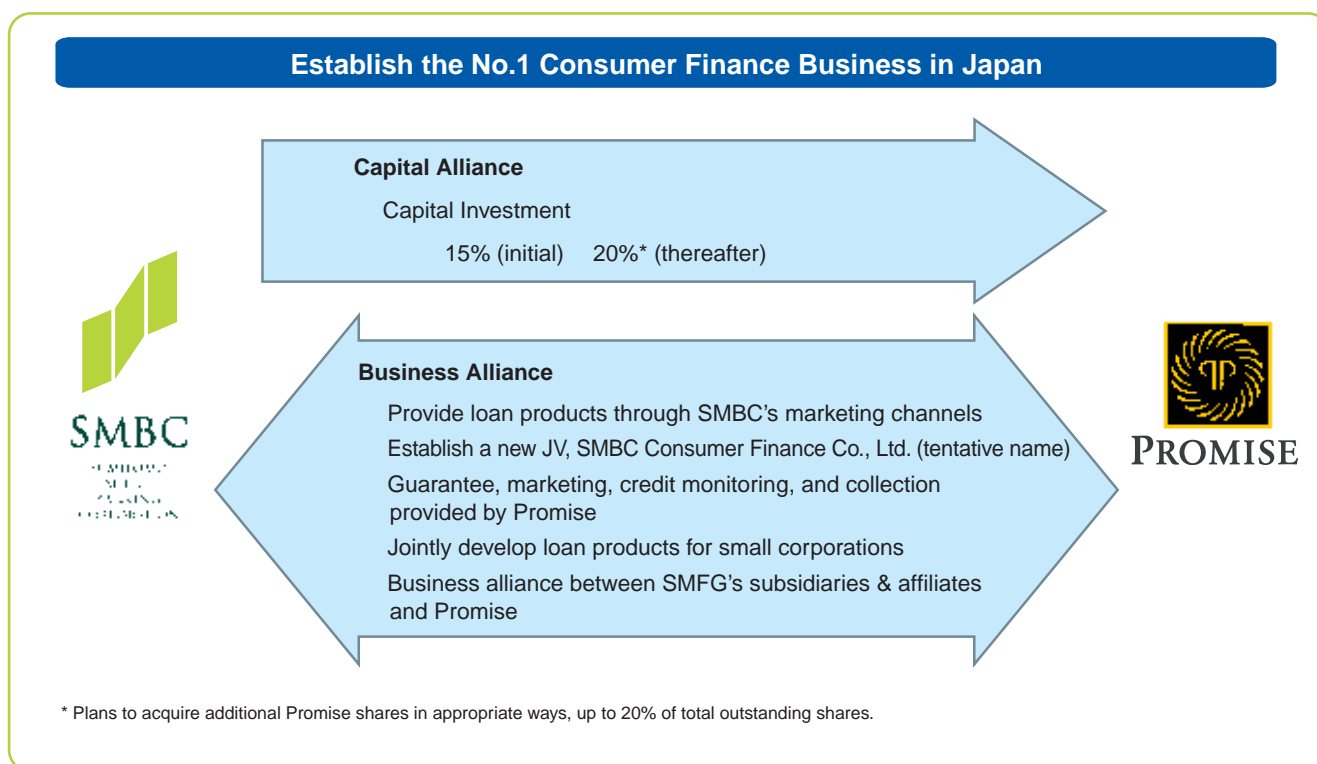
The consumer finance business is expected to grow further, while changing significantly in step with the maturing of the economy and the diversification of consumer preferences and lifestyles. Under these circumstances, SMFG and Promise have decided to form a strategic alliance to establish the No. 1 consumer finance business in Japan by providing attractive products that meet customers' multifarious financing needs.

As strategic partners, SMFG and Promise will form a dynamic, full-scale alliance forged from positions of strength, and provide excellent products and services, leveraging their

resources, including brand power, customer bases, expertise, and experience.

To maximize the synergies of this alliance, the two sides will seek further development of their business collaboration, including between Promise and SMFG subsidiaries such as Sumitomo Mitsui Card Company, Limited and SAKURA CARD CO., Ltd.

SMFG and Promise aim to achieve a consumer loan balance of approximately ¥500 billion in three years.



Financial Highlights

Sumitomo Mitsui Financial Group

Consolidated

Year ended March 31	Millions of yen	
	2004	2003
For the Year:		
Total income	¥ 3,669,531	¥ 3,518,293
Total expenses.....	3,264,636	4,109,207
Net income (loss).....	330,414	(465,359)
At Year-End:		
Total stockholders' equity	¥ 3,070,942	¥ 2,424,074
Total assets.....	102,215,172	104,607,449
Risk-monitored loans.....	3,297,981	5,770,700
Reserve for possible loan losses.....	1,422,486	2,243,542
Net unrealized gains (losses) on other securities.....	575,612	(30,643)
Capital ratio (BIS guidelines).....	11.37%	10.10%
Return on Equity.....	31.68%	—%
Price Earnings Ratio (Times).....	14.71	—
Number of employees	42,014	42,996
Per Share (Yen):		
Stockholders' equity	¥215,454.83	¥106,577.05
Net income (loss).....	52,314.75	(84,324.98)
Net income — diluted	35,865.20	—

Notes: 1. Unrealized gains (losses) on other securities represent the difference between the market prices and acquisition costs (or amortized costs) of "other securities." In principle, the values of stocks are calculated using the average market prices during the final month for 2004 and 2003.
2. Number of employees has been reported on the basis of full-time workers. Number of employees includes locally hired overseas staff members but excludes contract employees and temporary staff.

Nonconsolidated

Year ended March 31	Millions of yen	
	2004	2003
For the Year:		
Operating income	¥ 55,515	¥ 131,519
Dividends on investments in subsidiaries and affiliates.....	47,332	128,265
Operating expenses	3,044	971
Net income	50,505	124,738
Capital stock.....	1,247,650	1,247,650
Number of shares issued		
Preferred stock	1,132,099	1,132,100
Common stock.....	5,796,010	5,796,000
At Year-End:		
Total stockholders' equity	¥3,172,721	¥3,156,086
Total assets.....	3,403,007	3,413,529
Capital ratio	93.23%	92.46%
Return on Equity.....	1.57%	8.52%
Price Earnings Ratio (Times).....	207.86	11.21
Pay-out ratio	80.97%	15.98%
Number of employees	97	94
Per Share (Yen):		
Stockholders' equity	¥232,550.74	¥231,899.30
Dividends:		
Common stock.....	3,000	3,000
Preferred stock (Type 1)	10,500	10,500
Preferred stock (Type 2)	28,500	28,500
Preferred stock (Type 3)	13,700	13,700
Preferred stock (1st series Type 4).....	135,000	19,500
Preferred stock (2nd series Type 4)	135,000	19,500
Preferred stock (3rd series Type 4)	135,000	19,500
Preferred stock (4th series Type 4)	135,000	19,500
Preferred stock (5th series Type 4)	135,000	19,500
Preferred stock (6th series Type 4)	135,000	19,500
Preferred stock (7th series Type 4)	135,000	19,500
Preferred stock (8th series Type 4)	135,000	19,500
Preferred stock (9th series Type 4)	135,000	19,500
Preferred stock (10th series Type 4)	135,000	19,500
Preferred stock (11th series Type 4)	135,000	19,500
Preferred stock (12th series Type 4)	135,000	19,500
Preferred stock (13th series Type 4)	67,500	3,750
Net income	3,704.49	18,918.33
Net income — diluted	3,690.72	15,691.82

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

Sumitomo Mitsui Banking Corporation

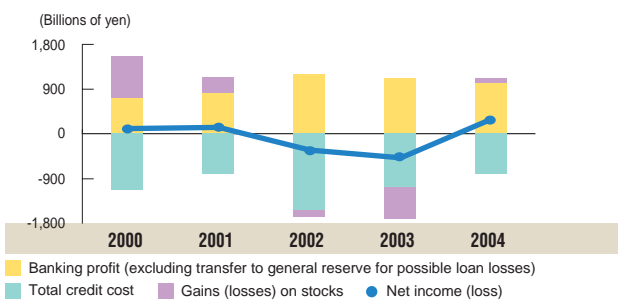
Consolidated

Year ended March 31	Millions of yen						
	2004	2003	2002	2001	2000		
For the Year:							
Total income	¥ 2,843,502	¥ 3,561,843	¥ 3,809,130	¥ 4,501,200	¥ 5,170,720		
Total expenses.....	2,487,197	4,104,514	4,413,469	4,095,685	4,828,078		
Net income (loss).....	301,664	(429,387)	(463,887)	132,408	124,456		
At Year-End:							
Total stockholders' equity	¥ 2,722,161	¥ 2,142,544	¥ 2,912,619	¥ 4,012,960	¥ 4,012,912		
Total assets.....	99,843,258	102,394,637	108,005,001	119,242,661	102,263,112		
Risk-monitored loans.....	3,229,219	5,683,134	6,484,367	3,256,418	3,864,758		
Reserve for possible loan losses.....	1,375,921	2,201,830	2,159,649	1,268,853	1,632,687		
Net unrealized gains (losses) on other securities.....	568,407	(27,471)	(495,507)	(301,106)	1,834,215		
				Sakura Bank	Sumitomo Bank	Sakura Bank	Sumitomo Bank
Capital ratio (BIS guidelines)	10.89%	10.38%	10.45%	11.31%	10.94%	12.53%	11.60%
Return on Equity	25.38%	—%	—%	2.67%	6.05%	3.74%	4.55%
Price Earnings Ratio (Times).....	/	/	—	62.36	43.92	62.08	82.23
Number of employees	33,895	35,523	43,793	24,184	22,222	23,837	19,364
Per Share (Yen):							
Stockholders' equity	¥25,928.02	¥15,353.34	¥282.85	¥333.46	¥426.32	¥340.98	¥415.77
Net income (loss).....	5,238.85	(10,429.29)	(84.12)	9.22	25.50	12.58	18.61
Net income — diluted	5,231.31	—	—	9.21	24.93	—	18.17

- Notes: 1. Figures for the years ended March 31, 2001 and 2000 are combined figures of the former Sakura Bank and the former Sumitomo Bank.
 2. Total stockholders' equity as of March 31, 2004, 2003 and 2002, includes net unrealized gains (losses) on "other securities."
 3. Unrealized gains (losses) on other securities represent the difference between the market prices and acquisition costs (or amortized costs) of "other securities" for 2004, 2003, 2002 and 2001, and of listed or over-the-counter securities for 2000. In principle, the values of stocks are calculated using the average market prices during the final month for 2004, 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)

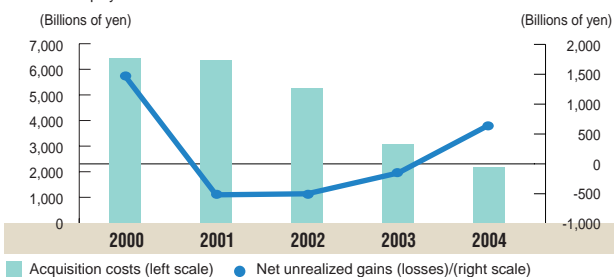
Income Summary [Nonconsolidated]



Note: Figures shown for the years ended March 31, 2002, 2001 and 2000 are combined figures of the former SMBC and the former Wakashio Bank.

(March 31)

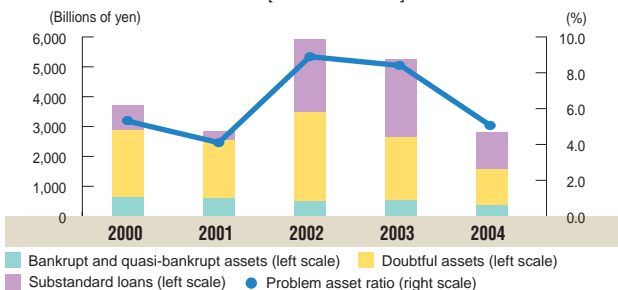
Stock Holdings [Nonconsolidated]



Note: Figures shown as of March 31, 2002, 2001 and 2000 are combined figures of the former SMBC and the former Wakashio Bank.

(March 31)

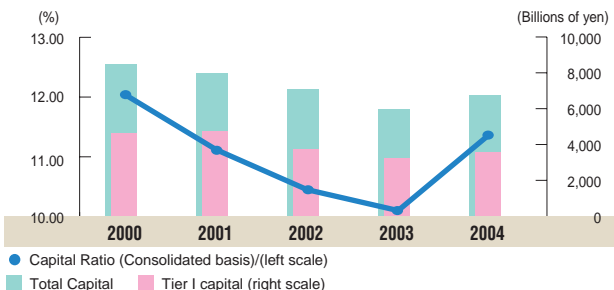
Problem Assets Based on the Financial Reconstruction Law and Problem Asset Ratio [Nonconsolidated]



- Notes: 1. Figures shown as of March 31, 2002, 2001 and 2000 are combined figures of the former SMBC and the former Wakashio Bank.
 2. Problem asset ratio = Problem Assets Based on the Financial Reconstruction Law / (Problem Assets Based on the Financial Reconstruction Law + Normal assets)

(March 31)

Capital Ratio [Consolidated]



- Notes: 1. Figures shown as of March 31, 2001 and 2000 are combined figures of the former Sakura Bank and the former Sumitomo Bank.
 2. Capital ratios as of March 31, 2004 and 2003 shown above represent the capital ratio of SMFG on a consolidated basis.

■ Nonconsolidated

Year ended March 31	Millions of yen							
	2004	2003	2002	2001		2000		
For the Year:								
Total income	¥ 2,489,187	¥ 2,424,023	¥ 2,818,189	¥ 3,292,668		¥ 4,115,276		
Total expenses.....	2,170,341	3,095,011	3,354,826	3,019,557		3,812,705		
Net income (loss).....	301,113	(478,304)	(322,852)	137,835		105,935		
(Appendix)								
Gross banking profit (A).....	¥ 1,584,127	¥ 1,760,684	¥ 1,853,515	¥ 1,503,203		¥ 1,434,480		
Banking profit.....	1,000,132	875,511	678,811	991,670		678,662		
Banking profit (excluding transfer to general reserve for possible loan losses)	1,000,132	1,113,643	1,183,369	803,073		702,897		
Expenses (excluding nonrecurring losses) (B).....	583,995	647,040	670,145	700,128		727,556		
Expense ratio (B) / (A)	36.9%	36.7%	36.2%	46.6%		50.7%		
At Year-End:								
Total stockholders' equity.....	¥ 2,870,870	¥ 2,279,223	¥ 3,196,492	¥ 4,199,937		¥ 4,132,926		
Total assets.....	94,109,074	97,891,161	102,082,581	113,727,498		97,648,823		
Deposits.....	63,656,771	63,524,258	67,629,353	70,729,773		67,572,486		
Loans and bills discounted	50,810,144	57,282,365	59,928,368	61,747,880		63,298,512		
Securities.....	26,592,584	23,656,385	20,442,996	27,059,978		15,893,846		
Risk-monitored loans.....	2,774,889	5,169,531	5,816,452	2,732,590		3,556,458		
Problem assets based on the Financial Reconstruction Law.....	2,811,234	5,261,345	5,900,043	2,822,459		3,640,530		
Reserve for possible loan losses.....	1,250,751	2,074,797	1,971,849	1,095,841		1,569,493		
Net unrealized gains (losses) on other securities	556,146	(17,857)	(481,654)	(429,844)		1,564,155		
Trust assets and liabilities.....	429,388	166,976	/	/		/		
Loans and bills discounted	10,000	35,080	/	/		/		
Securities.....	4,645	—	/	/		/		
				Sakura Bank	Sumitomo Bank	Sakura Bank	Sumitomo Bank	
Capital stock.....	¥ 559,985	¥ 559,985	¥ 1,326,746	¥1,042,706	¥ 752,848	¥1,042,706	¥ 752,848	
Number of shares issued (Thousands)								
Preferred stock.....	967	967	967,000	802,577	167,000	802,772	167,000	
Common stock.....	54,811	54,811	5,709,424	4,118,077	3,141,062	4,117,297	3,141,062	
Pay-out ratio	79.88%	—%	—%	34.71%	36.15%	53.42%	41.63%	
Capital ratio (BIS guidelines)	11.36%	10.49%	11.50%	11.91%	11.80%	12.50%	12.46%	
Return on Equity.....	22.49%	—%	—%	4.86%	3.72%	3.23%	3.32%	
Price Earnings Ratio (Times).....	/	/	—	33.27	67.49	69.48	106.17	
Number of employees	17,546	19,797	22,464	12,558	12,173	14,930	12,982	
Per Share (Yen):								
Stockholders' equity	¥28,641.10	¥17,846.95	¥332.02	¥358.43	¥451.35	¥351.38	¥439.23	
Dividends:								
Common stock.....	4,177	19.17	4.00	6.00	6.00	6.00	6.00	
Preferred stock (Series II).....	/	/	/	15.00	/	15.00	/	
Preferred stock (Series III) (Type 2).....	/	/	/	13.70	/	13.70	/	
Preferred stock (First series Type 1).....	/	10.50	10.50	/	10.50	/	10.50	
Preferred stock (Second series Type 1)	/	28.50	28.50	/	28.50	/	28.50	
Preferred stock (Type 5)	/	13.70	13.70	/	/	/	/	
Preferred stock (Type 1)	10,500	—	/	/	/	/	/	
Preferred stock (Type 2)	28,500	—	/	/	/	/	/	
Preferred stock (Type 3)	13,700	—	/	/	/	/	/	
Net income (loss).....	5,228.80	68,437.74	(59.20)	17.28	16.59	11.24	14.41	
Net income — diluted	5,221.53	66,527.24	—	17.24	16.25	—	14.12	

- Notes: 1. Figures for the years ended March 31, 2001 and 2000 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, 2004, 2003 and 2002, includes net unrealized gains (losses) on "other securities."
5. Please refer to pages 141 and 142 for the definitions of risk-monitored loans and problem assets based on the Financial Reconstruction Law.
6. Unrealized gains (losses) on other securities represent the difference between the market prices and acquisition costs (or amortized costs) of "other securities" for 2004, 2003, 2002 and 2001, and of listed or over-the-counter securities for 2000. The values of stocks are calculated using the average market prices during the final month for 2004, 2003, 2002 and 2001. For details, please refer to page 18.
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.

Financial Review

Sumitomo Mitsui Financial Group (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

The following is a summary of SMFG's consolidated financial results for fiscal 2003 ended March 31, 2004.

1. Operating Results

Consolidated results for fiscal 2003 include the results of 165 consolidated subsidiaries (120 in Japan and 45 overseas) and 48 subsidiaries and affiliates accounted for by the equity method (21 in Japan and 27 overseas).

Consolidated gross profit showed a year-on-year decrease of ¥114.5 billion, to ¥2,069.5 billion, primarily attributable to a decline in net interest income and net other operating income. However, total credit cost declined, and stock trading turned in gains versus previous fiscal year's losses. Therefore, ordinary profit came to ¥342.8 billion, which was an improvement of ¥858.5 billion. Extraordinary gains (losses), income taxes, and minority interests resulted in a net income of ¥330.4 billion, which was an improvement of ¥795.7 billion.

Deposits (excluding negotiable certificates of deposit) as of March 31, 2004, stood at ¥65,333.4 billion, a ¥2,402.4 billion increase compared with a year earlier. Negotiable certificates of deposit stood at ¥3,519.4 billion, a year-on-year decrease of ¥1,333.5 billion. Loans and bills discounted declined ¥5,700.1 billion from the previous fiscal year-end to ¥55,382.8 billion, while securities increased ¥2,931.3 billion to ¥27,049.9 billion.

Stockholders' equity increased ¥646.8 billion over the previous fiscal year-end to ¥3,070.9 billion due to the posting of net income as well as an improvement in the net unrealized gains (losses) on other securities (available-for-sale securities).

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

March 31	2004 (A)	2003 (B)	Increase (decrease) (A) – (B)
Consolidated subsidiaries	165	170	(5)
Subsidiaries and affiliates accounted for by the equity method	48	47	1

Income Summary

Year ended March 31	Millions of yen		Increase (decrease) (A) – (B)
	2004 (A)	2003 (B)	
Consolidated gross profit	¥2,069,501	¥2,184,006	¥(114,505)
Net interest income	1,281,070	1,399,504	(118,434)
Trust fees	334	7	327
Net fees and commissions	424,176	352,900	71,276
Net trading income	304,094	205,770	98,324
Net other operating income	59,825	225,823	(165,998)
General and administrative expenses	¥ (866,549)	¥ (889,237)	¥ 22,688
Total credit cost	(971,455)	(1,200,904)	229,449
Write-off of loans	(660,382)	(364,605)	(295,777)
Transfer to specific reserve	—	(407,963)	407,963
Transfer to general reserve for possible loan losses	—	(250,636)	250,636
Others	(311,072)	(177,698)	(133,374)
Gains (losses) on stocks	¥ 101,496	¥ (621,526)	¥ 723,022
Equity in earnings of affiliates	15,700	5,718	9,982
Other income (expenses)	(5,848)	6,193	(12,041)
Ordinary profit (loss)	¥ 342,844	¥ (515,749)	¥ 858,593
Extraordinary gains (losses)	62,049	(75,164)	137,213
Income (loss) before income taxes and minority interests	404,894	(590,914)	995,808
Income taxes, current	(24,289)	(66,068)	41,779
deferred	(8,593)	225,190	(233,783)
Minority interests in net income (loss)	(41,596)	(33,567)	(8,029)
Net income (loss)	¥ 330,414	¥ (465,359)	¥ 795,773
[Reference]			
Consolidated banking profit (Billions of yen)	¥ 1,090.6	¥ 1,131.0	¥ (40.4)

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		
	2004 (A)	2003 (B)	Increase (decrease) (A) – (B)
Assets	¥102,215,172	¥104,607,449	¥(2,392,277)
Loans and bills discounted	55,382,800	61,082,946	(5,700,146)
Securities	27,049,901	24,118,520	2,931,381
Liabilities	98,150,534	101,186,654	(3,036,120)
Deposits	65,333,426	62,931,007	2,402,419
Negotiable certificates of deposit	3,519,464	4,853,017	(1,333,553)
Minority interests	993,696	996,720	(3,024)
Stockholders' equity	3,070,942	2,424,074	646,868

2. Unrealized Gains (Losses) on Securities

Net unrealized gains on securities at March 31, 2004 amounted to ¥568.3 billion, which was an improvement of ¥593.1 billion from the previous fiscal year-end. Net unrealized gains on other securities (including “other money held in trust”), which is included in stockholders' equity, amounted to ¥575.7 billion, which was an improvement of ¥606.4 billion.

The substantial increase in unrealized gains on other securities was attributable to a turnaround from unrealized losses to gains on stocks, an improvement of ¥835.2 billion against the backdrop of a stock market recovery, which was more than enough to compensate for the deterioration in bonds (mainly JGBs) from unrealized gains to losses, on higher long-term interest rates in Japan.

Unrealized Gains (Losses) on Securities

March 31	Millions of yen						
	2004				2003		
	Net unrealized gains (losses) (A)	(A) – (B)	Unrealized gains	Unrealized losses	Net unrealized gains (losses) (B)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥ (7,425)	¥ (13,307)	¥ 2,840	¥ 10,266	¥ 5,882	¥ 5,988	¥ 105
Other securities	575,612	606,255	787,517	211,904	(30,643)	272,943	303,587
Stocks	669,784	835,226	736,878	67,094	(165,442)	112,952	278,395
Bonds	(103,256)	(214,420)	18,590	121,847	111,164	117,093	5,928
Others	9,084	(14,550)	32,047	22,963	23,634	42,897	19,263
Other money held in trust	121	165	222	100	(44)	510	555
Total	568,308	593,113	790,580	222,271	(24,805)	279,443	304,248
Stocks	669,784	835,226	736,878	67,094	(165,442)	112,952	278,395
Bonds	(111,783)	(227,799)	20,330	132,113	116,016	121,945	5,928
Others	10,307	(14,313)	33,371	23,063	24,620	44,545	19,925

- 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. In principle, the values of stocks are calculated using their average market prices during the final month of the respective reporting period. The values of bonds and others are calculated using the 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.
- Of “Unrealized gains (losses) on other securities” as of March 31, 2004, ¥23,452 million is included in this term's profit because of the application of fair value hedge accounting. Consequently, the base amount used in the calculation of the amount to be charged to stockholders' equity has been decreased by ¥23,452 million.

3. Consolidated Capital Ratio (BIS Guidelines)

SMFG's consolidated capital ratio (BIS guidelines) at the fiscal year-end was 11.37%. (Please refer to the "Capital Ratio" section on page 120 for more information.)

Total capital, which constitutes the numerator in the capital ratio calculation equation, was ¥6,737.3 billion, representing a ¥758.4 billion increase from the previous fiscal year-end.

Risk-adjusted assets, the denominator in the equation,

also increased slightly to ¥59,204.0 billion from the previous fiscal year-end. This was the mixed result of a decline due to the effect of the yen's appreciation on foreign-currency dominated assets, as well as the accelerated disposal of non-performing loans and the sale of stockholdings on the one hand, and the active marketing of housing loans and higher-interest-bearing loan products for small and medium-sized enterprises on the other.

Consolidated Capital Ratio (BIS Guidelines)

March 31	Millions of yen		
	2004 (A)	2003 (B)	Increase (decrease) (A) – (B)
Tier I capital (A)	¥ 3,571,604	¥ 3,255,936	¥315,668
Tier II capital included as qualifying capital (B)	3,416,547	2,961,619	454,928
Deductions (C)	(250,754)	(238,633)	(12,121)
Total capital (D) = (A) + (B) – (C)	¥ 6,737,397	¥ 5,978,922	¥758,475
Risk-adjusted assets (E)	¥59,204,015	¥59,166,864	¥ 37,151
Capital ratio (BIS guidelines) = (D) / (E) × 100	11.37%	10.10%	1.27%

4. Dividend Policy

Given the public nature of its business and respecting the stockholders' interests, 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, 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.

SMFG did not pay an interim dividend for the reporting term.

Sumitomo Mitsui Banking Corporation (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

The following is a summary of SMBC's nonconsolidated financial results for fiscal 2003 ended March 31, 2004. The former SMBC and the former Wakashio Bank merged on March 17, 2003 and SMBC's audited statement of operations for fiscal 2002 does not include the figures for the former SMBC before the merger, for it was the nonsurviving entity. Figures for fiscal 2002 ended March 31, 2003 here presented, however, include the operating results of the former SMBC before the merger for the period from April 1, 2002 to March 16, 2003, to make possible a substantive comparison with the previous fiscal year.

1. Operating Results

Banking profit (excluding transfer to general reserve for possible loan losses) for fiscal 2003 decreased ¥113.5 billion to ¥1,000.1 billion year-on-year, as a result of a ¥176.5 billion decrease in gross banking profit to ¥1,584.1 billion and a ¥63.0 billion decrease in expenses (excluding nonrecurring losses) to ¥584.0 billion.

Ordinary profit, calculated by adjusting banking profit (excluding transfer to general reserve for possible loan losses) for nonrecurring items such as credit cost and gains on stocks, was ¥185.1 billion.

After adjusting ordinary profit for extraordinary gains in the amount of ¥133.7 billion and income taxes of ¥12.7 billion, net income came to ¥301.1 billion, a year-on-year increase of ¥779.4 billion.

2. Income Analysis

Gross Banking Profit

Gross banking profit for fiscal 2003 declined ¥176.5 billion year-on-year to stand at ¥1,584.1 billion. In domestic operations, gross banking profit declined ¥117.2 billion year-on-year to ¥1,135.6 billion. This was a result of a ¥77.9 billion decrease in interest income, mainly due to a decline in the loan balance, and a ¥71.7 billion drop in gains on bonds

(mainly JGBs), offsetting a ¥26.3 billion increase in net revenue from fees and commissions on investment trusts, personal pension insurance, and loan syndications.

In international operations, gross banking profit decreased ¥59.2 billion year-on-year to ¥448.5 billion mainly due to Treasury Unit's weaker performance compared with fiscal 2002, despite an increase in gains on derivatives transactions.

Expenses

Expenses (excluding nonrecurring losses) decreased ¥63.0 billion year-on-year to ¥584.0 billion. This was mainly due to a ¥32.6 billion decline in personnel expenses resulting from workforce downsizing and a reduction in provision to reserves for employee bonuses, as well as a ¥25.4 billion reduction in nonpersonnel expenses through the integration of domestic branch operations and further reductions in expenses made possible following the complete integration of the founding banks' computer systems in fiscal 2002.

Banking Profit

Banking profit (excluding transfer to general reserve for possible loan losses) decreased ¥113.5 billion year-on-year to ¥1,000.1 billion.

Banking Profit

Year ended March 31	Millions of yen		
	2004 (A)	2003 (B)	Increase (decrease) (A) – (B)
Gross banking profit.....	¥1,584,127	¥1,760,684	¥(176,557)
Gross banking profit (excluding gains (losses) on bonds)	1,561,386	1,625,025	(63,639)
Net interest income.....	1,087,060	1,223,336	(136,276)
Trust fees	334	7	327
Net fees and commissions	226,568	194,665	31,903
Net trading income	280,729	196,000	84,729
Net other operating income	(10,565)	146,672	(157,237)
Gross domestic banking profit.....	1,135,616	1,252,898	(117,282)
Gross international banking profit.....	448,510	507,785	(59,275)
Transfer to general reserve for possible loan losses	¥ —	¥ (238,132)	¥ 238,132
Expenses (excluding nonrecurring losses)	(583,995)	(647,040)	63,045
Personnel expenses	(221,284)	(253,907)	32,623
Nonpersonnel expenses	(332,238)	(357,682)	25,444
Taxes	(30,472)	(35,450)	4,978
Banking profit.....	¥1,000,132	¥ 875,511	¥ 124,621
Banking profit (excluding transfer to general reserve for possible loan losses).....	1,000,132	1,113,643	(113,511)
Banking profit (excluding transfer to general reserve for possible loan losses and gains (losses) on bonds)	977,391	977,984	(593)

Nonrecurring Losses (Credit Costs, etc.)

Nonrecurring losses amounted to ¥814.9 billion in fiscal 2003. This was mainly attributable to disposal of non-performing loans and amortization expenses for unrecognized obligations (actuarial loss) on retirement benefits, despite a ¥103.9 billion gain on stocks against the backdrop of recovery in the share prices, and a decrease in loss on devaluation of stocks. Total credit cost amounted to ¥803.4 billion, consisting of credit cost recorded as nonrecurring losses in the amount of ¥869.2 billion, net of a ¥65.8 billion gain on reversal of reserve for possible loan losses and for possible losses on loans sold recorded as extraordinary gains. (Please refer to the “Asset Quality” section beginning on page 21 for more information on problem assets and progress in reducing such assets.)

Ordinary Profit

As a result of the foregoing, ordinary profit came to ¥185.1 billion, a ¥782.3 billion improvement from the previous fiscal year.

Extraordinary Gains

Net extraordinary gains amounted to ¥133.7 billion. This was mainly attributable to the refund of a revenue-based enterprise tax imposed by the Tokyo Metropolitan Government in the amount of ¥40.4 billion, and a ¥59.1 billion gains on return of the entrusted portion of employees pension fund. Reserve for possible loan losses (in the total amount of general, specific and overseas) in the amount of ¥65.3 billion was reversed and the relevant gains were also recorded as extraordinary gains.

Net Income

Income taxes totaled ¥12.7 billion. Deferred income taxes under tax-effect accounting came to ¥5.0 billion. As a result, net income came to ¥301.1 billion, which was an improvement of ¥779.4 billion over the previous fiscal year.

Ordinary Profit and Net Income

Year ended March 31	Millions of yen		
	2004 (A)	2003 (B)	Increase (decrease) (A) – (B)
Banking profit (excluding transfer to general reserve for possible loan losses).....	¥1,000,132	¥ 1,113,643	¥(113,511)
Transfer to general reserve for possible loan losses (A)	—	(238,132)	238,132
Banking profit.....	¥1,000,132	¥ 875,511	¥124,621
Nonrecurring gains (losses).....	(814,994)	(1,472,700)	657,706
Credit cost (B).....	(869,234)	(836,385)	(32,849)
Write-off of loans.....	(566,344)	(284,418)	(281,926)
Transfer to specific reserve	—	(375,359)	375,359
Transfer to reserve for losses on loans sold.....	—	(15,245)	15,245
Losses on loans sold to CCPC.....	(806)	(16,370)	15,564
Losses on sale of delinquent loans	(302,083)	(148,870)	(153,213)
Transfer to loan loss reserve for specific overseas countries.....	—	3,879	(3,879)
Gains (losses) on stocks	103,867	(635,708)	739,575
Gains on sale of stocks	151,170	51,205	99,965
Losses on sale of stocks	(36,577)	(159,448)	122,871
Losses on devaluation of stocks.....	(10,724)	(527,465)	516,741
Enterprise taxes by local government	(8,478)	(7,811)	(667)
Others.....	(41,149)	7,204	(48,353)
Ordinary profit (loss)	¥ 185,138	¥ (597,188)	¥ 782,326
Extraordinary gains (losses)	133,707	(73,799)	207,506
Gains (losses) on disposal of premises and equipment.....	(11,853)	(26,169)	14,316
Amortization of net transition obligation from initial application of the new accounting standard for employee retirement benefits	(19,473)	(20,167)	694
Reversal of reserve for possible loan losses (C)	65,342	—	65,342
Reversal of reserve for possible losses on loans sold (D).....	488	—	488
Tax refund from the Tokyo government and interest on the tax refund	40,363	—	40,363
Gains on return of the entrusted portion of employee pension fund.....	59,095	—	59,095
Income taxes, current	(12,752)	(40,299)	27,547
Income taxes, deferred	(4,980)	232,983	(237,963)
Net income (loss).....	¥ 301,113	¥ (478,304)	¥ 779,417
Total credit cost (A) + (B) + (C) + (D).....	¥ (803,403)	¥(1,074,517)	¥ 271,114

3. Assets, Liabilities and Stockholders' Equity

Assets

SMBC's total assets at March 31, 2004 stood at ¥94,109.0 billion on a nonconsolidated basis, a ¥3,782.0 billion decrease compared with a year earlier. This decline is mainly due to a ¥6,472.2 billion decrease in outstanding loans and bills discounted against the backdrop of the slow recovery in corporate fund demand in Japan and the accelerated work-out of non-performing loans, offsetting a ¥2,936.1 billion increase in securities (mainly JGBs and foreign securities) purchased under our trading policy of taking advantage of market interest fluctuations.

Assets, Liabilities and Stockholders' Equity

March 31	Millions of yen		
	2004 (A)	2003 (B)	Increase (decrease) (A) – (B)
Assets	¥94,109,074	¥97,891,161	¥(3,782,087)
Loans and bills discounted	50,810,144	57,282,365	(6,472,221)
Securities	26,592,584	23,656,385	2,936,199
Liabilities	91,238,204	95,611,937	(4,373,733)
Deposits	60,067,417	58,610,731	1,456,686
Negotiable certificates of deposit	3,589,354	4,913,526	(1,324,172)
Stockholders' equity	2,870,870	2,279,223	591,647

4. Unrealized Gains (Losses) on Securities

Net unrealized gains on securities at March 31, 2004 amounted to ¥590.3 billion, which was an improvement of ¥624.8 billion from the previous fiscal year-end. Net unrealized gains on other securities (including "other money held in trust") which is included in stockholders' equity, amounted to ¥556.2 billion, which was an improvement of ¥574.1 billion.

Liabilities

Liabilities at the fiscal year-end decreased ¥4,373.7 billion year-on-year to ¥91,238.2 billion. This decline was attributable to a decrease in payables under repurchase agreements, based on our fund procurement policy of taking market interest fluctuations into account, in the amount of ¥3,052.9 billion. A drop of ¥1,324.1 billion in negotiable certificates of deposit also contributed to the decline.

Stockholders' Equity

Stockholders' equity increased by ¥591.6 billion year-on-year to ¥2,870.8 billion at the end of fiscal 2003. The main reasons for this rise include the posting of net income of ¥301.1 billion and a ¥334.2 billion increase in net unrealized gains on other securities.

The substantial increase in unrealized gains on other securities was attributable to a turnaround from unrealized losses to gains on stocks, an improvement of ¥803.4 billion against the backdrop of a stock market recovery, which was more than enough to compensate for the deterioration in bonds (mainly JGBs) from unrealized gains to losses, on higher long-term interest rates in Japan.

Unrealized Gains (Losses) on Securities

March 31	Millions of yen							
	2004				2003			
	Net unrealized gains (losses) (A)	(A) – (B)	Unrealized gains	Unrealized losses	Net unrealized gains (losses) (B)	Unrealized gains	Unrealized losses	
Held-to-maturity securities	¥ (7,646)	¥ (11,449)	¥ 2,618	¥ 10,265	¥ 3,803	¥ 3,909	¥ 105	
Stocks of subsidiaries and affiliates	41,696	62,124	41,696	—	(20,428)	624	21,052	
Other securities	556,146	574,003	757,072	200,925	(17,857)	257,680	275,537	
Stocks	651,101	803,455	711,514	60,413	(152,354)	105,269	257,624	
Bonds	(101,890)	(210,602)	16,211	118,101	108,712	112,417	3,705	
Others	6,935	(18,850)	29,346	22,410	25,785	39,993	14,207	
Other money held in trust	121	165	222	100	(44)	510	555	
Total	590,318	624,844	801,610	211,291	(34,526)	262,725	297,251	
Stocks	692,798	865,580	753,211	60,413	(172,782)	105,894	278,677	
Bonds	(110,416)	(221,944)	17,950	128,366	111,528	115,234	3,705	
Others	7,937	(18,790)	30,448	22,510	26,727	41,597	14,869	

- 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. Of "Unrealized gains (losses) on other securities" as of March 31, 2004, ¥23,452 million is included in this term's profit because of the application of fair value hedge accounting. Consequently, the base amount used in the calculation of the amount to be charged to stockholders' equity has been decreased by ¥23,452 million.
4. Unrealized losses as of March 31, 2003 represent figures for newly recognized losses after the merger.

5. Deferred Tax Assets

Deferred Tax Assets on the Balance Sheet

SMBC has registered deferred tax assets in an amount based on reasonable estimates of the size of tax benefits on collectibility of assets in question in the future in line with Accounting Standards for Tax Effect Accounting (issued by the Business Accounting Deliberation Council dated October 30, 1998) and related practical guidelines. Moreover, SMBC has adopted more conservative estimates for the recognition of deferred tax assets from the viewpoint of maintaining a sound financial position, taking into full consideration the opinions expressed in the "Strict Audit to Major Banks" (issued by the Japanese Institute of Certified Public Accountants (JICPA); February

24, 2003).

At March 31, 2004, net deferred tax assets amounted to ¥1,590.5 billion on a nonconsolidated basis, a ¥224.1 billion decrease from the previous term-end. This decline was mainly attributable to recognition of deferred tax liabilities in the amount of ¥216.5 billion due to a turnaround from unrealized losses to unrealized gains on "other securities" against the backdrop of rebounds in stock prices in Japan. In addition, the valuation allowance (which was not included in the scope of outstanding deferred tax assets due to conservative estimates) amounted to ¥357.3 billion at March 31, 2004.

		(Billions of yen)			(Reference)	
March 31		2004	Change from 2003	2003	Temporary differences 2004	
(A)	Total deferred tax assets (B) – (C)	1	¥1,839.6	¥ (9.7)	¥1,849.3	
(B)	Subtotal of deferred tax assets	2	2,196.9	(107.2)	2,304.1	¥5,405.5
	Reserve for possible loan losses	3	429.3	(390.9)	820.2	1,056.6
	Write-off of loans	4	282.8	(36.8)	319.6	695.9
	Reserve for possible losses on loans sold	5	—	(6.9)	6.9	—
	Write-off of securities	6	378.6	(217.7)	596.3	931.9
	Reserve for employee retirement benefits	7	82.3	(20.0)	102.3	202.5
	Depreciation	8	7.1	(1.2)	8.3	17.4
	Net unrealized losses on other securities	9	—	(6.9)	6.9	—
	Net operating loss carryforwards	10	951.4	578.0	373.4	2,325.5
	Other	11	65.4	(4.8)	70.2	175.7
(C)	Valuation allowance	12	357.3	(97.5)	454.8	
(D)	Total deferred tax liabilities	13	¥ 249.1	¥ 214.4	¥ 34.7	¥ 613.0
	Gains on securities contributed to employee retirement benefits trust	14	25.5	0.2	25.3	62.8
	Net unrealized gains on other securities	15	216.5	216.5	—	532.8
	Other	16	7.1	(2.3)	9.4	17.4
	Net deferred tax assets (balance sheet amount) (A) – (D)	17	¥1,590.5	¥(224.1)	¥1,814.6	
	Amounts corresponding to the estimated taxable income before adjustments	18	1,729.6	3.5	1,726.1	
	Amounts to be realized after more than a certain period (Note 1)	19	77.4	(11.1)	88.5	
	Amount corresponding to the deferred tax liabilities shown in 15 above (Note 2)	20	(216.5)	(216.5)	—	
	Effective income tax rate (Note 3)	21	40.63%	0.17%	40.46%	

Notes: 1. Deferred tax assets arising from temporary differences that are expected to be reversed after more than five years (such as reserve for employee retirement benefits and depreciation of buildings) may be recognized if there is a high likelihood of such tax benefits being realized. (JICPA Auditing Committee Report No. 66 "Auditing Treatment Regarding Judgment of Realizability of Deferred Tax Assets")

2. Deferred tax assets are recognized on the balance sheet on a net basis after offsetting against deferred tax liabilities arising from net unrealized gains on other securities. But the collectability is assessed for the gross deferred tax assets, before offsetting against deferred tax liabilities. (JICPA Auditing Committee Report No. 70 "Auditing Treatment Regarding Application of Tax Effect Accounting to Valuation Differences on Other Securities and Losses on Impairment of Fixed Assets")

3. The effective tax rate shown in "21" is applied to the temporary differences that are expected to be reversed after fiscal 2004, and reflect the impact of the adoption of enterprise taxes through external standards taxation in fiscal 2004. In addition, the excess tax rate, upto 20% over the standard tax rate admitted by Local Tax Law, for the enterprise tax being adopted by several municipal governments is considered for March 31, 2004. As for the figures for March 31, 2003, the effective tax rate of 38.62% is applied to the temporary differences that are expected to be reversed in fiscal 2003.

Reason for Recognition of Deferred Tax Assets on the Balance Sheet

(a) Recognition Criteria

Practical Guideline 5 (1), examples (4) proviso

- (1) SMBC has significant operating loss carryforwards on the tax base. These operating loss carryforwards are due to SMBC taking the below measures in order to quickly strengthen its financial base under the prolonged deflationary pressure, and are accordingly judged to be attributable to extraordinary factors. As a result, SMBC recognized deferred tax assets to the limit of the estimated future taxable income for the period (approximately 5 years) pursuant to the practical guideline on assessing the collectability of deferred tax assets issued by JICPA ("Practical Guideline") (*).
- (a) Disposal of Non-performing Loans
SMBC established internal standards for write-offs and reserves based on self-assessment in accordance with the "Prompt Corrective Action" adopted in fiscal 1998 pursuant to the law concerning the maintenance of sound management of financial institutions (June 1996). SMBC has been aggressively disposing non-performing loans and bolstering provisions in order to reduce the risk of asset deterioration under the severe business environment of a prolonged sluggish economy. As a result, taxable disposal of non-performing loans (**) amounted to approximately ¥1.75 trillion as of March 31, 2004.
In addition, pursuant to the "Program for Financial Revival" of October 2002, SMBC is now accelerating disposal of non-performing loans in order to reduce the problem asset ratio to half by fiscal 2004. In the process, taxable write-off of bad loans implemented in the past is now being realized. (Realized amount for fiscal 2003 was approximately ¥1.6 trillion.)
- (b) Disposal of Unrealized Losses on Stocks
SMBC has been accelerating its effort to reduce stockholdings in order to reduce its exposure to stock price fluctuations and meet the regulation limiting stockholdings that was adopted in fiscal 2001 and to be implemented in fiscal 2006.
During fiscal 2002, SMBC reduced the balance of stocks by ¥1.1 trillion through stocks sales and also disposed all at once unrealized losses on stocks of ¥1.2 trillion by writing off impaired stocks and using the gains on the merger. As a result, SMBC met the regulation limiting stockholdings before the deadline.
As a result, balances of taxable write-off on securities (***) increased temporary (approximately ¥1.5 trillion as of March 31, 2003; approximately ¥100 billion as of March 31, 1999). On the other hand, taxable write-off of securities carried out in the past is now being realized through accelerated selling of stocks (result for the fiscal year 2003 was approximately ¥600 billion).
- (2) Consequently, operating loss carryforwards on the tax base amounted to approximately ¥2.3 trillion as of March 31, 2004 and they are certain to be offset by their expiration period by the taxable income that will be generated in the future. No material operating loss carryforwards on the tax base have expired in the past.

(*) JICPA Auditing Committee Report No.66 "Auditing Treatment Regarding Judgment of Realizability of Deferred Tax Assets"

(**) Corresponds to "(Reference) Temporary differences" (upper right corner) of the previous page's table.

(Reference 1) Outline of Practical Guideline 5 (1), examples (4)

When a company has material operating loss carryforwards on the tax base as of term-end, deferred tax assets may be considered to be collectable to the extent of the estimated taxable income for the next fiscal year and relating to the temporary differences expected to be reversed in the next fiscal year.

However, when operating loss carryforwards are due to the company's restructuring efforts, changes in laws, and/or other extraordinary factors, the deferred tax assets may be considered to be collectable to the extent of the estimated taxable income for the estimation period (approximately 5 years) and relating to the temporary differences expected to be reversed over the estimation period.

(b) Term for Future Taxable Income to be Estimated: 5 years

(c) Accumulated Amount of Estimated Future Taxable Income before Adjustments for the Next 5 Years

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. 2004)	3	¥1,166.9
C Taxable income before adjustments (A + B)	4	¥4,256.9
		↓
Deferred tax assets corresponding to taxable income before adjustments	5	¥1,729.6

(corresponding to 18 of the table on the previous page)

Basic Policy

- (1) Estimate when the temporary differences will be reversed
- (2) Conservatively estimate the taxable income before adjustments for the next 5 years
 - (a) Rationally make earnings projection for up to fiscal 2008 based on the "Plan for strengthening the financial base (up to fiscal 2006)"
 - (b) Reduce the projected amount by an amount reflecting the uncertainty of the projected amount
 - (c) Add the adjustments to the above amount
- (3) Apply the effective tax rate to the above amount and record the amount as "deferred tax assets"

(Reference 2) Income of final return (before deducting operating loss carryforwards) for the last 5 years

Year ended March 31	Billions of yen				
	2004	2003	2002	2001	2000
Income of final return (before deducting operating loss carryforwards)....	¥(1,434.0)	¥(745.5)	¥241.9	¥(176.0)	¥327.3

Notes: 1. Income of final return (before deducting operating loss carryforwards) = Taxable income before adjustments for each fiscal year – Temporary differences to be reversed for each fiscal year

2. Since the final declaration for the corporate income tax is being done in the end of June, the figures for March 31, 2004 are estimated income of final return as of March 31, 2004.

3. The figures above include amounts arising from "extraordinary factors" that are specified in the Practical Guideline. SMBC records taxable income in each year when these amounts are excluded.

| Asset Quality |

Current Status of Problem Assets

One of the top-priority management goals of SMBC since its establishment has been to strengthen its balance sheet by reducing the balance of non-performing loans (NPLs), and we have been achieving better than expected progress. In particular, we dramatically reduced NPLs, referred to as “problem assets” under the Financial Reconstruction Law, by over ¥2,400 billion in fiscal 2003, the year ended March 31, 2004. With the Japanese economy showing stronger signs of a sustainable recovery, we have targeted fiscal 2004 as the year for completing the cleaning up of our balance sheet through further off-balancing, revitalization of borrowers and other measures to prevent asset deterioration, and will continue to radically reinforce our financial base.

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

1. Self-Assessment

SMBC conducts rigorous self-assessment of asset quality 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 criteria are consistent with the categories used in self-assessment.

At the same time, self-assessment is a preparatory task for ensuring SMBC’s asset quality and 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 such factors as collateral and guarantees. As part of our efforts to bolster risk management throughout the Group, our consolidated subsidiaries carry out self-assessment in substantially 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 the 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, 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, etc.
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 uncollectable 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 reserves 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 principal and interest on the claims, and provisions will then be made equivalent to the excess of the book value of the claims over the said cash inflow discounted by the initial contractual interest rate or

effective interest rate at the time of origination. In this way, we have provided sufficient reserves against the risk of a future deterioration in asset quality.

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

II. Credit Cost

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

uncollectible loans and provisions already made in the case of write-offs. The credit cost for fiscal 2003 is shown in the table below.

■ Credit Cost (SMBC Nonconsolidated; year ended March 31, 2004)

(Billions of yen)

Credit cost	¥1,141.3
Write-off of loans	566.3
Transfer to specific reserve	276.4
Transfer to reserve for losses on loans sold	(0.5)
Losses on loans sold to CCPC	0.8
Losses on sale of delinquent loans	302.1
Transfer to loan loss reserve for specific overseas countries	(3.8)
Transfer to general reserve for possible loan losses	(337.9)
Total credit cost	¥ 803.4
Reserve for possible loan losses	¥1,250.8
Amount of direct reduction	¥ 889.4

■ Credit Cost (SMFG Consolidated; year ended March 31, 2004)

(Billions of yen)

Total credit cost	¥ 956.6
Reserve for possible loan losses	¥1,422.5
Amount of direct reduction	¥1,236.1

■ Reserve for Possible Loan Losses (March 31, 2004)

(Billions of yen)

	SMBC (Nonconsolidated)	SMFG (Consolidated)
Reserve for possible loan losses	¥1,250.8	¥1,422.5
General reserve	769.0	837.7
Specific reserve	474.0	577.0
Loan loss reserve for specific overseas countries	7.8	7.8

To achieve a complete solution to the issue of NPLs, in fiscal 2003 SMBC made even more aggressive efforts in off-balancing NPLs as well as in corporate revitalization and reconstruction. As a result, on a nonconsolidated basis, SMBC recorded problem asset write-offs in the amount of ¥803.4 billion.

Our goals for the near future do not stop with the 50%

reduction in the NPL ratio (the ratio of problem assets to total assets) advocated in the government's Program for Financial Revival. We intend to continue reducing the NPL ratio with the ultimate objective of establishing a strong financial base that will enable the Group to weather any adverse business conditions, no matter how severe.

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 in accordance with the Banking Law (in which they are referred to as “risk-monitored loans”) and the Financial Reconstruction Law

(where they are referred to as “problem assets”). 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, import and export, accrued interest, suspense payments, and customers' liabilities for acceptances and guarantees that are not included in the other three categories.

Note: Based on the borrower's category under self-assessment, claims on the borrower are categorized as Classification I, II, III, and IV assets according to their default and impairment risk levels. (Please refer to page 25 for the asset classification table.)

□ 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 Borrowers	(Normal assets)			
	(A)		(B)	= (C)

The disclosure of risk-monitored loans corresponds exactly to the disclosure of problem assets based on the Financial Reconstruction Law, except for such non-loan assets as securities lending, import and export, accrued interest, suspense payments, and customers' liabilities for acceptances and guarantees, which are not subject to disclosure.

Since overdue interest from borrowers classified under self-assessment as Potentially Bankrupt Borrowers, Effectively Bankrupt Borrowers, and Bankrupt Borrowers is, as a rule, not recognized as accrued interest, the amount is not included in the problem assets disclosed on the basis of the Financial Reconstruction Law.

2. Problem Asset Disclosure Amounts

SMBC's problem assets under the Financial Reconstruction Law and risk-monitored loans at the end of fiscal 2003 are as shown on the following page. As a means of achieving a radical improvement in the bank's financial position, we undertook proactive measures for the disposal of problem assets, reducing the balance of doubtful assets by ¥926.8 billion compared with the end of March 2003. Thanks to an intense focus on the

revitalization and reconstruction of our borrowers, substandard loans were reduced by ¥1,360 billion year-on-year. As a result, the balance of problem assets as defined in the Financial Reconstruction Law declined by ¥2,450.1 billion from the end of March 2003, and the NPL ratio improved by 3.4 percentage points compared with the previous term-end, to reach 5.0%.

■ Problem Assets Based on the Financial Reconstruction Law (March 31, 2004)

(Billions of yen)

	SMBC (Nonconsolidated)	Compared with March 31, 2003	SMFG (Consolidated)
Bankrupt and quasi-bankrupt assets	¥ 361.6	¥ (163.3)	¥ 485.9
Doubtful assets	1,202.7	(926.8)	1,409.1
Substandard loans	1,246.9	(1,360.0)	1,441.2
Subtotal	¥ 2,811.2	¥(2,450.1)	¥ 3,336.2
Normal assets	52,874.4	(4,439.0)	56,127.5
Total	¥55,685.6	¥(6,889.1)	¥59,463.7
Amount of direct reduction	¥ 889.4		¥ 1,236.1

■ Risk-Monitored Loans (March 31, 2004)

(Billions of yen)

	SMBC (Nonconsolidated)	Compared with March 31, 2003	SMFG (Consolidated)
Bankrupt loans	¥ 67.2	¥ (105.2)	¥ 96.4
Non-accrual loans	1,460.8	(929.4)	1,767.9
Past due loans (3 months or more)	47.6	(67.1)	51.5
Restructured loans	1,199.3	(1,292.9)	1,382.2
Total	¥2,774.9	¥(2,394.6)	¥3,298.0
Amount of direct reduction	¥ 865.8		¥1,178.3

■ Classification under Self-Assessment, Disclosure of Problem Assets, and Write-Offs/Reserves (SMBC Nonconsolidated; March 31, 2004)

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) ¥361.6	Portion of claims secured by collateral or guarantees, etc. (5) ¥349.7	Fully reserved ¥11.9	Direct write-offs (Note 1)	Specific reserve ¥18.3 (Note 2)	100% (Note 3)		
Effectively Bankrupt Borrowers								
Potentially Bankrupt Borrowers	Doubtful assets (2) ¥1,202.7	Portion of claims secured by collateral or guarantees, etc. (6) ¥657.3	Necessary amount reserved ¥545.4		General reserve for substandard loans ¥287.5	83.6% (Note 3)		
Borrowers Requiring Caution	Substandard loans (3) ¥1,246.9 (Claims to substandard borrowers)	Portion of substandard loans secured by collateral or guarantees, etc. (7) ¥523.5				39.0% (Note 3)	22.4% (Note 3)	
Normal Borrowers	Normal assets ¥52,874.4	Claims to normal borrowers		General reserve ¥769.0	4.2% [10.8%] (Note 4)			
						0.2% (Note 4)		
					Loan loss reserve for specific overseas countries ¥7.8			
Total (4) ¥55,685.6		NPL ratio (A) / (4) 5.0% (Note 5)		Total reserve for possible loan losses ¥1,250.8		Reserve ratio (B) / (D) 59.5% (Note 6)		
(A) = (1) + (2) + (3) ¥2,811.2		Portion secured by collateral or guarantees, etc. (C) = (5) + (6) + (7) ¥1,530.5		Unsecured portion (D) = (A) - (C) ¥1,280.7				
					Coverage ratio (B) + (C) / (A)	81.5%		

Notes: 1. Includes amount of direct reduction totaling ¥889.4 billion.

2. Includes reserves for assets that are not subject to disclosure under the Financial Reconstruction Law. (Bankrupt/Effectively Bankrupt Borrowers: ¥6.4 billion; Potentially Bankrupt Borrowers: ¥9.5 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 for 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, and steady progress is being made.

■ Breakdown of Off-Balancing (SMBC Nonconsolidated; March 31, 2004)

	March 31, 2002 ①	Fiscal 2002		March 31, 2003 ②	Fiscal 2003		March 31, 2004 ③
		New occurrences	Off-balanced		New occurrences	Off-balanced	
Bankrupt and quasi-bankrupt assets	¥ 498.2	¥ 108.9	¥ (82.2)	¥ 524.9	¥ 125.7	¥ (289.0)	¥ 361.6
Doubtful assets	2,982.3	1,293.3	(2,146.1)	2,129.5	1,227.9	(2,154.7)	1,202.7
Total	¥3,480.5	¥1,402.2	¥(2,228.3)	¥2,654.4	¥1,353.6	¥(2,443.7)	¥ 1,564.3
				Increase/Decrease (②-①)			Increase/Decrease (③-②)
Bankrupt and quasi-bankrupt assets				¥ 26.7			¥ (163.3)
Doubtful assets				(852.8)			(926.8)
Total				¥ (826.1)			¥(1,090.1)

4. Problem Assets by Region and Industry

■ Problem Assets by Domicile of Borrowers (SMBC Nonconsolidated; March 31, 2004)

	Financial Reconstruction Law Basis (Excluding normal assets)		Risk-Monitored Loans	
	Percentage		Percentage	
Domestic	97.5%	¥2,740.3	97.7%	¥2,709.8
Overseas	2.5%	70.9	2.3%	65.1
Asia	1.1%	32.5	1.1%	30.7
Indonesia	0.7%	18.3	0.7%	18.3
Hong Kong	0.1%	3.2	0.1%	3.2
India	0.1%	3.6	0.1%	3.1
China	0.0%	0.4	0.0%	0.4
Others	0.2%	7.0	0.2%	5.7
North America	1.0%	27.4	0.9%	26.1
Central and South America	0.1%	3.9	0.0%	1.2
Western Europe	0.3%	7.1	0.3%	7.1
Eastern Europe	—	—	—	—
Total	100.0%	¥2,811.2	100.0%	¥2,774.9

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, 2004)

	Financial Reconstruction Law Basis (Excluding normal assets)		Risk-Monitored Loans	
	Percentage		Percentage	
Domestic	97.5%	¥2,740.3	97.7%	¥2,709.8
Manufacturing	11.7%	328.5	11.8%	325.9
Agriculture, forestry, fishery and mining	0.0%	1.1	0.0%	1.1
Construction	3.8%	107.3	3.9%	107.1
Transportation, communications, and other public enterprises	3.0%	85.4	3.0%	84.3
Wholesale and retail	13.1%	368.8	13.2%	366.1
Finance and insurance	2.0%	54.7	1.9%	53.0
Real estate	36.2%	1,016.7	36.0%	997.6
Services	19.0%	534.5	19.2%	533.9
Municipalities	—	—	—	—
Others	8.7%	243.3	8.7%	240.8
Overseas	2.5%	¥ 70.9	2.3%	¥ 65.1
Public sector	0.4%	11.4	0.4%	11.4
Financial institutions	0.0%	0.7	0.0%	0.7
Commerce and industry	2.1%	58.8	1.9%	53.0
Others	—	—	—	—
Total	100.0%	¥2,811.2	100.0%	¥2,774.9

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 SMFG Corporate Governance System

The chairman of SMFG serves as the chairman of the Board of Directors of SMFG. This is to separate his role from that of the president of the Group, whose responsibility is to exercise overall supervision of the Group's business activities. We also have outside directors to improve the effectiveness of the Board, as well as three subcommittees—the Risk Management Committee, the Compensation Committee, and the Nominating Committee—to support its oversight function.

The two outside directors, a certified public accountant and a lawyer, are members of all the subcommittees to ensure that the execution of the Group's business operations is in conformity with the law. In particular, an outside director serves as chairman of the Compensation Committee. This system allows the supervision of corporate governance 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
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. 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, under the direct supervision of the Board of Directors and chaired by the president of SMFG, 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, in accordance with basic policy as determined by the Board of Directors, after considering the committee's recommendations.

In addition to the above, SMFG also has 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.

With regard to the three Group companies Sumitomo Mitsui Card Company, Limited, SMBC Leasing Company, Limited, and the Japan Research Institute, Limited, the director in charge of SMFG's Subsidiaries and Affiliates Department serves as a part-time director of these companies to strengthen the control of SMFG over their operations.

The SMBC Corporate Governance System

To ensure sound and transparent management, SMBC separates the two functions of management: decision-making at the operational level, and supervision of the management of the bank from a longer-term perspective. For this purpose, the bank employs a system in which executive officers appointed by the Board of Directors are responsible for operational duties, while the supervisory function is exercised principally by the Board of Directors.

The chairman of the bank serves as the chairman of the Board of Directors, and to clearly separate his functions from those of the president of the bank, whose responsibility is to exercise overall supervision of the bank's activities, the chairman does not simultaneously serve as an executive officer; instead, he is primarily responsible for overseeing the performance of operational duties.

Executive officers are selected by the Board to manage each of SMBC's businesses. As of June 30, 2004, there were 67 executive officers, including the president, 13 of whom concurrently serve as directors.

The Management Committee, under the direct supervision of the Board of Directors, 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 in light of the policies laid down by the Board of Directors, 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's Advisory Board, which serves as a consultative body to its chairman and president, consists of top management members from major companies as well as other persons with special qualifications from outside the bank. The Advisory Board supports the bank's management in their deliberations across the whole spectrum of business issues.

Internal Audit System

An Outline of the 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.

With the objective of helping realize the optimal management and business operations of the Group, and of ensuring the soundness of the Group's assets, the Audit Department conducts internal audits of the operations of all units and departments. The audits have the additional aim of verifying 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 monitors the activities of the internal audit department of each company and conducts audits when deemed necessary.

The results of the audits and monitoring are periodically reported to the Management Committee and the Board of Directors. The Audit Department administers guidance and gives advice to the audited departments and related offices, as well as to the respective auditing departments of Group companies.

At SMBC, the Internal Audit Department and the Credit Review Department of the Internal Audit Unit 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 audits credit risk management, including the accuracy of ratings and self-assessment.

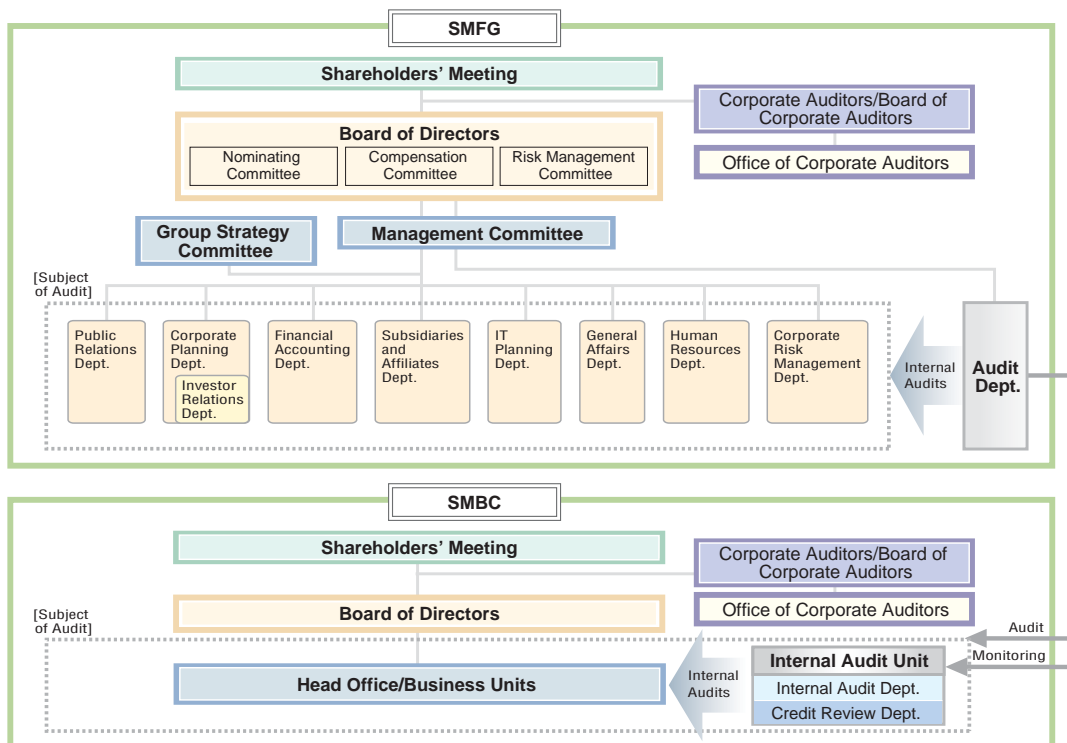
Internal auditing sections have been set up at other Group companies, according to the respective nature of each company's line of business.

Enhancing Efficiency of the Internal Auditing Process

The Audit Department has adopted auditing methods in line with the standards of the Institute of Internal Auditors (IIA)*, an international body. It conducts risk-based audits and spreads the ideas and methods to the Group companies.

Additionally, to effectively fulfill its role as the central body for internal auditing, the staff of the Audit Department constantly work to collect the latest information on internal auditing from inside and outside Japan and to distribute it to all Group companies. They also organize training courses, which are conducted by outside experts, for all the staff of Group companies, and encourage staff to obtain international qualifications, to raise their level of specialist expertise in internal auditing. In addition, the Audit Department is actively working on the evaluation of the quality of audits in order to further enhance their effectiveness.

* The Institute of Internal Auditors (IIA) was founded in 1941 in the United States as an organization dedicated to helping raise the level of specialization and professionalism of internal auditing staff. In addition to conducting theoretical and practical research, the IIA administers examinations for Certified Internal Auditor® (CIA), which is the globally accepted qualification in the field.



Compliance

Compliance at SMFG

Basic Compliance Policies

As a financial services complex that fulfills the important mission of serving as 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 comprising the following five principles. Through adherence to these principles, we endeavor to construct an effective 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.

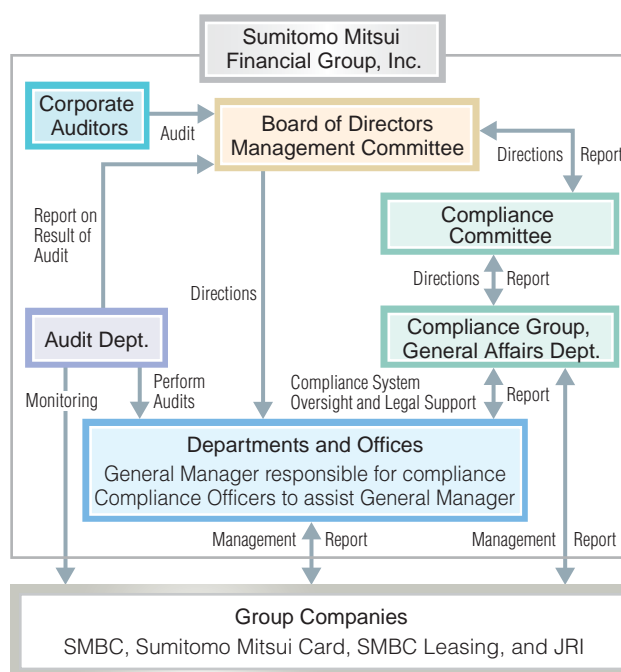
Management of Legal Risk

Legal risk, which refers to the possibility of loss (including reputational loss) arising from acts that break the law or violate the conditions of contracts, principally as a result of failure to sufficiently examine the legal implications before taking action, has become a matter requiring even greater attention in recent years, owing to the widespread deregulation of the financial sector.

Consequently, SMFG has laid down procedures for managing legal risk, collecting information on business laws and ordinances and examining the legal implications of new products, services and contracts under consideration. In these ways, SMFG is enhancing legal risk management.

Group Management of the Compliance System

Since the establishment of SMFG as a financial holding company in December 2002, we have been providing 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.



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.

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

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 its consolidated subsidiaries. The Board of Directors annually updates the 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 the compliance system.

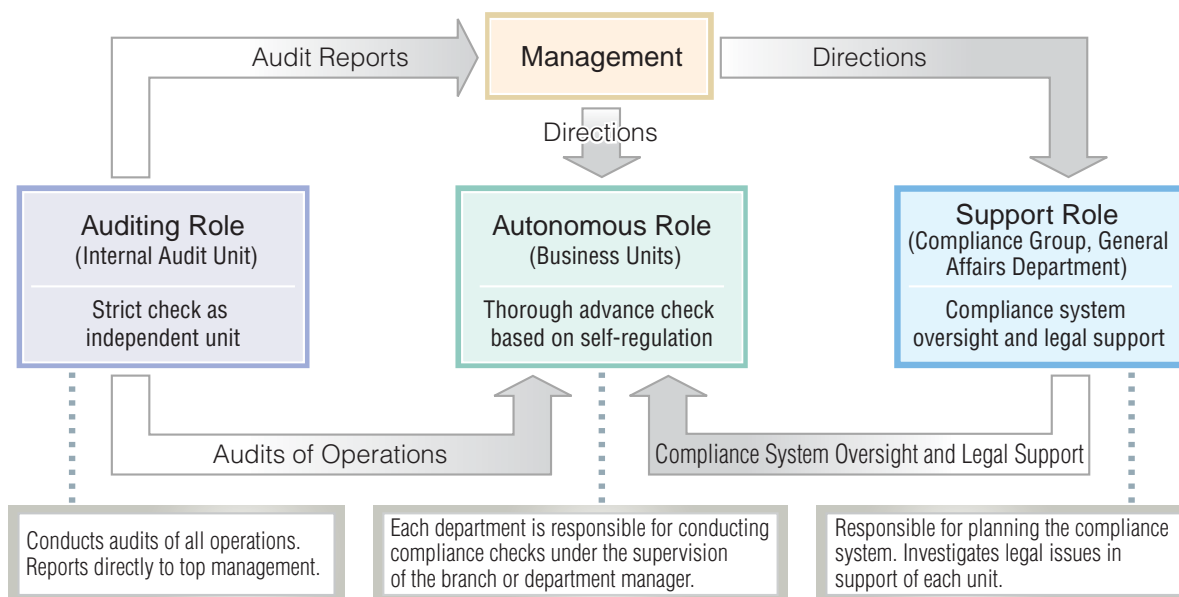
Appointment of Compliance Officers

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

Compliance Committee

The Compliance Committee is a cross-sectional organization, ensuring that compliance issues are reviewed and discussed widely. It is chaired by the director responsible for compliance issues and includes the heads of relevant departments. To enhance objectivity, the Committee includes outside legal experts who serve as advisors.

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 and (4) operational risk (including processing risk and 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. The Corporate Risk Management Department works with the Corporate

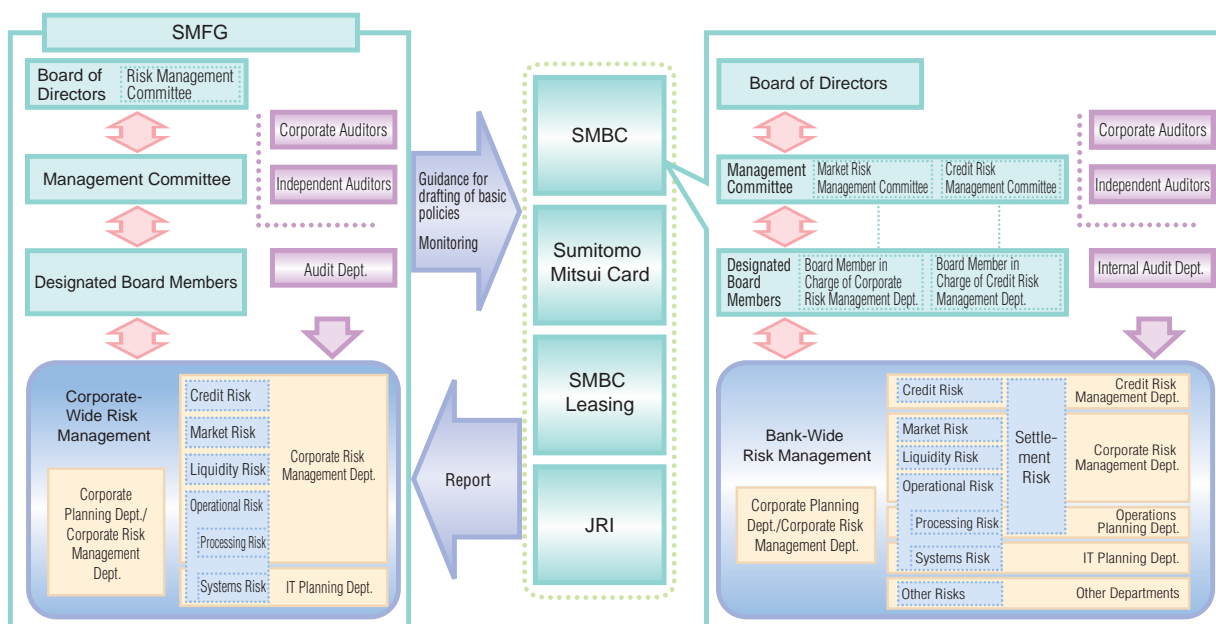
Planning Department to comprehensively and systematically manage all these categories of risk across the entire Group.

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 four 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 credit, market and liquidity risks at the operating level is strengthened by the Credit Risk Management Committee and the Market 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



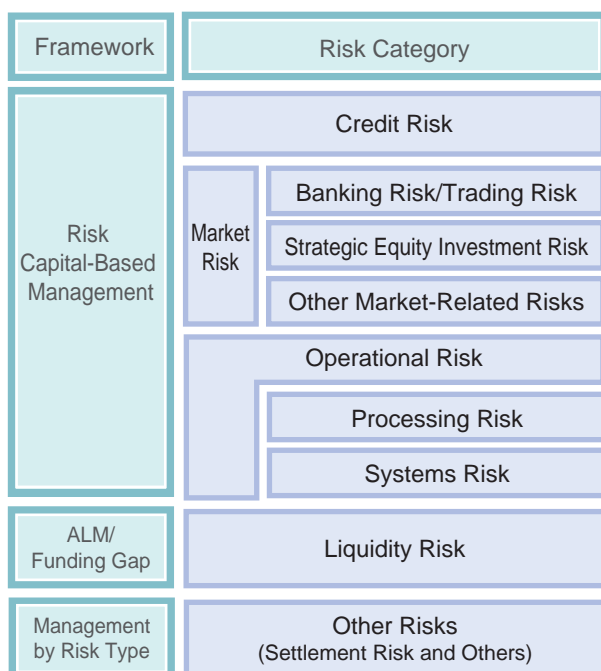
Risk Management Methods

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, and operational risks 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, and operational risks. 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 asset liability management (ALM) and the funding gap. 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 to a permissible level relative to 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. SMBC is promoting the understanding of and strict adherence to its credit policy among all its managers and employees. By conducting credit risk management in line with global standards laid down by the New Basel Capital Accord, SMBC aims to 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, tenure, 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 criteria.

(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.

■ 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 appear to be no prospects for restructuring.	VIII	
	B			
	R			
10	A	The debtor is legally and formally bankrupt.	IX	
	B			
	R			
				Normal Borrowers
				Borrowers Requiring Caution A
				Borrowers Requiring Caution B
				Substandard Borrowers
				Potentially Bankrupt Borrowers
				Effectively Bankrupt Borrowers
				Bankrupt Borrowers
				Substandard Loans
				Doubtful Assets
				Bankrupt and Quasi-Bankrupt Assets

3. Framework for Managing Individual Loans

(1) Credit Assessment

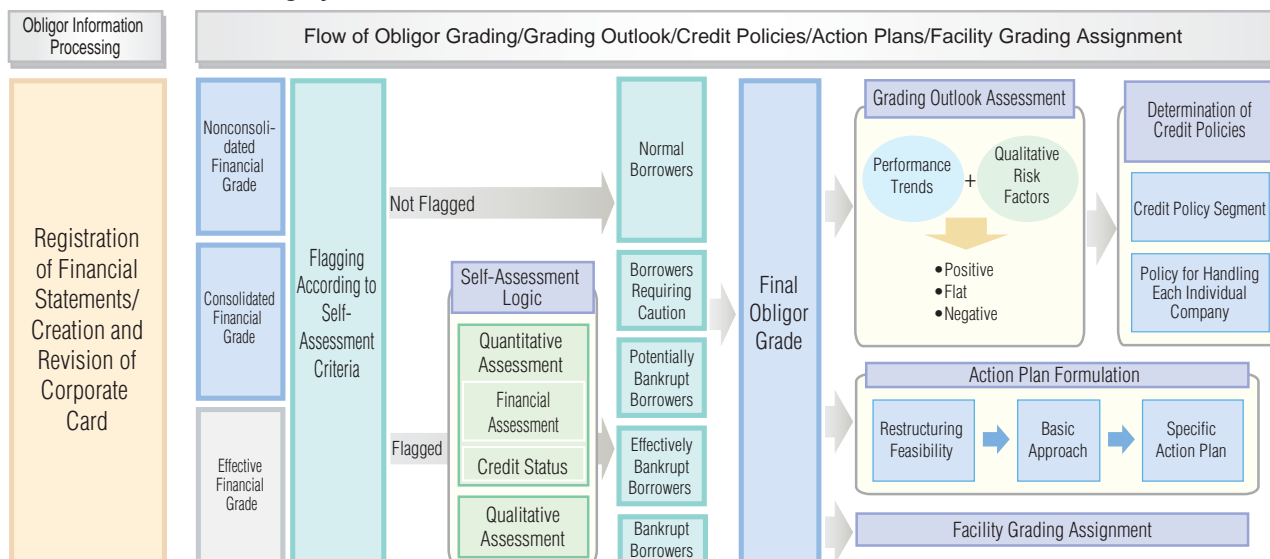
Credit assessment involves a variety of financial analyses, including cash flow, to predict an enterprise's capability of loan repayment and its growth prospects. These quantitative measures, when combined with qualitative analyses of industrial trends, the enterprise's R&D capabilities, the competitiveness of its products or services, and its management caliber, result in a comprehensive credit assessment. The loan application is 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 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.

■ SMBC's Credit Monitoring System



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 keep credit risk exposure to a permissible level relative to 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 and Prevention of Non-Performing Loans

In order to counter concerns of increasing losses from the deterioration of existing non-performing loans (NPLs) or the occurrence of new ones, SMBC is striving to respond quickly by

preventing deterioration of existing loans and normalizing problem borrowers by reviewing loans to set new measures and clarify action plans, and by programs to strengthen the recovery of loan assets and secure additional collateral.

(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

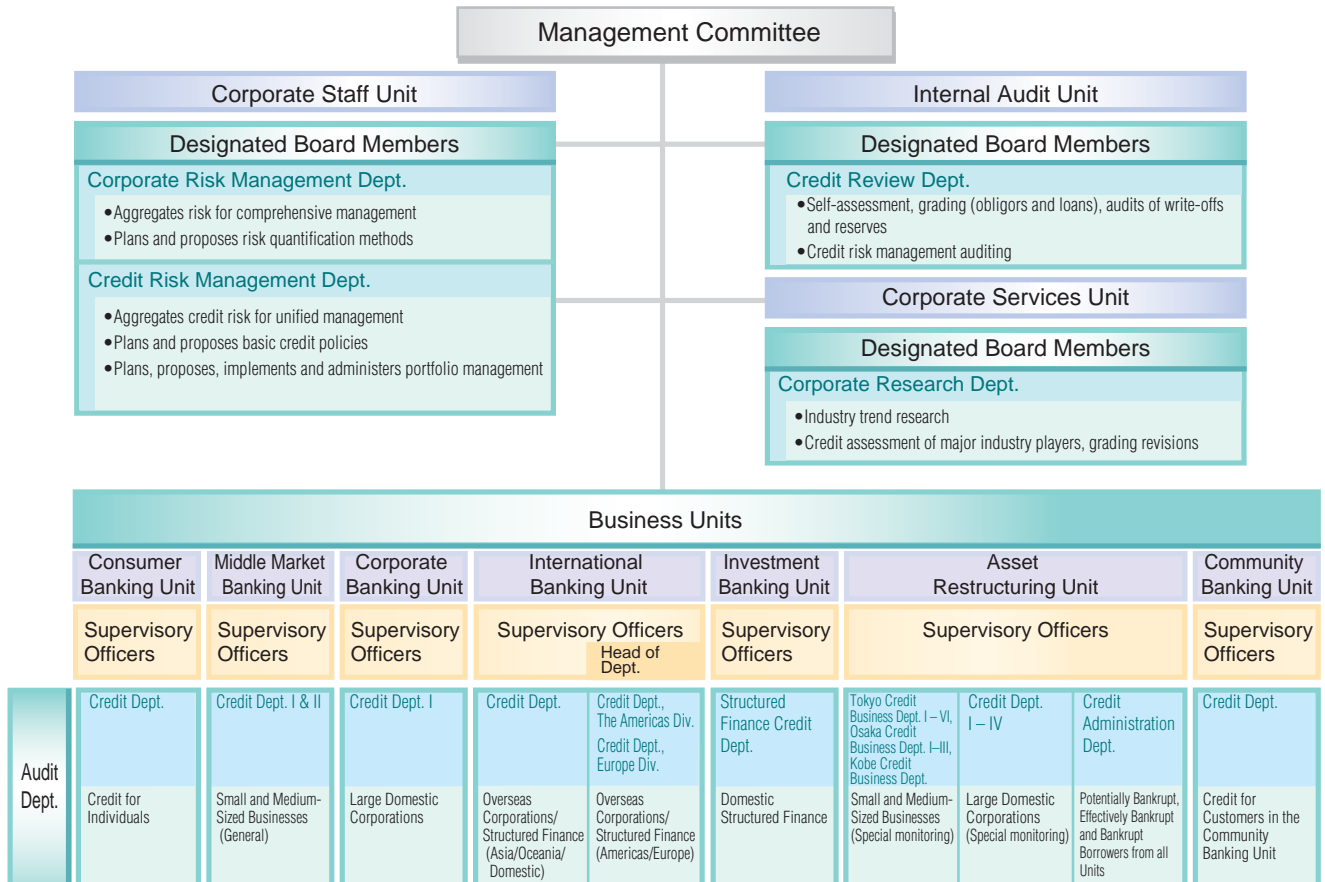
The Credit Risk Management Department within the Corporate Staff Unit is responsible for the comprehensive management of credit risk. This department determines credit policies, makes proposals on the internal rating system, plans credit limits and approval limits, and manages NPLs, loan securitization 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 NPLs. 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 its quantitative management of market and liquidity risk 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

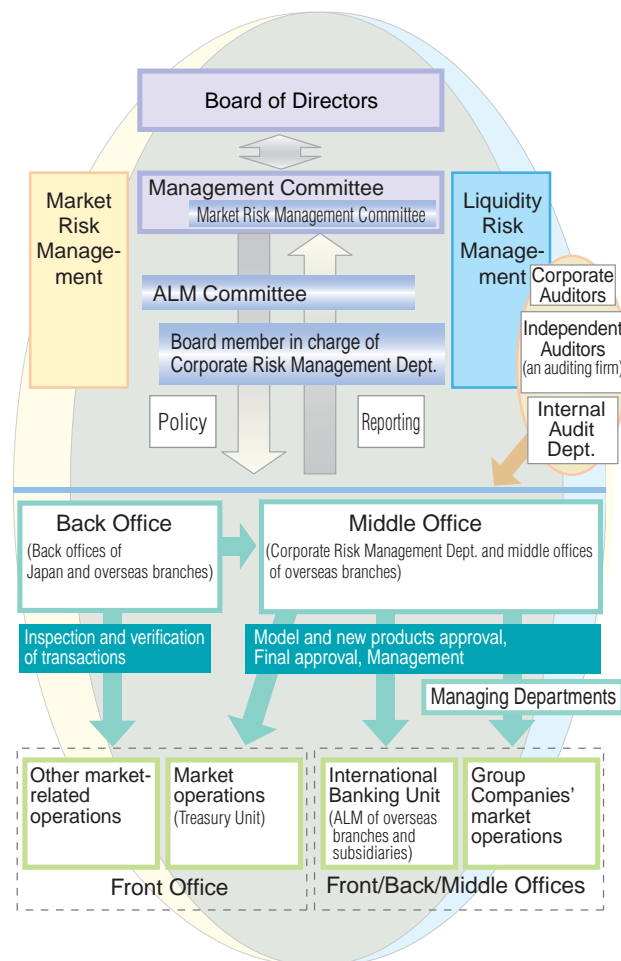
The value-at-risk (VaR) method is used to control market risk. This method predicts the maximum potential loss for a given probability. The SMBC VaR model calculates the maximum loss through a Monte Carlo simulation of changes in profits and losses, i.e., 10,000 scenarios of market fluctuations based 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 2003 were as follows:

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



■ SMBC's VaR Results

(Billions of yen)

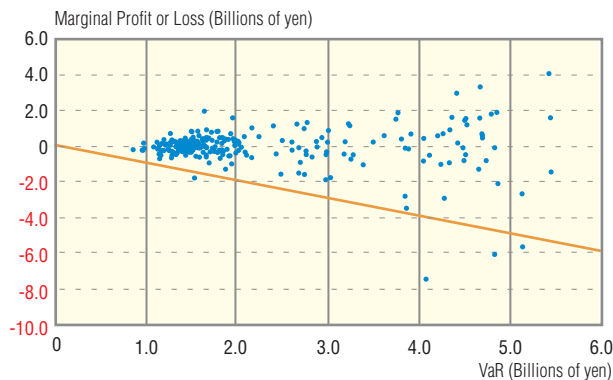
	Maximum	Minimum	Average	Last Day of Term
Trading Accounts	3.5	0.9	1.7	2.0
Banking Accounts	128.6	35.4	65.9	83.4

(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 2003 are shown below. A data point below the diagonal line indicates a loss in excess of the predicted VaR for that day. The actual loss exceeded the model's predicted VaR on four days during the period, and in all four cases, this was the result of special market factors. 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)



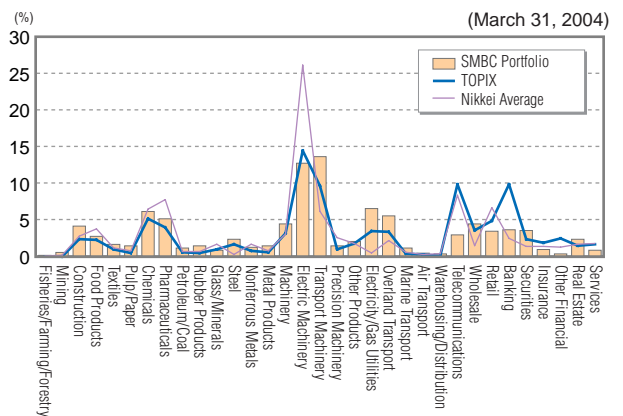
To manage the risk of yen-denominated banking accounts, SMBC uses gap analysis employing maturity ladders and the earnings-at-risk (EaR) model, in addition to the VaR model. In the case where an external factor, such as interest rates, moves in an unfavorable direction, the EaR model can indicate the 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.

One of SMBC's highest priorities is to achieve a level of financial strength sufficient to weather the stock price fluctuations to which its cross-shareholdings are exposed. Accordingly, we are working to reduce the balance of cross-shareholdings. We have already brought the balance down below the limit allowable under government regulations and plan a further reduction to a level commensurate with the funds available for equity investment.

The Corporate Risk Management Department establishes limits on allowable risk related to strategic equity investment and monitors the observance of those limits, to keep the management of stock price fluctuation risk within acceptable parameters.

■ 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.

Operational Risk

Operational risk is the possibility of losses arising from inadequate or failed internal processes, people and systems or from external events. SMFG is working to raise the level of sophistication of its management of operational risk across the whole Group by providing an effective framework for the identification, assessment, control and monitoring of significant risk factors and by establishing systems for contingency and business continuity plans.

On the basis of the basic risk management policies set forth by SMFG for all Group companies, SMBC's Corporate Risk Management Department is responsible for centrally overseeing all operational risk management, in addition to departments specifically responsible for controlling processing risk and systems risk.

To facilitate effective operational risk management, these departments in charge collect internal data on historical losses as a result of such risk factors, analyze a wide variety of scenarios, and undertake risk management according to the risk characteristic.

In addition, SMBC is controlling its exposure to operational risk through capital allocation based on simulations using a quantitative model.

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.

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).

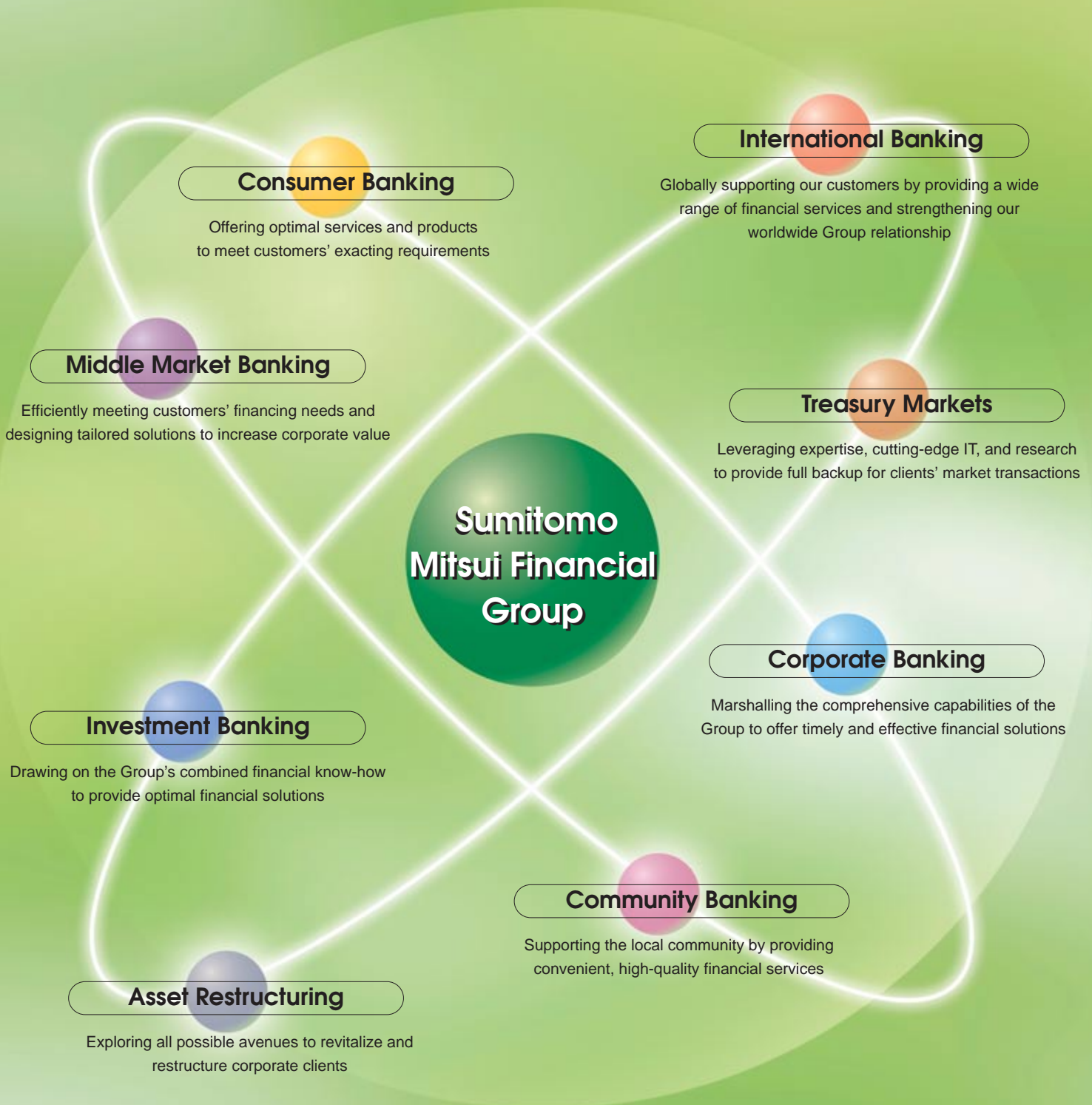
Because computer-related trouble at financial institutions now has greater potential to impact the public, and with systems risk diversifying owing to the IT revolution, the resulting expansion of networks and the rise in the number of personal computer users, the necessary steps are taken to ensure 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.

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



SMFG, principally through the Consumer Banking Unit of its banking subsidiary SMBC, offers high-value-added financial services under the brand name “One’s *Next*.” This reflects the emphasis we place on helping customers determine the next step of their financial plans according to their stage of life. By basing all our services on customers’ needs, we are working to make SMFG into the industry’s No. 1 financial group in consumer financial services.

Specifically, we are leveraging our capabilities to develop outstanding products and services, our consulting abilities—provided by personnel with high-level expertise—and our area marketing to provide superior financial services to our customers.

We aim to maintain our position as a true leading company, creating new de facto standards for the business model and earnings structure in consumer banking. To this end, we have been focusing our business development on three areas: (1) the consulting business; (2) the settlement and finance business; and (3) low-cost operations.

Consulting Business

SMBC’s Consumer Banking Unit deploys a wide range of specialist staff, including professional financial consultants and personal banking (“Money-Life”) consultants, to meet the needs of individual customers. We offer a comprehensive array of financial products and services to address the asset management and fund procurement needs of our individual customers.

Among the popular services we offer is the *One’s Life* lump-sum retirement benefit investment plan, targeted at individual customers over 40 years of age. Launched in February 2004, *One’s Life* was a valuable addition to our lineup of personal asset management products.



SMBC Shinagawa Consulting Plaza

In March 2004, responding to requests from customers who have up to now found it difficult to visit our branches during their working hours, we opened six specialized offices in Tokyo, Osaka, and Kobe under the name of “SMBC Consulting Plaza.” These dedicated service outlets are open late on weekdays, enabling customers to drop in on their way home, as well as on weekends and national holidays, allowing husbands and wives to visit the bank together.

In June of this year, we opened a branch for the first time in seven years. This new branch is located in Tokyo’s Shinagawa Ward, and an SMBC Consulting Plaza is an integral part of the branch.

In line with the expansion of our consulting business channel network, we are simultaneously putting great effort into employing and training consumer service staff with special expertise in consulting services to increase our numbers of highly qualified specialists.

Responding to Consumer Loan Needs

In home mortgages, our objectives are two-fold: obtaining returns commensurate with the credit risk involved, and increasing our market share. In addition to implementing a major expansion in the number of Consumer Loan Promotion Offices, we are extending the operating hours for our loan consultation service on weekdays and also providing this service on weekends and national holidays, thus making our mortgage loans more readily available.

We also develop products that match the prevailing interest rate environment, such as ultra-long-term, fixed-interest loans. Among the other unique new products we offer is a special support loan for doctors wishing to open their own clinics. This is just one example of a diverse lineup of products that caters to the varied needs of our consumer banking customers.

Settlement and Finance Business

In our approach to the settlement and finance business, we aim to offer a full range of services — via a full array of channels — that precisely satisfy our customers’ diverse day-to-day requirements with regard to settlement and finance needs. With this goal in mind, we offer settlement services centered on banking products and services as well as credit cards, and leverage the comprehensive capabilities of the Group to expand our market share in the consumer finance business.

Settlement Services

We have further upgraded the features of our popular online service "One's Direct," transforming it into a full-scale "remote banking" service in which customers can easily make and use various transactions and services (almost the same as one can enjoy at our branches) from their home or office via telephone, the Internet, or cell phone. They can make transfers between accounts, open time deposits, set up or make payments into foreign currency accounts or investment trust accounts, and prepay mortgages, among other functions. This remote banking service was ranked No. 1 in Japan in overall quality by a leading Internet performance rating company.

In addition to the ATMs at SMBC's own branches, customers are also able to make cash withdrawals or deposits 24 hours a day at our "@BANK" ATMs installed at more than 1,000 am/pm convenience stores throughout Japan. Additionally, we are developing a more comprehensive settlement infrastructure through collaboration agreements with a wide variety of financial institutions, including securities companies and credit card companies.

Consumer Finance

In the consumer finance business, extensive cooperation in product development and marketing is being pursued among the Group companies involved, principally SMBC, At-Loan Co., Ltd., and Sumitomo Mitsui Card Company, Limited.

In November 2003, we launched One's Style, a new service designed especially for customers in their 20s and 30s. In this service, the customer's bank book is a virtual *Web Passbook*, which is accessible via the Internet. Moreover, holders of these accounts are able to use a single card as a bank card, a credit card, and a bank loan card. In recognition of the uniqueness and advanced nature of this service, One's Style won the 2003 Nikkei Superior Products and Services Awards for Excellence.

In June 2004, SMFG formed a business and capital alliance with the leading consumer finance company Promise Co., Ltd. By combining Promise's experience and know-how in the field of consumer finance with SMFG's broad customer base and extensive marketing channels, the two companies will be able to offer financial products and services that would not have been possible for them on their own. Their collaboration will enable both firms to realize greater efficiency, and thereby raise the effectiveness of their consumer finance operations.

Reinforcing Low-Cost Operations

All Group companies have always relentlessly pursued improved operational efficiency, and we hold that low-cost operations are a vitally important source of our competitive strength in the consumer finance business. Thus, we will continue to intensify our cost-cutting efforts so that we may invest more in developing products and services that meet customer needs.

Hub-and-Spoke Formation

In fiscal 2003 we completed the reorganization of SMBC's domestic branch network into a "hub-and-spoke" formation, in which one back-office center serves as the "hub" for a number of front-office branches. This formation not only raises operational efficiency, but also allows staff at the customer-service branches to concentrate entirely on their central service role. The creation of this hub-and-spoke formation now allows us to strategically open SMBC Consulting Plazas and branches.

More Efficient Processing

In addition to expanding the functions offered by our One's Direct remote banking service, we are simultaneously enhancing customer convenience and making the consulting process more efficient through the installation of MC (Money-Lifestyle Consulting) Stations, dedicated terminals that allow easy and paperless transactions.

We are also conducting a comprehensive, bankwide review of operations to identify means for further reducing administrative and management costs.



SMBC poster advertising "One's Next"

Middle Market Banking

SMFG, primarily through SMBC's Middle Market Banking Unit, provides various solutions to midsized companies and small and medium-sized enterprises ("SMEs"), leveraging its Groupwide strength to meet their increasingly diversified needs.

With the goal of reinforcing the SMFG brand in the middle market banking field, we are strengthening our relationships with our customers by responding positively to requests for loans while working to provide high-quality and speedy services.

Proactive Stance on Loans to Midsized Companies and SMEs

At SMBC, to proactively and speedily meet the funding needs of customers, we have been reinforcing our capabilities in the following three ways.

- (1) We are actively marketing our *Business Select Loan*, an unsecured loan not requiring a third-party guarantee, which is targeted mainly at companies with annual sales of under ¥1 billion, as well as the *Client Support Loan*, a new product developed jointly with the Japan Federation of Certified Public Tax Accountants' Associations. We are also marketing *N-Fund Loans* (a loan of up to ¥5 billion) and similar products to companies with annual sales of ¥1 billion or more.*
- (2) We have greatly speeded up the credit screening process through the delegation of more authority for making lending decisions to our branch office staff and the standardization of procedures.
- (3) We have set up five new branches dedicated to middle market banking in parts of Japan where there is a particularly high concentration of SMEs, and have opened eight branches in areas where this service was previously not available. Thus, we have increased the total number of branches dedicated to meeting the needs of SMEs by 35 during fiscal 2003.

As a result of the foregoing steps, the combined number of *Business Select Loans* and *Client Support Loans* made during fiscal 2003 rose by 13,000 from the previous business term, to 37,000 loans amounting to ¥700 billion, a year-on-year increase of ¥250 billion. The number of *N-Fund Loans* and similar products* for the year more than doubled, from 18,000 to 42,000 loans, amounting to ¥2,100 billion, an increase of ¥1,300 billion over the previous term.

Through these loan services, we succeeded in meeting the funding needs of a wide range of companies, and were able to extend loans to 17,000 first-time customers, with a total loan amount of ¥1,400 billion.

Offering a High-Quality Financial Service

To meet the manifold needs of our customers, the staff at each of SMBC's Corporate Business Offices and Business Support Offices make maximum use of collaboration with various specialists from the head office as well as with other Group companies, offering sophisticated, speedy financial services.

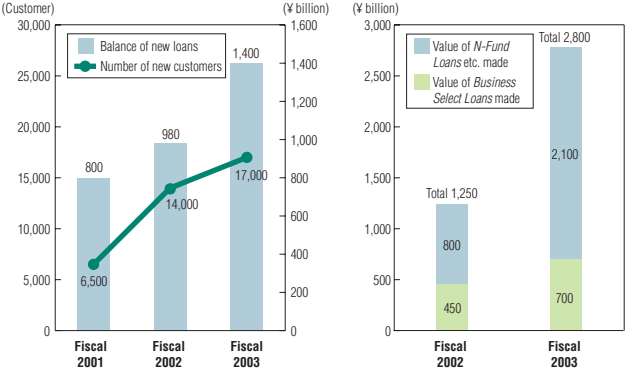
Settlement Service

To help our customers streamline their settlement processes, centered on foreign and domestic exchange transactions, we became the first Japanese bank to offer an online overseas trade service, the *Global e-Trade Service*. For domestic exchange business, we offer *Exchange EB (Electronic Banking) Services* as part of our *Web21* electronic banking services. These services have been receiving high ratings from our customers, enabling us to enjoy a large market share within Japan.

Diversification of Fund Procurement

We have been further promoting loan syndication through Debt IR** activities, which SMBC pioneered in the domestic market. As a result, a wide spectrum of our customers utilize syndicated loans, recognizing them to be a useful fund-procurement method.

We are also meeting the diversifying fund-procurement needs of our customers through active development and marketing of our support services for private bond placement, the securitization of receivables, and the extension of commitment lines.



Leveraging the Group's Overall Capabilities

By promoting active interchange of personnel between SMBC and other Group companies, SMFG has been laying the groundwork for the sharing of expertise among the whole Group, making possible the provision of more advanced and effective financial solutions.

In response to our clients' needs for credit enhancement, SMBC Finance Service Co., Ltd. purchases trade receivables and also offers guarantees for payments. Customer needs regarding the administrative processing for settlements and the rationalization of fund management are met by the outsourcing services provided by Financial Link Company, Limited, while leasing needs are handled by SMBC Leasing Company, Limited. The Japan Research Institute, Limited provides consulting services, and our customers are able to enjoy high-quality investment services provided through the collaboration between SMBC and Daiwa Securities SMBC Co., Ltd. In this way, Group companies complement each other through the provision of various specialized services.

SMBC Consulting Co., Ltd. operates on a membership basis, with 40,000 registered corporate members. It is Japan's leading bank-owned management consulting company. In addition to management consulting services, SMBC Consulting conducts management training seminars, assists in staff training, and provides all varieties of information to members' staff. Particularly notable is the Trade Meeting & Exhibition for China Business 2004, an exchange meeting for businessmen hosted by SMBC Consulting in March 2004 and attended by 1,700 businessmen from 900 companies, which drew great praise from the business community.

In addition to the above, SMFG took aggressive measures to harvest the new business opportunities that accompanied the change in the legal status of Japan's national universities from April 1, 2004, under which they have acquired greater autonomy in the management of their finances. Headed by a specialist project team, the Group made numerous proposals to these universities regarding their asset management and other financial needs, consequently winning the status of designated financial institution from 34 universities, among which 22 universities, including the University of Tokyo and Kyoto University, designated SMBC as their main bank.

Further Strengthening SMFG's Middle Market Banking Brand Image

In fiscal 2004, we will continue to proactively address our customers' fund procurement needs. We intend to bolster our capability to provide new financial services, as well as to propose solutions aimed at raising customers' corporate value.

In April 2004, we launched new products such as a performance recovery loan (*Turnaround Loan*)—whereby funds

are made available to companies deemed to have good prospects of achieving a recovery in business performance—and a special loan targeting companies that wish to employ their trade receivables in fund procurement. We will also be opening more branches especially dedicated to meeting the fund procurement needs of midsized companies and SMEs.

Our plans also call for establishing the SMFG brand name at the forefront of banking services for venture businesses. For example, we have started offering *V-Fund Loans* to venture businesses set up by colleges and universities. Eligible businesses will be those in the early stages after establishment, and the lending will be predicated on an evaluation of the proprietary technology of the venture business and the viability of its business model. We are committed to firmly establishing SMFG's brand value in this field through the cooperation of SMBC and SMBC Capital Co., Ltd., which engages in the venture capital business.

In response to the growing demand among customers for services tailored to realizing operational restructuring and business revitalization through the sell-off or spin-off of non-core businesses, or to cope with the adoption of impairment accounting, we have put in place a system whereby staff at our head office collaborate with front-line marketing staff in designing and proposing solutions aimed at raising customers' corporate value.

At SMFG, through the various efforts and initiatives described above, and by raising the profile of our brand name in the middle market banking field, we will continue our efforts to earn the trust and esteem of our customers.

* Thanks to the speeding up of the credit screening process through the standardization of criteria, we are now able to offer *N-Fund Loans* up to a maximum of ¥5 billion, compared with ¥2 billion in the previous term. "*N-Fund Loans* and similar products" ("*N-Fund Loans*, etc." in graphs) refers to the *N-Fund Loan* itself, in addition to the *Middle II Fund*, *Middle I Fund*, and *SMBC-CLO*.

**Debt IR refers to investor relations activities targeting customers' creditors (such as other banks with whom we conduct business and holders of customers' debentures) and credit rating agencies.



SMFG, primarily through SMBC's Corporate Banking Unit, provides a broad range of financial services to Japan's top-tier corporations and their group companies to respond to their sophisticated and diversified needs.

Our large-scale corporate customers face an array of management issues that is becoming wider with each passing year. SMBC and other Group companies work to precisely identify the unique needs of each customer and provide solutions to raise the customer's corporate value.

Major Accomplishments

The business environment in which our customers operate has been changing at a bewildering pace. In response to this, during fiscal 2003 we worked more closely with customers to understand their concerns about the management issues that they face, allowing us to provide the products and services that most precisely meet their needs.

Provision of Financial and Business Solutions

During fiscal 2003, SMBC provided a large selection of off-balancing solutions devised from the standpoint of both assets and liabilities. We also assisted our customers in designing optimum business portfolios tailored to their specific needs through close collaboration with Daiwa Securities SMBC Co. Ltd. Our carefully crafted solutions encompass both our customers' financial and business requirements.

Diversification of Procurement Methods

In response to our customers' need for a wider variety of fund procurement methods, we arrange to secure funds via market-oriented indirect financing, principally loan syndication, but also including asset finance and many other formats. Our focus is on finding the fund procurement method that will best suit each customer's individual financial strategies.

Risk Hedging

Effective risk-hedging methods have become crucial to corporate management in recent years. We design optimal hedging methods for the risks involved in our customers' business operations, including credit risk and exchange risk, thereby advancing our customers' risk management capabilities.

Wealth of Know-How in all Settlement-Related Matters

We offer a broad range of fund management and settlement methods, such as cash management services, which constitute the infrastructure required to support our large corporate customers' financial strategies. These services have received high marks from many customers.

Key Goals

Macroeconomic elements of the Japanese economy are starting to give cause for some optimism, notably the overall improvement trend in corporate business performances. As a result, a growing proportion of companies are adopting a bolder approach to capital investment and the launching of new businesses. By accurately tracking such developments, we are working to provide our customers with services of the very highest level of quality, bringing together the extensive specialist know-how possessed by our Group companies.

Meeting Increasingly Sophisticated Fundraising Needs

Major corporations are demanding more and more sophisticated fundraising methods. In response, SMBC selects and proposes the financing method that best suits each customer, ranging from debt finance to various equity finance plans designed in collaboration with Daiwa Securities SMBC.

Moreover, we look carefully at our customers' situations from the viewpoint of long-term management needs. We work to address not only their obvious financial-strategy needs, but also their potential financing needs.

Providing Solutions for Global Companies

To solve the issues facing corporate groups operating on a global scale, we make use of our extensive network of business bases in Japan and overseas to offer optimal solutions. As well as providing support for companies in expanding their business overseas, we also meet the needs of global groups seeking to effect operational restructuring. Our assistance ranges from the provision of information to the proposal of restructuring programs employing cutting-edge management know-how. In these ways, we seek to raise the level of value added of our customers' business activities.



SMFG provides a wide range of financial services tailored to the needs of customers — principally small businesses and individuals — in the Tokyo Metropolitan Area, through SMBC's Community Banking Unit.

Major Accomplishments

The central mission of the Community Banking Unit¹, successor to the branches and head office functions of Wakashio Bank, is to provide support to the local community by offering convenient, high-quality financial services to small and medium-sized enterprises (SMEs) and individual customers.

Expanded Lineup of Products and Services

The integration of the online systems of SMBC and Wakashio Bank was successfully completed in July 2003 following the merger of the two banks in March. This integration made it possible for the branches managed by the Community Banking Unit to offer customers a wide range of products and services comparable with those provided by SMBC's other units, thereby raising customer convenience to even higher levels.

Specifically, the Community Banking Unit is now able to offer the One's plus new-type ordinary deposit allowing the account-holder to accumulate points; a new type of card loan product, One's Quick; and the One's Direct remote banking service, which customers can access via PCs through the Internet, by land-line telephone, or by i-mode-enabled cell phone, all by signing only one contract.

For corporate customers, we provide *Exchange EB (Electronic Banking) Services*, enabling exchange operations and other services under the name *Web21*.

Additionally, to meet the increasingly diversified needs of our SME customers, particularly in fund procurement, we started handling new products and services in the fields of private bond placement, collateralized loan obligations, commitment lines, and Japanese leveraged leases.

Business Loans Prove Popular

In line with its central mission of supporting the economic development of the local community, the Community Banking Unit actively markets risk-taking (unsecured) loan products such as *Business Quick Loan*² and the *Triple III Fund*³ to finance business growth plans. We attracted approximately 700 new corporate customers for these loan products in fiscal 2003.

Key Goals

The Community Banking Unit places great emphasis on the cultivation of a close relationship with the local community, and extends services with the personal touch. We are combining this customer-oriented approach with SMBC's vast business resources, with the aim of providing comprehensive financial services with even higher added value and improved convenience, drawing on the Group's extensive expertise, and delivering swift and effective solutions that meet our customers' diverse needs.

Notes:

1. SMFG established the Community Banking Unit upon the merger on March 17, 2003 of the 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.
2. The *Business Quick Loan* is an unsecured loan with no third-party guarantee requirement, designed for SME customers who meet our criteria under our proprietary credit-rating model and our quantitative analysis of business performance. The loan is available up to a maximum of ¥50 million.
3. The *Triple III Fund* is an unsecured loan with no third-party guarantee requirement, available to corporate customers with annual sales of at least ¥1 billion. Applicants who meet our standards can borrow up to ¥300 million.



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 Japanese branches and subsidiaries of multinational corporations.

Major Accomplishments

Enhancing Customer Support Capabilities through an Operational Structure Tailored to the Unique Demands of Each Region

In China, which has been achieving remarkable growth, we assigned staff to the Shanghai Branch to perform head office functions, such as product planning for cash management services (CMS), corporate research and treasury operations. This is part of our ongoing initiative to create a marketing network, with the Shanghai Branch as the core, focused on the particular needs of the local market. We also strengthened our capabilities in asset securitization and other financial solutions for the Asian market, and established Debt Capital Markets Departments at the bank's Singapore and Hong Kong branches in January 2004.

In the United States, we offer our customers the ideal products to cope with their broad-ranging financing needs, taking into account differences in local regulations, accounting systems and tax codes. We are developing and marketing products and services in the world's most advanced financial market.

In March 2003, we established Sumitomo Mitsui Banking Corporation Europe Limited, a wholly owned subsidiary of SMBC, to centralize operations in Europe, so as to increase their effectiveness.

Providing a Full Line of Financial Services

SMFG invests business resources in a wide range of financial services, including trade finance, transactions with local financial institutions, custody services and CMS. As a result, for yen custody services we achieved the highest rating for the fourth consecutive year from a leading financial industry magazine. In trade finance, we are currently developing a global marketing and operational network, centered on London, which is expected to grow strongly as the center for trade finance business.

Collaboration with Goldman Sachs

Our credit extension program with The Goldman Sachs Group, Inc., established in February 2003, has been progressing favorably. We will leverage our collaboration with Goldman Sachs on a global scale, to further expand our business with non-Japanese companies.

Key Goals

Expanding Cooperation among Group Companies to Offer a Wider Range of Solutions

In Europe, the Americas, and East Asia, we will work to further upgrade our capability in designing and proposing customized solutions through close collaboration among Group companies, our local subsidiaries, and branches in Japan.

By further strengthening cooperation between SMBC's Global Client Business Department, which serves foreign companies operating in Japan, and the Group's overseas network, we will strive to provide services with even higher added value in response to our customers' needs.

Expansion into Newly Emerging and Growth Markets

In Europe and the Americas, we continue to acquire expertise in the latest financial products and techniques, and to apply this know-how to the creation of new business models.

In China, we are steadily raising the level of our services by expanding both our network of offices and our product lineup.

We will also focus more on emerging markets throughout the world. We aim to raise SMFG's presence in these markets through the judicious provision of financial products specially developed and selected to meet the particular needs of each growing market, such as project finance and trade finance.

We will expand our business, taking maximum advantage of the strong position we have achieved in Japan, focused principally on Europe, the Americas, and East Asia. We intend to seize every business opportunity in the International Banking Unit's broad market, and drive the growth of SMFG's international business as a whole.

Record as a Global Project Finance Arranger

(January 1 – December 31, 2003)

Row	Bank	Volume (US\$ million)	No. deals
1	Credit Agricole/Credit Lyonnais	3,864.1	36
2	Royal Bank of Scotland	3,256.8	27
3	BNP Paribas	2,986.5	29
4	SMBC	2,638.1	21
5	Societe Generale	2,614.1	21
6	Westdeutsche Landesbank Girozentrale	2,268.3	22
7	Citigroup	2,100.8	17
8	Mitsubishi Tokyo Financial Group	2,003.5	24
9	Korea Development Bank	1,947.8	6
10	Barclays Capital	1,940.3	28
11	Banco Bilbao Vizcaya Argentaria	1,855.1	16
12	HSBC	1,769.3	16
13	Deutsche Bank	1,476.1	7
14	ANZ	1,447.8	25
15	ABN AMRO	1,428.3	17
16	HBOS	1,417.0	18
17	CIBC	1,118.9	4
18	Mizuho Financial Group	1,095.2	16
19	ING	1,080.3	15
20	Industrial & Commercial Bank China	1,059.0	2

Source: Thomson Financial, Project Finance International (Jan. 21, 2004)
Global loans league table—Global mandated lead arrangers

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, bond, 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.

In fiscal 2003, with the aim of providing even more convenient services and further increasing customer satisfaction, we reinforced our sales organization, developed new computer systems, expanded our lineup of new products and took various steps to enhance our service provision.

Enhanced Marketing Capabilities in Asia

To offer Asian markets the full range of customer support services in funding, foreign exchange, and derivatives, we posted Treasury Unit personnel in Hong Kong, Singapore and Bangkok. Our customers can rely on us to provide information and insightful advice tailored to the unique demands of the region, and these sales desks enhance our ability to promptly handle customer transactions.

In December 2003, we also assigned Treasury Unit personnel to our Shanghai Branch as one of the initiatives aimed at building a service system that will enable us to meet demand in the rapidly growing Chinese market.

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. 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. These features have helped it become extremely popular among our customers.

In fiscal 2003, responding to numerous customer requests and suggestions, we further enhanced the convenience of this service by providing a link-up enabling users to take advantage of the features offered by our *Global e-Trade Service*, an online import and export transaction service. In addition, customers now

have easy access to an upgraded menu of functions, including foreign exchange, money transfer between accounts denominated in foreign currencies and in yen, and easy checking of the balances in foreign currency accounts, as well as detailed statements of deposits and withdrawals.

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 effective management of market risk and liquidity risk, as well as promoting various well-timed arbitrage operations.

Business Performance

While adjusting our position-taking to hedge against a possible further rise in interest rates in fiscal 2003, we focused on increasing transaction volumes with customers and succeeded in diversifying our revenue sources into new areas to supplement the traditional mainstay business of arbitrage linked to interest rates and foreign exchange rate fluctuations.

We will continue to pursue optimal capital allocation with a level of risk exposure appropriate to prevailing market conditions, with the aim of securing a stable source of earnings.



SMFG offers corporate customers a variety of financing methods, provides financial investment solutions such as M&A and securitization, and offers products mainly through SMBC's Investment Banking Unit and Daiwa Securities SMBC Co., Ltd.

Major Accomplishments

Loan Syndication

SMBC actively proposes loan syndication as an effective financing method to a wide range of corporate customers in Japan, from large corporations to medium-scale enterprises. As a result, during fiscal 2003 we arranged 490 syndications in the domestic market, an increase of 141 from the previous term, at a value of ¥5,500 billion, up ¥1,000 billion year-on-year. Moreover, SMBC has up to now arranged over 80 customer presentations for potential participants in loan syndications, including banks and other institutional investors. In these ways, we have been providing invaluable support for smoothly meeting our customers' financing needs.

Derivatives

In addition to conventional derivative financial instruments used in hedging against interest-rate or exchange fluctuation risks, we are also providing products such as commodity derivatives, in which crude oil or other commodities are the underlying asset to meet the various risk-hedging needs of our customers. (Commodity derivatives transactions during fiscal 2003 increased more than fivefold over the previous year's level.)

Structured Finance

We are developing new financing methods such as intellectual property right-backed finance, and are actively moving into growth fields such as MBO finance and real estate financing. In project finance, SMBC has been rated No. 2 in Asia (No. 1 among Japanese banks). In private finance initiatives (PFIs) on the domestic market, we were selected as a lead arranger for the government's first PFI deal, involving the construction of an apartment building complex for civil servants in Tokyo.

Fund Raising on Capital Markets

Through collaboration with SMBC, Daiwa Securities SMBC achieved the top position in the league tables of bookrunners for IPOs and lead managers for corporate straight bond issues in fiscal 2003. It was also No. 2 in the league table of bookrunners for secondary public equity offerings.

Key Goals

New Financial Products

SMFG offers a variety of cutting-edge financial products to our customers, primarily through market-oriented indirect financing methods. We aim to leverage our extensive experience in loan syndication on the Japanese and overseas markets by putting increasing effort into the provision of innovative services that fully meet our customers' requirements. We will also develop new financial products that capitalize on the trust banking functions of SMBC in such areas as asset securitization.

Bolstering Capabilities in Specialized Financial Solutions

We are taking steps to strengthen our ability to develop and propose specialized financial solutions to a wide range of potential requirements, supporting the deployment of proactive financial and business strategies.

Particularly in the field of business restructuring, we make maximum use of the Group's extensive information network to realize high value-added proposals. Under the strict compliance policy, SMBC and Daiwa Securities SMBC are working together to assist our customers by designing and offering solutions to a vast range of issues, including the merger and acquisition of companies, the formation of strategic alliances, the establishment of joint ventures, MBOs, and many others.

Responding to the Changing Business Environment

In response to the anticipated imminent deregulation of the financing arrangement business (introducing underwriters to companies for IPOs and bond issuance) and the securities intermediary business for banks, we are widening our financial services menu still further to meet our customers' needs related to direct financing.

Bookrunners for Initial Public Equity Offerings

Ranking	Name	Number	(April 1, 2003 – March 31, 2004)	
			Amount (¥ million)	Market share (%)
1	Daiwa Securities SMBC	21	201,053	30.29
2	Nikko Citigroup	18	182,611	27.51
3	Nomura Securities	26	171,730	25.87
4	Morgan Stanley	2	27,691	4.17
5	Shinko Securities	19	17,024	2.56

Source: THOMSON DealWatch

Bookrunners for Secondary Public Equity Offerings

Ranking	Name	Number	(April 1, 2003 – March 31, 2004)	
			Amount (¥ million)	Market share (%)
1	Nomura Securities	73	653,709	38.49
2	Daiwa Securities SMBC	42	476,186	28.03
3	Nikko Citigroup	24	447,636	26.35
4	UBS Securities Japan	1	30,973	1.82
5	Shinko Securities	17	26,396	1.55

Source: THOMSON DealWatch

Lead Managers of Corporate Straight Bond Issues

Ranking	Name	Number	(including self-funding) (April 1, 2003 – March 31, 2004)	
			Amount (¥ million)	Market share (%)
1	Daiwa Securities SMBC	115	1,903,716	20.7
2	Nomura Securities	115	1,794,312	19.5
3	Mizuho Securities	105	1,442,265	15.6
4	Mitsubishi Securities	54	1,089,554	11.8
5	Nikko Citigroup	76	1,040,672	11.3

Source: Thomson Financial, THOMSON DealWatch

SMFG, led by SMBC's Asset Restructuring Unit, will continue to actively promote corporate revitalization.

Major Accomplishments

Since its establishment in December 2002, SMBC's Asset Restructuring Unit has worked to accelerate the final disposal of the bank's problem assets and promote customers' corporate revitalization.

Problem Assets Reduced by ¥2,500 billion

In fiscal 2003, SMBC achieved a reduction of approximately ¥2,500 billion in the balance of problem assets disclosed on the basis of the Financial Reconstruction Law. Of this, approximately 80%, or roughly ¥2,000 billion, was reduced through the activities of the Asset Restructuring Unit.

Specifically, we actively carried out direct write-offs (off-balancing) to reduce the balance of non-performing loans (NPLs) to potentially bankrupt borrowers, while for borrowers with particularly large debt burdens, we accelerated the disposal of problem assets and corporate revitalization, utilizing the Industrial Revitalization Corporation of Japan and the process set out in the *Guideline for Multi-Creditor Out-of-Court Workouts* established by the Japanese Bankers Association.

Measures for Accelerating Corporate Revitalization

In fiscal 2003, we set up two corporate revitalization funds—the Daystar Fund and the Japan Endeavor Fund. Using these funds, we are applying a wide range of financial techniques, including those of investment banking, to revive companies deemed capable of revitalization. The operation of these funds also serves as a new source of earnings.

As part of our collaborative agreement with the Goldman Sachs Group, Inc., in November 2003 we jointly established SMFG Corporate Recovery Servicer Co., Ltd. with Goldman Sachs (Japan) Ltd., Daiwa Securities SMBC Principal Investments Co., Ltd., and the Development Bank of Japan, to undertake the revitalization of specific target companies for the Japan Endeavor Fund. SMFG Corporate Recovery Servicer will continue to make optimal use of the skilled staff, extensive expertise, and funding resources possessed by its founding companies to help target companies recover as quickly as possible.

Key Goals

Since fiscal 2002, we have been vigorously promoting the revitalization of our corporate customers. We are determined to further accelerate this process, with the aim of achieving a final solution to SMBC's NPL problem within fiscal 2004.

A Final Solution to Our NPL Problem

We aim to reach the target under the Japanese government's Program for Financial Revival of halving the NPL ratio, and completely resolve the NPL problem within fiscal 2004.

In addition to off-balancing problem assets, we plan to further strengthen our measures to put our customers back on the road to business viability, with the aim of bringing our problem assets below the allowable limit and thereby meeting the new criteria for capital adequacy to be established by the BIS.

Additionally, in concert with the full-scale start-up of SMFG Corporate Recovery Servicer, we will make full use of the Japan Endeavor Fund to revitalize those clients in need.

SMFG will also continue to fully utilize the services of the Industrial Revitalization Corporation of Japan.

Bolstering Our Corporate Revitalization Business

To enable appropriate decisions to be made in the process of reviving a company, it is necessary not only to have a precise grasp of the state of matters at the target enterprise, but also to possess a sufficient knowledge of the whole industrial sector in which it operates, and to be aware of structural reorganization trends taking place in that industry.

Moreover, to provide support for restructuring the business operations and improving the financial positions of companies overburdened with debt, methods employed by investment banks, such as mergers and acquisitions, are often effective. The staff who handle corporate revitalization programs will be required to be knowledgeable, highly qualified specialists who also possess a strong understanding of how businesses function. Such qualities are important for bank staff not only in business restructuring and support for corporate revitalization, but also for conventional banking relationships with sound companies. In the future, such staff will also be invaluable in the pursuit of new markets for funding, as well as in providing support for business restructuring.

SMBC's Asset Restructuring Unit was initially established to speed up the disposal of problem assets. Now that the end to the bank's NPL problem is in sight, however, the know-how that the staff of the Asset Restructuring Unit have acquired will surely prove invaluable in helping the bank as a whole develop new business opportunities. With this in mind, we will continue to actively address the revitalization needs of our corporate customers.



SMFG Corporate Recovery Servicer Co., Ltd.

Environmental Preservation Initiatives

SMFG and Environmental Issues

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 both to 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 the 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
- 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.

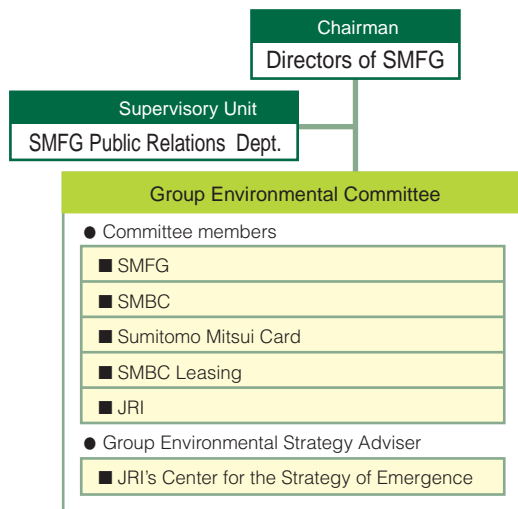
SMFG's Environmental Action Plan

We have formed a Group Environmental Committee to promote coordinated Groupwide environmental activities. Based on our Group Environmental Policy, we have developed a three-pronged action plan focusing on:

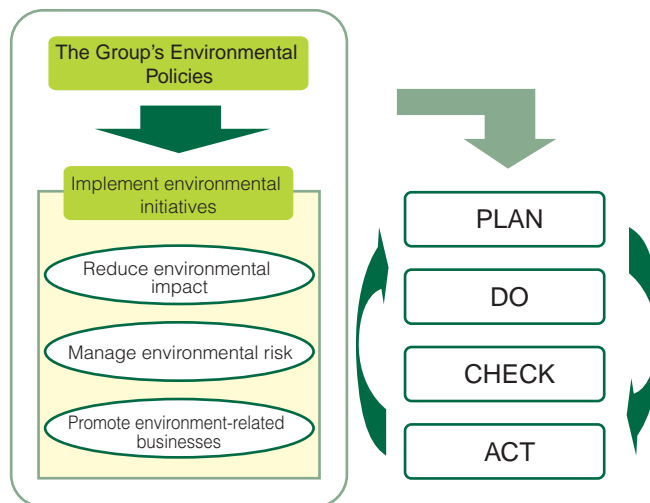
- 1) The reduction of environmental impact (fulfilling social responsibilities)
- 2) The practice of environmental risk management
- 3) The promotion of environment-related businesses

The Group Environment Committee systematically follows the PDCA cycle of planning, performing, checking and improving in pursuing environmental activities centered on these three areas.

Group Environmental Committee



SMFG's Environmental Action Plan and the PDCA Cycles



SMFG Group Initiatives

We have been focusing on providing information to our customers to raise their awareness of environmental issues. The major initiatives are as follows.

Publication of Environmental Magazine SAFE

This magazine, through which we provide environment-related information to our corporate clients, has been published on a bimonthly basis since 1996. Current circulation is approximately 4,000 copies, and it is sent to clients of our Group companies as well as customers that have participated in past “Environmental Seminars” (described later) and others.

Each issue of this publication includes interviews with the top management of companies at the forefront of the environmental preservation movement. It also introduces environmental technologies, highlights trends in legal regulations, and examines other current topics.

SMFG Environmental Seminars

The second SMFG environmental seminar was held on March 3, 2004, with the attendance of 350 participants from around the country, primarily clients of Group companies. Lecture topics included case studies of industrial soil pollution and the establishment of a system of environmental information disclosure.

A survey of participants indicated that they would like SMFG to provide information on environment-related issues. In the future, we intend to continue to support our customers’ environmental projects by holding more seminars, issuing magazines and periodicals, and publishing books.

Signatory to the UNEP Statement by Financial Institutions

The United Nations Environment Programme (UNEP), a UN organization dedicated to advancing environmental issues, has established a support structure for the promotion of the environmental preservation movement within each industry. Our company is a signatory to the UNEP Statement by Financial Institutions. SMFG provided information that contributed to the success of the annual UNEP conference, held in October 2003 in Tokyo.

Inclusion of SMFG Shares in SRI* Index Funds

SMFG’s stock is included in three of the world’s five major global indexes of socially responsible companies, reflecting SMFG’s excellent reputation for environmental preservation initiatives and social contribution activities (described later).

* SRI (Socially Responsible Investment) refers to investment in companies that demonstrate responsible business conduct.

Included in:

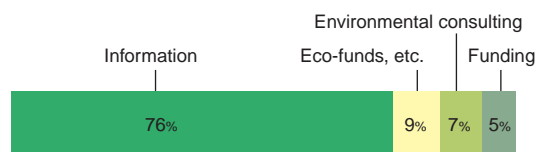
FTSE 4 Good Global Index
Ethibel Sustainability Index Global
Morningstar Socially Responsible Investment Index

An Overview of SAFE Magazine

1st edition: April 1996
 Published by:
 SMFG Public Relations Department
 Circulation:
 Approximately 4,000 per edition
 Major recipients:
 Clients of each company
 Central and local government offices, etc.
 Available on SMFG’s Japanese-language website only



Environmental Initiatives Demanded of SMFG



Major Initiatives by Group Companies

The chart below shows the various environment-related initiatives of Group companies, centered around the three prongs of our Environmental Action Plan:

1. The reduction of environmental impact (fulfilling social responsibilities)
2. The practice of environmental risk management
3. The promotion of environment-related businesses

Objectives	Initiatives	Sumitomo Mitsui Banking Corporation	Sumitomo Mitsui Card Company	SMBC Leasing Company, Limited	The Japan Research Institute, Limited
Reduce environmental impact	Reducing energy usage, such as electric power and water usage				
	Promoting green purchasing				
	Reducing paper consumption				
	Providing training on environmental issues				
Practice environmental risk management	Establishing credit rules on companies with high environmental risk				
	Selling items that can be reused				
	Proposing policies and measures related to the environment				
Promote environment-related businesses	Promoting soil decontamination and helping companies apply for ISO certification				
	Promoting energy-conserving projects, such as ESCOs and ESPs				
	Providing information (publishing books, etc.)				

Reducing Environmental Impact

Activities such as energy conservation in the office and reduction of paper consumption directly alleviate the environmental impact of business activities. Specific measures focus on conserving natural resources by curbing the use of energy and paper, rationalizing office work and minimizing expenses. In addition, each Group company has set certain targets for curbing the usage of electricity and other forms of energy (described later on pages 58-59).

SMBC and the Japan Research Institute (JRI) are aiming for a paperless office through the widespread use of IT and the implementation of business process reviews. Through the creation of databases, they are computerizing their in-house administrative operations. In addition, SMBC has adopted Japan Natural Energy Company Limited's Green Power Certification System to conserve energy and formulate environmental countermeasures. Electricity generated from April 2003 through March 2004 amounted to 855,000kWh.

Green Power Certification System

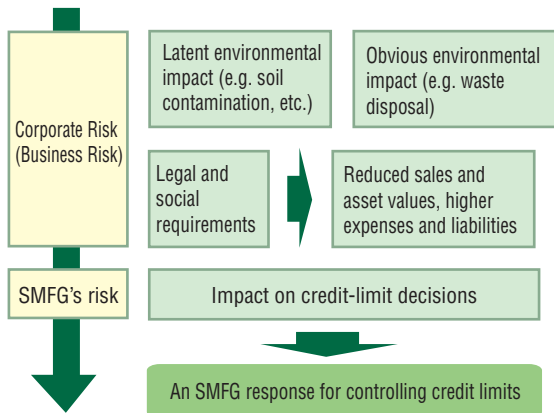


The Certificate of Green Power represents, in concrete form, the merit of reducing the use of fossil fuels and CO₂ emissions, and increasing the use of natural forms of energy. SMBC has adopted this certificate system as part of its voluntary energy conservation and environmental countermeasures.

Practicing Environmental Risk Management

Energy consumption and waste disposal are the immediate, obvious detrimental effects of business activities on the environment. A less obvious impact is soil contamination. When the environmental impact of business activities becomes substantial enough to attract public attention, companies will have to face increased expenses and liabilities, such as declining sales and asset values as a result of legal and social requirements. As our clients are exposed to greater risks, these risks pose greater risks to SMFG as well, and there is the possibility that the bank will have to make a decision to limit the credit it can extend to a client company. It is necessary for financial institutions to take such considerations into account when making credit decisions.

Environmental Risks



In March 2004, SMBC concluded an “Environmental Inquiry Written Agreement” with the Japan Bank for International Cooperation (JBIC) to assist in strengthening environmental assessments. Under this agreement, when SMBC undertakes co-financing with JBIC, SMBC can have access to JBIC’s environmental assessment data.

JRI sounds the alarm about the environmental impact of corporate and household activities through media interviews and articles, involvement in the activities of government and municipal committees, and by making announcements at various events. Moreover, JRI advises on policies related to these effects on the environment and recommends ways for coping with environmental risks as part of the wide range of activities it undertakes to raise awareness about the environment.

Promoting Environment-Related Businesses

Making use of each subsidiary’s special characteristics, SMFG conducts various environment-related business activities. Through these activities, we are planning to further strengthen relationships with our clients.

Types of Environmental Businesses

Environmental businesses	Main target products/services
Funding environment-related corporations (Project finance, syndicated loans, etc.)	Introduction of environmental equipment, e.g. introduction of eco-cars Wind power generation, bio-mass power generation, etc.
Risk hedging for bad weather	Weather derivatives
Providing investment products and operations-related services	Eco-fund / <i>Web Passbook</i>
Consulting	Addressing soil contamination, facilitating the acquisition of ISO certification
Incubating environment-related projects and services	Soil decontamination, ESCO/ESP projects, etc.
Providing information	Publishing informational periodicals; holding seminars

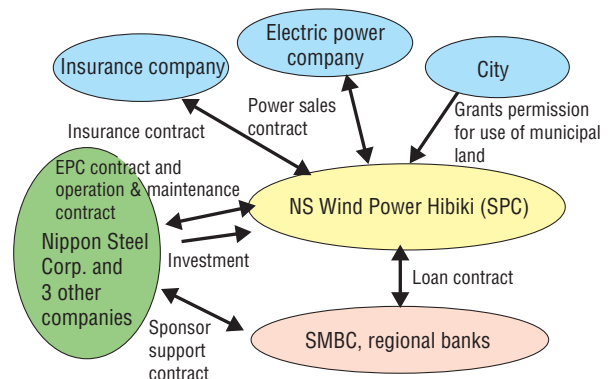
SMBC's Activities

Funding (Project Finance)

There is a growing interest in the generation of power using natural energy sources, such as wind power and solar power. In March 2003, SMBC supported funding of a wind-power generation project in the Hibikinada area of Kitakyushu City through the project finance method.

This project has two special features. Firstly, it is the largest wind-power generation project in Western Japan, and the first large-scale wind-power generation project in the whole country to be located close to a major urban area. Secondly, this is the first time that a domestic wind-power generation project has been supported through the cooperation of city banks and regional banks.

Project Structure

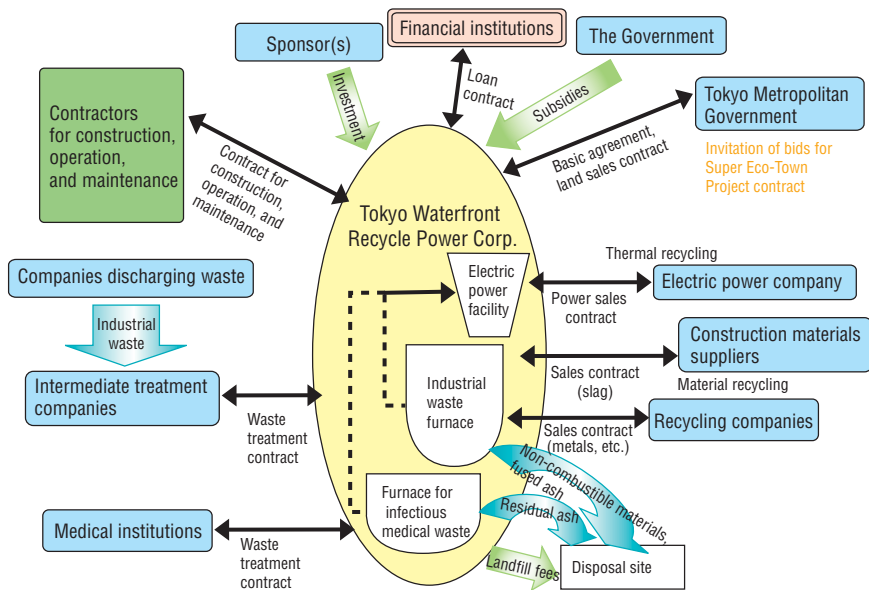


On July 6, 2004 SMBC, as one of the lead arrangers, announced project financing worth ¥23 billion for a power generation project on the shore of Tokyo Bay that utilizes recycled industrial waste as fuel, and is part of the Super Eco-Town Project sponsored by the Tokyo Metropolitan Government.

The power generation project is the largest of its kind in Japan. The initial investment is scheduled to be recouped principally from waste treatment fees charged to the companies discharging the waste. This is the first case in Japan of the project finance method being employed by banks to fund the construction and operation of a waste treatment facility, which is subject to the full range of market risks.

SMBC will continue to provide strong support to companies engaged in building the infrastructure of a sustainable society, such as alternative energy sources like wind power and the combustion of waste materials, for which demand is expected to rise steeply over the foreseeable future.

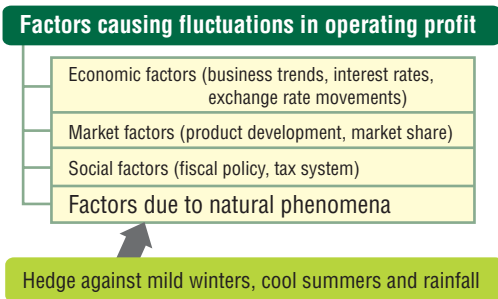
Project Structure



Weather Derivatives

SMBC's product lineup includes weather derivatives. Weather derivatives are derivative instruments based on weather conditions such as temperature, rainfall, snowfalls, etc. They are used to hedge the risk of deterioration in operating profit resulting from unseasonable and extraordinary weather caused by global warming, etc.

Weather Derivatives



Weather Derivative Needs

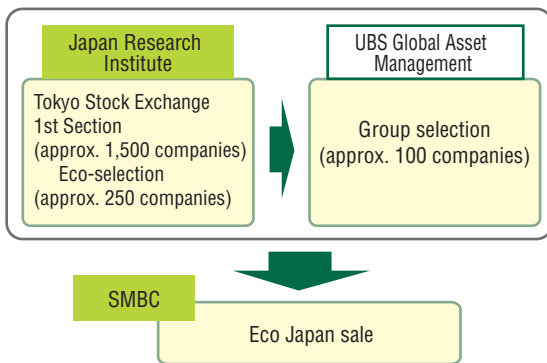
Industry	Major risk	Hedge basis
Gas	Temperature	Consumption declines due to fierce heat in summers and mild winters
Electric power		
Air conditioning manufacturing & sales		
Food and drink	Rainfall Temperature	Sales declines due to cool summers and mild winters
Food service industry		
Department store	Rainfall Temperature Snowfall	Fewer customers due to bad weather Slump in sales of seasonal products
Tourism and leisure industries		
Outdoor theme parks		
Agriculture-related	Rainfall Temperature	Poor crops due to low or high rainfall, fierce heat or cool summers

Sales of Eco-Funds

SMBC's investment trust product lineup includes the equity eco-fund "Eco Japan," which is managed by UBS Global Asset Management (Japan) Ltd.

The eco-fund is an investment trust that targets companies with excellent environmental management. JRI has been consigned the research for this fund, and donates a part of the profit relating to the research contract from the UBS eco-fund to the Japan Committee of the World Wide Fund for Nature (WWF).

Eco Japan Structure



"Web Passbook" Promotion

Instead of issuing an ordinary bank passbook, SMBC has started dealing with the "Web Passbook," which allows for checking the content of transactions via the Internet. This has helped the bank to greatly reduce its paper consumption. The system has yielded the benefit that the bank and passbook user simultaneously contribute to the preservation of the environment. A "Web Passbook" campaign was held from May–July 2004, during which period ¥10 was donated to the WWF for each customer who applied for a "Web Passbook."

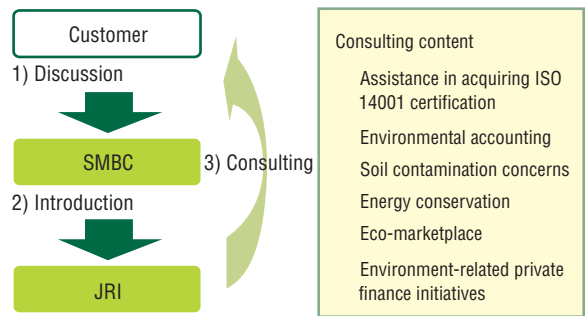


Eco-Consulting

Through collaboration between SMBC and JRI, SMFG undertakes eco-consulting, providing client companies with comprehensive support for dealing with environmental management issues. Depending on the client's needs, SMBC will

introduce JRI, which employs staff with a broad range of specialties to help the client. Such a system enables an appropriate and high-level response to customers' diverse and sophisticated needs.

Consulting Structure



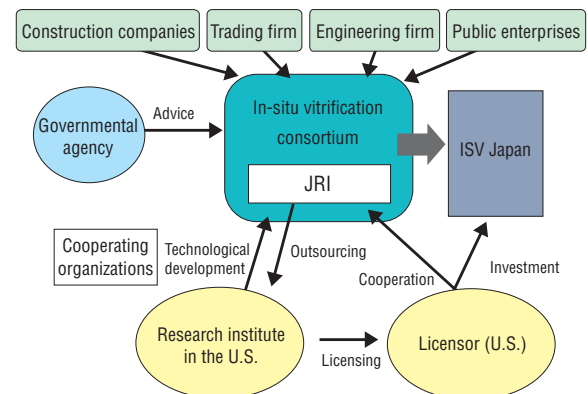
JRI's Activities

Apart from the aforementioned eco-consulting, JRI is actively promoting the incubation of environment-related start-ups.

Soil Decontamination Initiatives

JRI has introduced into Japan an in-situ vitrification technology from the U.S. that sequesters vitrified subterranean contaminants. With the cooperation of government administrators, it has established a consortium with a number of construction-related companies and established ISV Japan, Ltd., a special-purpose company specializing in soil decontamination, in 1995. This technology uses just four electrodes producing high temperatures from 1,400°C to 2,000°C to dissolve contaminants, and thereby turns contaminated soil into harmless glass. This technology allows for the safe cleanup of contaminants, and has been assessed by Japanese government departments such as the Ministry of the Environment and the Ministry of Agriculture, Forestry and Fisheries as being particularly effective against dioxins, PCBs and agricultural chemicals that remain in the soil.

In-Situ Vitrification Consortium



Energy Service Provider (ESP) Initiatives

An ESP provides energy conservation services for changing electricity charges from a fixed to a variable cost. The company E-cubic Co., Ltd., established by the JRI consortium, is Japan's first ESP company. It uses as its main tools the gathering and analysis of electric power consumption data, and has developed a system that automatically draws up management reports to enable the "visualization" of energy consumption.

This company's corporate customers can obtain an accurate grasp of their daily levels of electricity consumption, and it is possible for them to produce precise guidelines to identify and improve energy wastage. Moreover, the service fees are paid for by the savings on energy costs. The potential market for this service, which targets mainly private-sector clients, is estimated at ¥100 billion (US\$909 million).

Energy Service Company (ESCO) Initiatives

An ESCO is an integrated energy service company that carries out energy conservation audits of a building or facility, draws up conservation proposals, plans, designs and builds energy conservation facilities and also guarantees energy reduction amounts.

The First Energy Service Company, Limited (FESCO) was established by the JRI consortium, and is the first energy service company in Japan. It proposes measures for demand-side energy reductions ranging from lighting, air-conditioning, transformers and motive power to the supply of energy from dispersed sources (such as energy co-generation from all types of engines, fuel cells, biomass generation, etc).

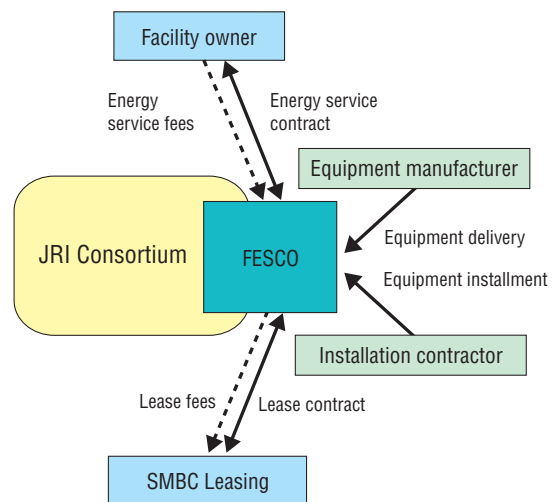
ESCO corporations are a type of enterprise that have not existed in Japan until now, though in the U.S. they have formed a market that is valued in excess of ¥100 billion (US\$909 million). The Ministry of Economy, Trade and Industry estimates that the market in Japan will expand to ¥130 billion (US\$1.2 billion) in 10 years.

SMBC Leasing's Activities

ESCO Enterprise Initiatives

SMBC Leasing supports ESCO companies indirectly, by proposing leases at a time when energy-conservation equipment is being phased in as a result of FESCO's energy-conservation proposals. SMBC Leasing is proposing programs in which the energy service fee and the lease fee are fixed within the range of cost-savings, and would therefore produce no additional cash-flow burden for clients.

ESCO Business Model



Acquisition of ISO 14001 Certification

SMBC and JRI have acquired ISO 14001 certification, the international standard for environmental management systems.



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

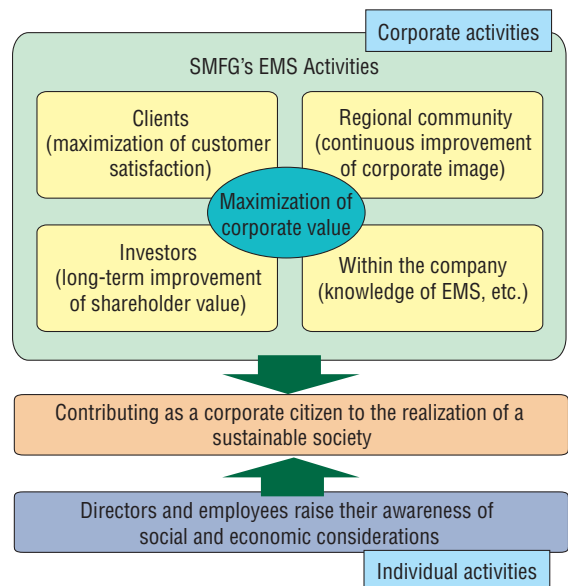


Toward a Sustainable Society

At SMBC and JRI, instruction on environmental management systems (EMS) is included as part of the annual training program. Other Group companies are also investigating the introduction of such a training program.

Corporate actions and individual actions must both function effectively if a sustainable society is to be achieved. We are pursuing a wide range of activities to enhance the effectiveness of corporate and individual initiatives for achieving a sustainable society.

Aiming at a Sustainable Society



SMBC and JRI, which have obtained ISO 14001 certification, undertook the following activities and initiatives in fiscal 2003:

Fiscal 2003 Major Environmental Objectives and Results

SMBC

Items		Environmental Objectives	Actual Results/Main Policies	
Reduction of environmental impact	Energy usage	Reduce power, natural gas, water usage (4 HQ buildings) by 4% from the 2001 base value	☺	Strict adherence to power, water usage rules (Target: Offices in Hibiya, Otemachi, Osaka, and Kobe)
	Paper consumption	Reduce paper consumption by 2% compared to the base value (each department in HQ)	☺	Strict adherence to paper consumption rules. Each department promotes its own initiatives for the reduction of paper consumption
	Green purchasing	Expand green purchasing of stationery	☺	Promoted procurement of eco-friendly goods and services
	Employee training	Train employees on how to deal with environmental issues and promote awareness of environmental issues	☺	Implemented EMS training at all branches, and also conducted EMS training on a seniority-basis
Environmental risk counter-measures	Reduce the impact of clients' environmental risk on the bank's credit risk	Implement policies to reduce the bank's and clients' environmental risk through the control of environmental-related credit risk	☺	Revised the bank's internal credit limit rules and promoted their enforcement
Environment-related businesses	Client support	Support the acquisition of ISO 14001 certification and provide funding to environmentally aware companies, etc.	☺	Devised a soil contamination consulting program; promoting environment-related loans

JRI

Items		Environmental Objectives	Actual Results/Main Policies	
Reduction of environmental impact	Energy usage	Reduce ordinary power usage: curb the usage per square meter to below 2002 base levels	☺	Check usage on a quarterly basis and promote the introduction of low-energy PCs
	Paper consumption	Reduce the per-person consumption of copy paper by 3% from 2002 base levels	☹	Strict enforcement of copying on both sides, and introduction to each division of management rules for the ordering of copy paper
	Green purchasing	Promote continuous green purchasing of stationery and PCs	☺	Each division is asked to chart the green purchasing process, which is inspected quarterly
	Employee training	Perform environmental training for the whole company and each unit	☹	Send information through the company intranet, hold regular meetings of the whole company, form regular study groups at the unit level; working to develop means for checking results
Environmental risk counter-measures	Proposal of policies and measures	Propose policies and publicize environment-related performance through various media announcements and events	☺	Publicize events and activities through the publication of articles in newspapers and magazine interviews; announce activities at government and municipal committee meetings
Environment-related businesses	Client support	Establish projects in environment-related fields. Actively promote projects related to the environment	☺	Established E-cubic Co., Ltd. Helping companies acquire ISO certification, etc.; conducting a range of environmental management consulting
	Provision of information	Provide information through the publication of books on environment-related topics	☺	Holding a range of lectures and seminars Publish books on environment-related topics

【Appraisal standard】

- ☺ Reached the objective
- ☹ Did not reach target but results have improved (over 80% of fixed numerical targets reached)
- ☹ Did not reach objectives

Fiscal 2004 Major Objectives

In fiscal 2004, each Group company has set targets as follows, and is promoting environmental activities.

SMBC

Items		Environmental Objectives
Reduction of environmental impact	Energy usage	Reduce power, natural gas, water usage by 6% compared to 2001 base levels (Target: Headquarter buildings in Hibiya, Otemachi, Osaka, and Kobe)
	Paper consumption	Each department in headquarters will reduce its paper consumption by 2%
	Green purchasing	Expand green purchasing of stationery
	Employee training	Train employees on how to deal with environmental issues and raise awareness of environmental issues
Environmental risk countermeasures	Reduce the impact of clients' environmental risk on the bank's credit risk	Implement policies to reduce the bank's and clients' environmental risk through the control of environmental-related credit risk
Environment-related businesses	Client support	Support the acquisition of ISO 14001 certification and provide funding to environmentally aware companies, etc.
	Provision of services	Promote the <i>Web Passbook</i>

Sumitomo Mitsui Card Company, Limited

Items		Environmental Objectives
Reduction of environmental impact	Energy usage	Reduce power usage per square meter by 2% compared to 2002 base levels Reduce the per-employee water usage by 2% compared to 2002 base levels (excluding branches and service centers)
	Paper consumption	Reduce the per-person consumption of copy paper from 2002 base levels
	Green purchasing	Introduce the exclusive usage of recycled paper
	Employee training	Conduct ongoing environment-related training for employees and distribute information on the environment

SMBC Leasing Company, Limited

Items		Environmental Objectives
Reduction of environmental impact	Energy usage	Reduce water, power usage by 8% per employee from 2001 figures
	Paper consumption	Reduce paper consumption by 8% per employee from 2001 figures
	Green purchasing	Increase green purchasing of stationery
	Employee training	Train employees on how to deal with environmental issues and raise awareness of environmental issues
Environmental risk countermeasures	Recycling promotion	Increase reuse of objects on which the lease period has expired
Environment-related businesses	Client support	Promote types of leases that contribute to energy conservation

JRI

Items		Environmental Objectives
Reduction of environmental impact	Energy usage	Reduce ordinary power usage: reduce the usage per square meter by 3% from the 2002 base levels
	Paper consumption	Reduce per-person consumption of copy paper by 6% from 2002 base levels
	Green purchasing	Promote continuous green purchasing of stationery and PCs
	Employee training	Conduct ongoing environmental training for employees and distribute environment-related information
Environmental risk countermeasures	Proposal of policies and measures	Propose policies and publicize environment-related performance through various media announcements and events
Environment-related businesses	Client support	Establish projects in environmental fields; actively promote projects related to the environment
	Provision of information	Provide information through the publication of books on environmental issues, lectures and the hosting of seminars

Social Contribution Activities

Our Three-Pronged Approach

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

By placing particular emphasis on welfare activities and international cooperation, working together with private-sector non-profit organizations that have expertise in these two areas, we are making various efforts to contribute to the development of a prosperous society worldwide. Volunteer activities play an important part in maintaining and improving the welfare of society as a whole, and we actively support the volunteer activities of our employees.

We will continue to undertake social contribution activities with the hope of creating a better society for all.



Welfare Activities

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.

Donation of Voided Postcards

SMBC collects voided or otherwise unusable postcards from employees of each Group company, exchanges them for new postal stamps and donates these stamps to volunteer organizations.

SMBC Volunteer Fund

The SMBC Volunteer Fund makes donations to volunteer organizations dedicated to providing assistance in cases of disaster and economic hardship. This fund is raised by SMBC employees who make a voluntary contribution of ¥100 each month. About 10,000 employees were participating in the program as of March 2004.

Major Donations by the Fund in Fiscal 2003:



★One year's worth of operating costs for a medical center in the slums of Haiti, where malaria, tuberculosis and other contagious diseases are rampant.



★Medical costs for people in Northern Afghanistan who have been injured in conflicts or by land mines.



★The medical staff's costs at institutions in Cambodia caring for orphans infected with AIDS.



★Publishing costs for a book of Cambodian folktales entitled *The Two Otters*, as well as the cost of hosting training seminars on reading for teachers in Cambodia, where books for children are extremely scarce.



★Donations to set up school libraries in Laos, where books for children are scarce, and also operating costs for children's cultural centers dedicated to the cultivation of artistic sensibilities.



★Scholarships for elementary school students in Laos, where many children are unable to attend school for economic and other reasons.



★Scholarships for children in rural areas of China, where many children are unable to attend school for economic and other reasons.



★Funds to refugee camps in Kenya, for the repair of temporary shelters that have been destroyed in ethnic conflicts and disasters.



★Funds for constructing irrigation systems for rice cultivation in the deserts of the Republic of Mali in Africa.



★Donations for projects to support rural villagers in Bangladesh, including educational programs to raise the level of literacy and improve hygienic conditions, and projects to generate income.



★Funds for building restrooms and drinking fountains in elementary schools, the purchase of desks and chairs, and providing training in advanced farming techniques for parents of children in Indonesia.



★Transportation costs for senior citizens and disabled people to attend a reunion of former residents of Miyakejima Island, who were evacuated when a volcano erupted in 2000.

Donation of Unused Telephone Cards

SMBC collects unused telephone cards from employees each year, and donates them to volunteer organizations.

Donation of Used Postal Stamps and Prepaid Cards

Sumitomo Mitsui Card collects used postal stamps and prepaid cards from employees each year, and donates them to volunteer organizations.

Regional Public Seminars



The Japan Research Institute, Ltd. (JRI) organizes JRI Active Senior Academy Seminars, which are offered free-of-charge in Tokyo. In the seminars, senior citizens are provided information about the problems facing the

local community, enabling them to play a more active role in solving problems in their communities.

The first seminar for the fiscal year was held in April 2004 on the topic "Prospects for the Japanese Economy." JRI plans to offer a seminar each month through March 2005.

International Cooperation

SMBC engages in a variety of international cooperation activities.

Supporting UNICEF

★As a member of the steering committee for UNICEF's "Change for Good" program, SMBC cooperates in the organization's fundraising activities. Foreign coin collection boxes are placed at SMBC's branches and offices in Japan, to encourage donations by the general public. The collected coins are sorted by currency with the cooperation of SMBC Green Service, one of our Group companies, before being sent to UNICEF. Total donations have reached ¥419 million since 1992, when the program started. (Please see photos and captions below.) SMBC has also implemented 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. Total donations have reached ¥157 million since the start of the program in 1992. Sumitomo Mitsui Card also issues cards incorporating donations to specific 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 from its card business revenues.

~ Foreign Coins Collected for UNICEF ~



Foreign coin collection boxes are placed at SMBC's branch offices.



The coins thus collected are sent to SMBC Green Service, a member of SMFG, along with those collected at airports and other locations nationwide, to be sorted by currency.



©UNICEF

Each participating bank sends the foreign coins to the banks of their respective nations through the cooperation of all member companies of the steering committee of UNICEF's "Change for Good" program. These coins are then changed into U.S. dollars, and the funds are used by UNICEF for projects benefiting children worldwide.

SMBC GLOBAL FOUNDATION

SMBC Global Foundation, Inc. awards financial grants to hundreds of students each year as part of scholarship programs with numerous universities in China, Indonesia, Thailand, Singapore, and other parts of Asia, as well as supporting the educational goals of Asian students abroad. In recent years, the Foundation has also been active in supporting educational institutions and community service organizations within the United States.

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 economies. The foundation offers scholarships to students from Asian countries attending universities in Japan and provides subsidies to research institutes around the world undertaking projects related to developing countries.

Supporting Employees' Volunteer Activities

SMFG actively supports employees' participation in volunteer activities. We believe volunteer activities will help raise employees' awareness of social issues.

YUI—an SMBC Volunteer Organization

At SMBC, we actively support YUI, an in-house volunteer organization. As members of YUI, SMBC employees plan and carry out a variety of welfare activities. The name derives from the Japanese word *yui*, a term describing a mutual support system among farmers that dates back to the Edo Period. The name indicates the group's desire to cultivate ties with people from all walks of life. YUI undertook the following activities in fiscal 2003:



★ Since fiscal 2002, the organization has been offering computer courses for school children with impaired hearing twice a year. These children are instructed using written means and also sign language.

★ Since fiscal 2001, YUI has held an annual bazaar, selling items collected from employees. Proceeds are donated to volunteer organizations.

★ Since fiscal 2002, YUI has been hosting an annual variety show at a senior citizens center, allowing the senior citizens who regularly attend classes and other social activities at the center the chance to sing and perform on stage.

Sign-Language Courses



SMBC has been offering sign-language courses annually to its employees since fiscal 1997. These courses help employees to communicate better with hearing-impaired customers and improve customer service, while simultaneously enabling SMBC to make a social contribution through its business activities. The number of participants has been increasing annually, and in fiscal 2003 a record 189 employees enrolled in the course. After completing the course, employees use what they have learned in various ways, such as in dealing with customers at the bank, or by participating in volunteer activities in which sign language is used, and also by teaching sign-language classes for beginners.

Seminars for Experiencing Volunteer Activities

SMBC holds events for its staff after working hours as well as on weekends and holidays, enabling them to experience volunteer activities. SMBC also provides employees with information on various volunteer activities, and encourages their participation in such events. The following initiatives were undertaken in fiscal 2003:



★ An event was held for parents and children, teaching them how to provide support for people with complete or partial lack of sight. Demonstrations showed the proper use of seeing-eye dogs. Also, participants put on eye masks and tried to do simple tasks, like walking or eating.



★ An event was hosted jointly with other companies to raise employee awareness of the difficulties faced by people with impaired hearing. Participants were given a chance to work with guide dogs and taught basic sign language.



★ An event, hosted jointly with other companies, gave employees an opportunity to interact with people with impaired vision in an outdoor setting. Participants spent the day enjoying the chirping of birds, and exploring the textures and smells of trees and flowers, among other things.



★ In an event hosted with other companies, participants were made to wear an eye mask, and then asked to count money and print name cards in Braille.

Neighborhood Cleanup Programs



★ In April 2004, approximately 200 employees took part in a cleanup held along the banks of the Arakawa River in Tokyo. Participants also tested the quality of the water as part of the event.



★ 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.

Financial Section and Corporate Data

Financial Section

SMFG

Consolidated Balance Sheets	64
Consolidated Statements of Operations	65
Consolidated Statements of Stockholders' Equity	66
Consolidated Statements of Cash Flows	67
Notes to Consolidated Financial Statements	69
Independent Auditors' Report	104
Summary of Significant Differences between Japanese GAAP and U.S. GAAP	105

SMBC

Supplemental Information.....	110
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SMFG

Income Analysis (Consolidated)	114
Assets/Liabilities (Consolidated)	117
Capital Ratio (Consolidated)	120
Capital (Nonconsolidated)	121

SMBC

Income Analysis (Consolidated)	125
Assets/Liabilities (Consolidated)	128
Income Analysis (Nonconsolidated)	131
Deposits (Nonconsolidated)	136
Loans (Nonconsolidated)	138
Securities (Nonconsolidated).....	143
Capital Ratio	145
Ratios (Nonconsolidated).....	146
Capital (Nonconsolidated)	148
Others (Nonconsolidated)	150
Trust Assets and Liabilities (Nonconsolidated).....	152

Corporate Data

Sumitomo Mitsui Financial Group, Inc.

Board of Directors, Corporate Auditors, and Executive Officers	155
SMFG Organization	155

Sumitomo Mitsui Banking Corporation

Board of Directors, Corporate Auditors, and Executive Officers	156
SMBC Organization	158

Principal Subsidiaries and Affiliates

Domestic Principal Subsidiaries	160
Overseas Principal Subsidiaries	161
Principal Affiliates	162

International Directory.....	163
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Consolidated Balance Sheets

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2004	2003	2004
Assets			
Cash and due from banks (Note 9)	¥ 3,529,479	¥ 2,900,991	\$ 33,395
Deposits with banks (Notes 9 and 30)	1,799,471	541,532	17,026
Call loans and bills bought	360,509	187,563	3,411
Receivables under resale agreements.....	152,070	109,710	1,439
Receivables under securities borrowing transactions	1,009,328	1,981,243	9,550
Commercial paper and other debt purchased (Note 30).....	480,847	363,981	4,550
Trading assets (Notes 3, 9 and 30)	3,306,780	4,495,396	31,287
Money held in trust (Note 30)	3,749	24,629	35
Securities (Notes 4, 9 and 30)	27,049,901	24,118,520	255,936
Loans and bills discounted (Notes 5, 9 and 29)	55,382,800	61,082,946	524,012
Foreign exchanges.....	743,957	749,974	7,039
Other assets (Notes 6 and 9)	3,034,182	3,219,009	28,708
Premises and equipment (Notes 7, 9 and 16)	984,060	1,007,905	9,311
Lease assets (Note 8)	991,781	996,344	9,384
Deferred tax assets (Note 25)	1,706,586	1,956,103	16,147
Deferred tax assets for land revaluation (Notes 16 and 25)	706	724	7
Goodwill	21,706	30,031	205
Customers' liabilities for acceptances and guarantees	3,079,738	3,084,383	29,139
Reserve for possible loan losses	(1,422,486)	(2,243,542)	(13,459)
Total assets	¥102,215,172	¥104,607,449	\$967,122
Liabilities, minority interests and stockholders' equity			
Liabilities			
Deposits (Notes 9 and 10)	¥ 68,852,890	¥ 67,784,025	\$651,461
Call money and bills sold (Note 9)	6,292,495	8,953,084	59,537
Payables under repurchase agreements (Note 9)	1,098,449	4,144,735	10,393
Payables under securities lending transactions (Note 9)	5,946,346	4,807,245	56,262
Commercial paper.....	282,700	187,800	2,675
Trading liabilities (Notes 9 and 11)	1,873,245	2,851,391	17,724
Borrowed money (Notes 9 and 12)	2,360,474	2,580,135	22,334
Foreign exchanges.....	572,755	397,666	5,419
Bonds (Note 13)	4,002,965	3,583,754	37,875
Due to trust account.....	36,032	5,953	341
Other liabilities (Notes 9 and 14)	3,591,818	2,558,956	33,985
Reserve for employee bonuses	22,226	22,079	210
Reserve for employee retirement benefits (Note 26)	40,842	101,408	386
Reserve for possible losses on loans sold.....	—	20,665	—
Reserve for expenses related to EXPO 2005 Japan	116	—	1
Other reserves (Note 15)	862	649	8
Deferred tax liabilities (Note 25)	40,181	43,930	380
Deferred tax liabilities for land revaluation (Notes 16 and 25)	56,391	58,788	534
Acceptances and guarantees (Note 9)	3,079,738	3,084,383	29,139
Total liabilities	98,150,534	101,186,654	928,664
Minority interests (Note 17)	993,696	996,720	9,402
Stockholders' equity (Note 18)			
Capital stock (Note 18)	1,247,650	1,247,650	11,805
Capital surplus	865,282	856,237	8,187
Retained earnings	611,189	311,664	5,783
Land revaluation excess (Notes 16 and 25)	96,527	101,440	913
Net unrealized gains (losses) on other securities (Notes 25 and 30)	325,013	(24,197)	3,075
Foreign currency translation adjustments	(71,764)	(53,515)	(679)
Treasury stock.....	(2,956)	(15,204)	(28)
Total stockholders' equity	3,070,942	2,424,074	29,056
Total liabilities, minority interests and stockholders' equity	¥102,215,172	¥104,607,449	\$967,122

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31	Millions of yen		Millions of
	2004	2003	U.S. dollars (Note 1)
			2004
Income			
Interest income:			
Interest on loans and discounts	¥1,171,663	¥1,266,271	\$11,086
Interest and dividends on securities.....	256,600	268,261	2,428
Interest on receivables under resale agreements.....	2,542	1,352	24
Interest on receivables under securities borrowing transactions	104	225	1
Interest on deposits with banks.....	12,687	34,768	120
Other interest income.....	147,740	246,028	1,398
Trust fees	334	7	3
Fees and commissions (Note 19)	501,028	424,238	4,741
Trading profits (Note 20)	305,011	206,496	2,886
Other operating income (Note 21)	946,474	946,957	8,955
Other income (Note 22)	325,344	123,683	3,078
Total income	3,669,531	3,518,293	34,720
Expenses			
Interest expenses:			
Interest on deposits.....	108,180	159,950	1,024
Interest on borrowings and rediscounts	46,397	56,485	439
Interest on payables under repurchase agreements	4,212	18,185	40
Interest on payables under securities lending transactions	48,622	28,830	460
Interest on bonds and bonds with stock acquisition rights	76,202	76,219	721
Other interest expenses.....	26,653	77,732	252
Fees and commissions (Note 19)	76,851	71,338	727
Trading losses (Note 20)	916	725	9
Other operating expenses (Note 23)	886,649	721,134	8,389
General and administrative expenses.....	866,549	889,237	8,199
Transfer to reserve for possible loan losses	—	654,711	—
Other expenses (Note 24)	1,123,401	1,354,655	10,629
Total expenses	3,264,636	4,109,207	30,889
Income (loss) before income taxes and minority interests	404,894	(590,914)	3,831
Income taxes (Note 25):			
Current	24,289	66,068	230
Deferred	8,593	(225,190)	81
Minority interests in net income (loss).....	41,596	33,567	394
Net income (loss)	¥ 330,414	¥ (465,359)	\$ 3,126

Per share data:	Yen	U.S. dollars (Note 1)
Net income (loss)	¥52,314.75	¥(84,324.98) \$ 494.98
Net income — diluted.....	35,865.20	— 339.34
Declared dividends on common stock	3,000	3,000 28.38
Declared dividends on preferred stock (Type 1)	10,500	10,500 99.35
Declared dividends on preferred stock (Type 2)	28,500	28,500 269.66
Declared dividends on preferred stock (Type 3).....	13,700	13,700 129.62
Declared dividends on preferred stock (First to Twelfth series Type 4).....	135,000	19,500 1,277.32
Declared dividends on preferred stock (Thirteenth series Type 4)	67,500	3,750 638.66

See accompanying notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31, 2004 and 2003	Millions of yen							Total
	Capital stock (Note 18)	Capital surplus	Retained earnings	Land revaluation excess	Net unrealized gains (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 disposal of treasury stock.....		(93)						(93)
Transfer of land revaluation excess.....			17,125	(17,125)				—
Change in tax rate and others				(2,678)				(2,678)
Cash dividends paid			(37,349)					(37,349)
Net loss.....			(465,359)					(465,359)
Change in net unrealized losses on other securities					(392,171)			(392,171)
Change in foreign currency translation adjustments						(38,340)		(38,340)
Change in 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
Merger of subsidiaries			(2,066)					(2,066)
Change due to decrease of affiliates			54					54
Gains on disposal of treasury stock.....		9,044						9,044
Transfer of land revaluation excess.....			4,428	(4,428)				—
Change in tax rate and others				(484)				(484)
Cash dividends paid			(33,306)					(33,306)
Net income			330,414					330,414
Change in net unrealized gains on other securities.....					349,211			349,211
Change in foreign currency translation adjustments						(18,248)		(18,248)
Change in treasury stock.....							12,248	12,248
Balance at March 31, 2004	¥1,247,650	¥ 865,282	¥611,189	¥ 96,527	¥ 325,013	¥(71,764)	¥ (2,956)	¥3,070,942

Year ended March 31, 2004	Millions of U.S. dollars (Note 1)							Total
	Capital stock (Note 18)	Capital surplus	Retained earnings	Land revaluation excess	Net unrealized gains (losses) on other securities	Foreign currency translation adjustments	Treasury stock	
Balance at March 31, 2003.....	\$11,805	\$8,101	\$2,949	\$960	\$ (229)	\$(506)	\$(144)	\$22,936
Merger of subsidiaries			(20)					(20)
Change due to decrease of affiliates			1					1
Gains on disposal of treasury stock.....		86						86
Transfer of land revaluation excess.....			42	(42)				—
Change in tax rate and others				(5)				(5)
Cash dividends paid			(315)					(315)
Net income			3,126					3,126
Change in net unrealized gains on other securities.....					3,304			3,304
Change in foreign currency translation adjustments						(173)		(173)
Change in treasury stock.....							116	116
Balance at March 31, 2004	\$11,805	\$8,187	\$5,783	\$913	\$3,075	\$(679)	\$ (28)	\$29,056

Consolidated Statements of Cash Flows

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2004	2003	2004
1. Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	¥ 404,894	¥ (590,914)	\$ 3,831
Depreciation of premises, equipment and others	82,464	89,414	780
Depreciation of lease assets	336,271	312,562	3,182
Amortization of goodwill	(4,260)	10,171	(40)
Equity in earnings of affiliates	(15,700)	(5,718)	(149)
Net change in reserve for possible loan losses	(824,917)	82,688	(7,805)
Net change in reserve for possible losses on loans sold	(20,665)	(65,706)	(195)
Net change in reserve for employee bonuses	221	(140)	2
Net change in reserve for employee retirement benefits	(40,069)	(47,563)	(379)
Net change in reserve for expenses related to EXPO 2005 Japan	116	—	1
Interest income	(1,591,338)	(1,816,908)	(15,057)
Interest expenses	310,267	417,404	2,936
Net (gains) losses on securities	(67,928)	471,528	(643)
Net (gains) losses from money held in trust	(121)	4,003	(1)
Net exchange losses	407,340	170,155	3,854
Net losses from disposal of premises and equipment	30,697	33,301	290
Net (gains) losses from disposal of lease assets	(1,870)	1,505	(18)
Net change in trading assets	1,131,864	(1,253,569)	10,709
Net change in trading liabilities	(929,787)	569,881	(8,797)
Net change in loans and bills discounted	6,198,239	2,472,161	58,646
Net change in deposits	1,829,914	(2,024,876)	17,314
Net change in negotiable certificates of deposit	(1,338,888)	(1,806,894)	(12,668)
Net change in borrowed money (excluding subordinated debt)	(112,211)	(261,965)	(1,062)
Net change in deposits with banks	(1,299,305)	2,947,705	(12,294)
Net change in call loans, bills bought and receivables under resale agreements	(318,516)	1,280,173	(3,014)
Net change in receivables under securities borrowing transactions	971,914	1,039,276	9,196
Net change in call money, bills sold and payables under repurchase agreements	(5,704,903)	902,660	(53,978)
Net change in commercial paper	94,900	(979,700)	898
Net change in payables under securities lending transactions	1,139,101	1,632,445	10,778
Net change in foreign exchanges (assets)	5,016	42,144	48
Net change in foreign exchanges (liabilities)	175,444	99,013	1,660
Issuance and redemption of bonds (excluding subordinated bonds)	152,514	457,319	1,443
Net change in due to trust account	30,078	5,953	285
Interest received	1,636,935	1,956,975	15,488
Interest paid	(336,704)	(464,798)	(3,186)
Net change in payable on trading and securities contracts	1,188,672	—	11,247
Other, net	27,099	(100,004)	256
Subtotal	3,546,782	5,579,686	33,558
Income taxes paid	(24,664)	(136,485)	(233)
Net cash provided by operating activities	3,522,118	5,443,200	33,325

(Continued)

Year ended March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2004	2003	2004
2. Cash flows from investing activities:			
Purchases of securities.....	¥(47,305,660)	¥(49,938,065)	\$(447,589)
Proceeds from sale of securities.....	30,688,033	37,711,992	290,359
Proceeds from maturity of securities.....	13,967,819	7,907,363	132,158
Purchases of money held in trust.....	(21,225)	(14,622)	(201)
Proceeds from sale of money held in trust.....	42,259	23,624	400
Purchases of premises and equipment.....	(80,932)	(69,884)	(766)
Proceeds from sale of premises and equipment.....	20,839	73,677	197
Purchases of lease assets.....	(368,159)	(336,512)	(3,483)
Proceeds from sale of lease assets.....	37,678	33,900	357
Purchases of stocks of subsidiaries.....	(8,999)	(15,444)	(85)
Proceeds from sale of stocks of subsidiaries.....	—	53	—
Net cash used in investing activities.....	(3,028,346)	(4,623,917)	(28,653)
3. Cash flows from financing activities:			
Proceeds from issuance of subordinated debt.....	89,500	165,000	847
Repayment of subordinated debt.....	(195,000)	(286,500)	(1,845)
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights.....	436,453	223,950	4,130
Repayment of subordinated bonds and bonds with stock acquisition rights.....	(150,713)	(565,522)	(1,426)
Proceeds from issuance of stocks.....	—	495,300	—
Dividends paid.....	(33,360)	(37,348)	(316)
Proceeds from minority stockholders.....	25	220	0
Dividends paid to minority stockholders.....	(33,196)	(39,621)	(314)
Purchases of treasury stock.....	(632)	(7,875)	(6)
Proceeds from sale of treasury stock.....	24,058	8,479	228
Net cash provided by (used in) financing activities.....	137,134	(43,919)	1,298
4. Effect of exchange rate changes on cash and due from banks.....	(2,417)	(2,629)	(23)
5. Net change in cash and due from banks.....	628,488	772,734	5,947
6. Cash and due from banks at beginning of year.....	2,900,991	2,128,742	27,448
7. Change in cash and due from banks due to merger of consolidated subsidiaries.....	—	0	—
8. Change in cash and due from banks due to decrease of consolidated subsidiaries.....	(0)	(486)	(0)
9. Cash and due from banks at end of year.....	¥ 3,529,479	¥ 2,900,991	\$ 33,395

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31, 2004 and 2003

1. Basis of Presentation

Sumitomo Mitsui Financial Group, Inc. ("SMFG") was established on December 2, 2002 as a 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 and issued 86,576.53 common stocks.

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

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

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.

The translation of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2004, which was ¥105.69 to US\$1. The convenience translations should not be construed as representations that the Japanese yen amounts 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

Number of consolidated subsidiaries is as follows:

March 31	2004	2003
Consolidated subsidiaries	165	170

Principal subsidiaries:

Sumitomo Mitsui Banking Corporation ("SMBC")
 THE MINATO BANK, LTD. ("Minato")
 Kansai Urban Banking Corporation
 Sumitomo Mitsui Banking Corporation Europe Limited
 Manufacturers Bank
 SMBC Leasing Company, Limited
 Sumitomo Mitsui Card Company, Limited
 SMBC Capital Co., Ltd.
 SMBC Finance Service Co., Ltd.
 SMBC Friend Securities Co., Ltd.
 The Japan Research Institute, Limited
 SMBC Capital Markets, Inc.

Changes in consolidated subsidiaries in the fiscal year ended March 31, 2004 are as follows:

Twelve companies including SMFG Corporate Recovery Servicer Co., LTD. were newly consolidated due to establishment.

The former The Kansai Sawayaka Bank, Limited was consolidated due to acquirement of shares. However, it was merged with the former The Bank of Kansai, Ltd. and was excluded from the scope of consolidation. (The Bank of Kansai, Ltd. changed its name to Kansai Urban Banking Corporation at the time of the merger.)

Six companies including Sakura Friend Securities Co., Ltd. and four companies including Sakura Global Capital Asia Limited were excluded from the scope of consolidation due to merger and liquidation, respectively.

Seven companies including SMBCL CEPHEUS CO., LTD. became nonconsolidated subsidiaries that are not accounted for by the equity method because they became silent partnerships for lease transactions.

(ii) Nonconsolidated subsidiaries

Principal company:

SBCS Co., Ltd.

One hundred and eleven subsidiaries including S.B.L. Mercury Co., Ltd. are silent partnerships 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 material 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 to be accounted for by the equity method.

(i) Nonconsolidated subsidiaries accounted for by the equity method

Number of nonconsolidated subsidiaries accounted for by the equity method is as follows:

March 31	2004	2003
Nonconsolidated subsidiaries	4	4

Principal company:

SBCS Co., Ltd.

(ii) Affiliates accounted for by the equity method

Number of affiliates accounted for by the equity method is as follows:

March 31	2004	2003
Affiliates	44	43

Principal companies:

- Daiwa Securities SMBC Co. Ltd.
- Daiwa SB Investments Ltd.
- Sumitomo Mitsui Asset Management Company, Limited
- QUOQ Inc.

In the fiscal year ended March 31, 2004, three companies including Hokkaido Mother Land Capital, Ltd. were newly applied due to establishment and two companies including DLJ direct SFG Securities Inc. were excluded due to sale of stocks.

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

One hundred and eleven subsidiaries including S.B.L. Mercury Co., Ltd. are silent partnerships 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 material impact on the consolidated financial statements.

(c) The balance sheet dates of consolidated subsidiaries

(i) The balance sheet dates of consolidated subsidiaries are as follows:

March 31	2004	2003
September 30	5	5
October 31	1	1
December 31	65	62
January 31	2	2
March 31	92	100

A consolidated domestic subsidiary changed its balance sheet date from December 31 to March 31 from the fiscal year ended March 31, 2004. Therefore, SMFG's consolidated financial statements include the subsidiary's profit or loss for the period from January 1, 2003 to March 31, 2004. However, this change had no material impact on the consolidated financial statements.

(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 were 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 material 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 "Consolidation Procedures for Full Parent-subsidiary Relationship Established Utilizing Share Exchange and Transfer System" (JICPA Accounting Committee Report No. 6).

(e) Valuation of consolidated subsidiaries' assets and liabilities
Assets and liabilities of consolidated subsidiaries including the portion attributable to the minority shareholders are valued for consolidation at fair value when SMFG acquires control.

(f) Amortization of goodwill

Goodwill on Sumitomo Mitsui Card Company, Limited and SMBC Leasing 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) Statements of cash flows

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

(3) Trading assets/liabilities and trading profits/losses

Transactions for trading purposes (seeking gains arising from short-term changes in interest rates, currency exchange rates, or market prices of securities and other market related indices or from variation among markets) are included in "Trading assets" or "Trading liabilities" on the consolidated balance sheet on a contract date basis. Profits and losses on trading-purpose transactions are recognized as "Trading profits" and "Trading losses."

Securities and monetary claims purchased for trading purposes are stated at the fiscal year-end market value, and financial derivatives such as swaps, futures and options are stated at amounts that would be settled if the transactions were terminated at the consolidated balance sheet date.

Trading profits and losses include interest received or paid during the fiscal year and the year-over-year valuation differences of securities, monetary claims, and derivatives, the latter assuming settlement is made in cash.

SMBC formerly accounted for foreign currency translation differences arising from currency swaps for trading purposes as "Other assets" or "Other liabilities" on the balance sheet on a net basis. Effective April 1, 2003, SMBC accounts for such foreign currency differences as "Trading assets" or "Trading liabilities" on a gross basis, pursuant to the "Treatment of Accounting and Auditing Concerning Accounting for Foreign

Currency Transactions in Banking Industry” (JICPA Industry Audit Committee Report No. 25). Consequently, “Other liabilities” decreased by ¥61,077 million (\$578 million), and “Trading assets” and “Trading liabilities” increased by ¥19,741 million (\$187 million) and ¥80,818 million (\$765 million), respectively.

(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 securities and investments in nonconsolidated subsidiaries and affiliates are classified as “other securities” (available-for-sale securities). Stocks in other securities that have market price are carried at their 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,” after deducting the amount that is reflected in the fiscal year’s earnings because of application of fair value hedge accounting.

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 their local accounting standards.

(6) Hedge accounting

(a) Hedging against interest rate changes

As for the hedge accounting method applied to hedging transactions for interest rate risk arising from financial assets and liabilities, SMBC applies deferred hedge accounting or fair value hedge accounting.

In the fiscal year ended March 31, 2003, SMBC applied the temporary treatment stipulated in the “Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry” (JICPA Industry Audit Committee Report No. 24) to the “macro hedge,” which is the management of interest rate risk arising from large-volume transactions in loans, deposits and other interest-earning assets and interest-bearing liabilities as a whole using derivatives (“risk adjusted approach”). The risk adjusted approach satisfied the following requirements stipulated in 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:

(i) Loans, deposits and other interest-earning assets and interest-bearing liabilities as a whole shall be recognized as the hedged portfolio.

(ii) Derivatives as hedging instruments shall effectively reduce the interest rate exposure of the hedged portfolio.

(iii) Effectiveness of hedging activities shall be evaluated on a quarterly basis.

Effective April 1, 2003, SMBC applies the basic provisions of JICPA Industry Audit Committee Report No. 24 to hedges on groups of large-volume, small-value monetary claims and debts with similar risk characteristics. SMBC assesses the effectiveness of such hedges in offsetting fluctuation in fair value arising from changes in interest rates, by classifying the hedged items (such as deposits and loans) and the hedging instruments (such as interest rate swaps) by their maturity. As for cash flow hedges, SMBC assesses the effectiveness of such hedges in fixing cash flows by verifying the correlation between the hedged items and the hedging instruments. SMBC also assesses the effectiveness of individual hedges.

As for the accounting method, SMBC formerly applied deferred hedge accounting for hedging against interest rate risk arising from financial assets and liabilities. Effective April 1, 2003, SMBC applies fair value hedge accounting to hedging transactions for reducing the exposure to market volatility of bonds classified as other securities that are held for the purpose of Asset and Liability Management in order to more properly reflect the effectiveness of hedging transactions in the financial statements. Consequently, “Other assets” and “Net unrealized gains on other securities” at March 31, 2004 decreased by ¥28,948 million (\$274 million) and ¥13,923 million (\$132 million), respectively and “Deferred tax assets” at March 31, 2004 increased by ¥9,528 million (\$90 million) compared with the former method.

A portion of deferred hedge losses and gains, which was previously under the macro hedge, is no longer subject to hedge accounting. The deferred hedge losses and gains related to hedging instruments to which SMBC discontinued the application of hedge accounting or applied fair value hedge accounting as a result of the change mentioned above are recognized as “Interest income” or “Interest expenses” over a 12-year period (maximum) from the fiscal year ended March 31, 2004 according to their maturity. Gross amounts of deferred hedge losses and gains on “macro hedge” at March 31, 2004 were ¥320,513 million (\$3,033 million) and ¥293,837 million (\$2,780 million), respectively.

(b) Hedging against currency fluctuations

SMBC applies deferred hedge accounting stipulated in the basic provisions of JICPA Industry Audit Committee Report No. 25 to currency swap and foreign exchange swap transactions executed for the purpose of lending or borrowing funds in different currencies.

Pursuant to JICPA Industry Audit Committee Report No. 25, SMBC assesses the effectiveness of currency swap and foreign exchange swap transactions executed for the purpose of offsetting the risk of changes in currency exchange rates by

verifying that there are foreign-currency monetary claims and debts corresponding to the foreign-currency positions.

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 currencies, SMBC applies deferred hedge accounting or fair value hedge accounting, on the conditions that the hedged securities are designated in advance and that sufficient on-balance (actual) or off-balance (forward) liability exposure exists to cover the cost of the hedged securities denominated in the same foreign currencies.

(c) Transactions between consolidated subsidiaries

As for derivative transactions between consolidated subsidiaries or internal transactions between trading accounts and other accounts (or among internal sections), SMBC manages the interest rate swaps and currency swaps that are designated as hedging instruments in accordance with the strict criteria for external transactions stipulated in JICPA Industry Audit Committee Report No. 24 and No. 25. Therefore, SMBC accounts for the gains or losses that arise from interest rate swaps and currency swaps in its earnings or defers them, rather than eliminating them.

Some of the other consolidated subsidiaries apply the deferred hedge accounting or the short-cut method (exceptional treatment for interest rate swaps).

(7) Non-accrual loans

Loans are generally placed on non-accrual status when their borrowers are classified as Bankrupt, Effectively Bankrupt or Potentially Bankrupt under the self-assessment rule (see (11) Reserve for possible loan losses).

(8) Bills discounted

Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24. SMBC and banking subsidiaries have rights to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions. The total face value at March 31, 2004 and 2003 was ¥1,023,057 million (\$9,680 million) and ¥1,078,333 million, respectively.

(9) Premises and equipment

Premises and equipment owned by SMFG and SMBC are generally stated at cost less accumulated depreciation. Depreciation of premises is computed using the straight-line method over the estimated useful lives of the respective assets. The depreciation of 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.

(10) 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."

(11) Reserve for possible loan losses

Reserve for possible loan losses of SMBC and other major consolidated subsidiaries is provided as detailed below in accordance with the internal standards for write-offs and reserves.

For claims on borrowers that 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 write-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.

Of the claims on borrowers requiring close monitoring, SMBC applies the Discounted Cash Flows method ("DCF method") to the claims on borrowers, all or some of whose loans are classified as "Past due loans (3 months or more)" or "Restructured loans" and whose total loans exceed a certain amount. SMBC establishes a reserve for possible loan losses using the DCF method for such claims in the amount of the difference between the present value of principal and interest (calculated using the rationally estimated cash flows discounted at the initial contractual interest rate) and the book value.

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 in 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 ratios, 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 ¥1,236,148 million (\$11,696 million) and ¥1,324,459 million at March 31, 2004 and 2003, respectively.

- (12) 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.
- (13) Reserve for expenses related to EXPO 2005 Japan
SMBC accounts for the exhibition expenses related to “The 2005 World Exposition, Aichi, Japan” that will be held in Aichi Prefecture in 2005 as “Reserve for expenses related to EXPO 2005 Japan,” which includes the reserve that is stipulated in Article 57-2 of the Specific Taxation Measures Law.
- (14) Reserve for employee bonuses
Reserve for employee bonuses is provided for payment of bonuses to employees, in the amount of estimated bonuses, which are attributable to the respective fiscal year.
- (15) Reserve for employee retirement benefits
Reserve for employee retirement benefits is provided for payment of retirement benefits to employees, in the amount deemed accrued at the fiscal year-end, based on the projected retirement benefit obligation and the fair value of plan assets at the fiscal year-end. Unrecognized prior service cost is amortized using the straight-line method over certain years (mainly 10 years) within the employees’ average remaining service period at incurrence. 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.
- (16) Other reserves
Reserves required by special laws are provided as follows:
(a) Reserve for contingent liabilities from financial futures transactions is provided in accordance with Article 82 of the Financial Futures Transaction Law, in order to cover losses arising from financial futures transactions.
(b) Reserve for contingent liabilities from securities transactions is provided in accordance with Article 51 of the Securities and Exchange Law in provision for losses arising from securities transactions.
- (17) 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.
As for the accounting method of foreign currency transactions, in the fiscal year ended March 31, 2003, SMBC and other domestic consolidated banking subsidiaries applied the temporary treatment stipulated in JICPA Industry Audit Committee Report No. 25 to currency swaps and foreign exchange swaps for the purpose of lending or borrowing funds in different currencies. Effective April 1, 2003, they apply the

hedge accounting pursuant to the basic provisions of JICPA Industry Audit Committee Report No. 25.

Consequently, for the fiscal year ended March 31, 2004, such foreign exchange swaps, whose profits or losses were formerly charged to income by periodical allocation, are valued at fair value and their fair-valued assets and liabilities are recognized on the consolidated balance sheet. As a result, “Other assets” and “Other liabilities” each increased by ¥1,035 million (\$10 million). However, this accounting change had no impact on their profits or losses.

Foreign currency translation differences arising from currency swaps and forward foreign exchange transactions were formerly accounted for as “Other assets” or “Other liabilities” on a net basis, but effective April 1, 2003, they are accounted for as “Other assets” or “Other liabilities” on a gross basis pursuant to JICPA Industry Audit Committee Report No. 25. Consequently, “Other assets” and “Other liabilities” increased by ¥450,929 million (\$4,267 million) each.

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.

(18) 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.

(19) 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.

(20) 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.

Diluted net income (loss) per share reflects the potential dilution that could occur if preferred stocks and other contracts to issue common stocks were exercised.

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

(21) Change in presentation of financial statements

Effective April 1, 2003, amortization of bond discount, which was formerly included in “Other interest expenses,” is included in “Interest on bonds and bonds with stock acquisition rights” pursuant to the revision of the Ordinance of the Banking Law.

3. Trading Assets

Trading assets at March 31, 2004 and 2003 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Trading securities	¥ 80,766	¥ 225,610	\$ 764
Derivatives of trading securities	139	81	1
Derivatives of securities related to trading transactions	595	121	5
Trading-related financial derivatives	2,135,318	3,060,803	20,204
Other trading assets	1,089,960	1,208,779	10,313
	¥3,306,780	¥4,495,396	\$31,287

4. Securities

Securities at March 31, 2004 and 2003 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Japanese government bonds*	¥14,448,940	¥12,901,646	\$136,711
Japanese local government bonds	506,263	375,204	4,790
Japanese corporate bonds	2,651,971	2,370,553	25,092
Japanese stocks**	3,637,892	3,474,463	34,420
Other**	5,804,833	4,996,652	54,923
	¥27,049,901	¥24,118,520	\$255,936

* Japanese government bonds at March 31, 2004 include ¥15,849 million (\$150 million) of unsecured loaned securities for which borrowers have the right to sell or pledge and ¥99 million (\$1 million) of loaned securities for which borrowers only have the right to pledge and not to sell. As for the unsecured borrowed securities for which SMBC has the right to sell or pledge and the securities which SMBC purchased under resale agreements, that are permitted to be sold or pledged without restrictions, ¥1,022,170 million (\$9,671 million) of securities are pledged, and ¥165,047 million (\$1,562 million) of securities are held in hand at March 31, 2004. SMBC may pledge the borrowed securities as well. The respective amounts at March 31, 2003 were ¥999 million, ¥140 million, ¥2,084,632 million, and ¥99,624 million.

** Japanese stocks and other include investments in nonconsolidated subsidiaries and affiliates of ¥208,201 million (\$1,970 million) and ¥196,317 million at March 31, 2004 and 2003, respectively.

5. Loans and Bills Discounted

Loans and bills discounted at March 31, 2004 and 2003 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Bills discounted	¥ 644,002	¥ 735,614	\$ 6,093
Loans on notes	6,296,717	7,697,374	59,577
Loans on deeds	40,919,508	45,037,597	387,166
Overdrafts	7,522,572	7,612,359	71,176
	¥55,382,800	¥61,082,946	\$524,012

Loans and bills discounted includes the following "Risk-monitored loans" stipulated in the Banking Law:

March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Risk-monitored loans:			
Bankrupt loans*1	¥ 96,413	¥ 201,392	\$ 912
Non-accrual loans*2	1,767,862	2,710,164	16,727
Past due loans (3 months or more)*3	51,538	130,353	488
Restructured loans*4	1,382,168	2,728,791	13,077
	¥3,297,981	¥5,770,700	\$31,204

*1 "Bankrupt loans" are loans, after write-off, to legally bankrupt borrowers as defined in Article 96-1-3 and 96-1-4 of the Enforcement Ordinance No. 97 of the Japanese Corporate Tax Law (issued in 1965) and on which accrued interest income is not recognized as there is substantial doubt about the ultimate collectability of either principal or interest because they are past due for a considerable period of time or for other reasons.

*2 "Non-accrual loans" are loans on which accrued interest income is not recognized, excluding "Bankrupt loans" and loans on which interest payments are deferred in order to support the borrowers' recovery from financial difficulties.

*3 "Past due loans (3 months or more)" are loans on which the principal or interest is past due for three months or more, excluding "Bankrupt loans" and "Non-accrual loans."

*4 "Restructured loans" are loans on which terms and conditions have been amended in favor of the borrowers (e.g. reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt forgiveness) in order to support the borrowers' recovery from financial difficulties, excluding "Bankrupt loans," "Non-accrual loans" and "Past due loans (3 months or more)."

The amounts above include the trusted amount with the Resolution and Collection Corporation of ¥7,522 million (\$71 million) and ¥40,811 million at March 31, 2004 and 2003, respectively, which is treated as off-balancing.

6. Other Assets

Other assets at March 31, 2004 and 2003 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Prepaid expenses.....	¥ 37,943	¥ 30,933	\$ 359
Accrued income.....	238,454	214,055	2,256
Deferred assets.....	518,913	485,874	4,910
Financial derivatives*	1,010,355	995,702	9,559
Other.....	1,228,515	1,492,443	11,624
	¥3,034,182	¥3,219,009	\$28,708

* Net amount of deferred unrealized losses on hedging instruments to which deferred hedge accounting is applied is reported as deferred losses on hedge and is included in "Financial derivatives." Gross deferred unrealized losses and gains on hedging instruments before netting were ¥663,546 million (\$6,278 million) and ¥564,122 million (\$5,338 million), respectively, at March 31, 2004.

7. Premises and Equipment

Premises and equipment at March 31, 2004 and 2003 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Land*	¥ 513,874	¥ 515,975	\$ 4,862
Buildings.....	534,250	537,041	5,055
Equipment and others	523,115	585,009	4,950
Total	¥1,571,240	¥1,638,026	\$14,867
Accumulated depreciation	(587,180)	(630,121)	(5,556)
	¥ 984,060	¥1,007,905	\$ 9,311

* Includes land revaluation excess for land referred to in Note 16.

8. Lease Assets

Lease assets at March 31, 2004 and 2003 were as follows:

March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Equipment and others	¥2,520,092	¥2,487,066	\$23,844
Accumulated depreciation	(1,528,311)	(1,490,721)	(14,460)
	¥ 991,781	¥ 996,344	\$ 9,384

9. Assets Pledged as Collateral

Assets pledged as collateral at March 31, 2004 and 2003 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Assets pledged as collateral			
Cash and due from banks and Deposits with banks.....	¥ 112,778	¥ 75,268	\$ 1,067
Trading assets.....	540,579	990,965	5,115
Securities	10,723,663	11,458,018	101,463
Loans and bills discounted.....	1,375,426	4,738,320	13,014
Other assets	1,056	1,140	10
Premises and equipment.....	524	535	5
Liabilities corresponding to assets pledged as collateral			
Deposits	15,276	21,038	145
Call money and bills sold.....	5,175,669	7,952,599	48,970
Payables under repurchase agreements	1,055,508	4,107,615	9,987
Payables under securities lending transactions	5,700,206	4,189,794	53,933
Trading liabilities.....	203,599	136,975	1,926
Borrowed money	4,451	2,885	42
Other liabilities	1,122	18,548	11
Acceptances and guarantees	141,835	41,108	1,342

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, 2004 and 2003:

March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Cash and due from banks and Deposits with banks	¥ 42,537	¥ 54,370	\$ 402
Trading assets	3,908	13,937	37
Securities	6,801,910	4,624,346	64,357
Loans and bills discounted	55,000	781,138	520

Premises and equipment included surety deposits and intangibles of ¥112,628 million (\$1,066 million) and ¥121,725 million at March 31, 2004 and 2003, respectively. Other assets included initial margins of futures markets of ¥8,130 million (\$77 million) and ¥14,814 million at March 31, 2004 and 2003, respectively.

10. Deposits

Deposits at March 31, 2004 and 2003 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Current deposits	¥ 5,382,068	¥ 5,069,107	\$ 50,923
Ordinary deposits	29,299,240	27,462,251	277,219
Savings deposits	1,206,013	1,336,725	11,411
Deposits at notice	3,800,841	3,616,958	35,962
Time deposits	20,870,829	21,179,611	197,472
Negotiable certificates of deposit	3,519,464	4,853,017	33,300
Other deposits	4,774,432	4,266,353	45,174
	¥68,852,890	¥67,784,025	\$651,461

11. Trading Liabilities

Trading liabilities at March 31, 2004 and 2003 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Trading securities sold for short sales	¥ 32,658	¥ 9,806	\$ 309
Derivatives of trading securities	242	78	2
Derivatives of securities related to trading transactions	940	423	9
Trading-related financial derivatives	1,839,404	2,840,629	17,404
Other trading liabilities	—	454	—
	¥1,873,245	¥2,851,391	\$17,724

12. Borrowed Money

Borrowed money at March 31, 2004 and 2003 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars	Average interest rate*	Due
	2004	2003	2004		
Bills rediscounted	¥ —	¥ —	\$ —	—%	—
Other borrowings**	2,360,474	2,580,135	22,334	1.72	Jan. 2004—perpetual
	¥2,360,474	¥2,580,135	\$22,334	1.72%	

* 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 ¥770,003 million (\$7,285 million) and ¥877,609 million at March 31, 2004 and 2003, respectively.

The repayment schedule within five years on borrowed money at March 31, 2004 was as follows:

March 31	Millions of yen	Millions of U.S. dollars
	2004	2004
1 year or less	¥894,359	\$8,462
More than 1 year to 2 years	317,809	3,007
More than 2 years to 3 years	187,407	1,773
More than 3 years to 4 years	122,704	1,161
More than 4 years to 5 years	98,464	932

13. Bonds

Bonds at March 31, 2004 and 2003 consisted of the following:

March 31	Issuer	Description	Millions of yen*		Millions of U.S. dollars	Interest rate (%)	Due
			2004	2003	2004		
SMBC:							
		Straight bonds, payable in Yen	¥2,070,089 [366,976]	¥1,827,734 [30,000]	\$19,586	0.51—1.982	Oct. 2004—Mar. 2013
		Straight bonds, payable in Euro Yen	5,000	5,000	47	3.00	Mar. 2012
		Straight bonds, payable in U.S. dollars	73,983 (\$700,000 thousand)	144,240 (\$1,200,000 thousand)	700	4.32—6.02	May 2005—Sep. 2005
		Subordinated bonds, payable in Yen	350,000	240,000	3,312	1.71—2.62	Jun. 2010—Feb. 2014
		Subordinated bonds, payable in Euro Yen	483,100	286,800	4,571	0.6015—2.72	Sep. 2009—perpetual
		Subordinated bonds, payable in U.S. dollars	171,640 (\$1,624,000 thousand)	108,059 (\$899,000 thousand)	1,624	5.93—8.15	Nov. 2011—perpetual
		Subordinated bonds, payable in British pound sterling	2,317 (£12,000 thousand)	—	22	6.98	Perpetual
Other consolidated subsidiaries:							
		Straight bonds, payable in Yen	181,753 [92,403]	189,798 [87,685]	1,720	0.04—3.63	Mar. 2004—Aug. 2022
		Straight bonds, payable in U.S. dollars	5,270 (\$48,000 thousand)	9,354 (\$78,000 thousand)	50	1.67—7.66	Jul. 2004—May 2009
		Straight bonds, payable in Australian dollars	113 (A\$2,000 thousand)	113 (A\$2,000 thousand)	1	7.00	Oct. 2005
		Straight bonds, payable in other foreign currency	4,872 [1,990]	4,484	46	3.90—5.61	May 2004—Jun. 2018
		Subordinated bonds, payable in Yen	546,491 [12,000]	636,660	5,171	0.00—5.98	Mar. 2005—perpetual
		Subordinated bonds, payable in U.S. dollars	108,332 (\$1,025,000 thousand)	129,215 (\$1,075,000 thousand)	1,025	2.29—8.50	Jun. 2009—perpetual
		Subordinated bonds, payable in other foreign currency	—	2,293	—	—	—
			¥4,002,965	¥3,583,754	\$37,875		

* 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, 2004 was as follows:

March 31	Millions of yen	Millions of U.S. dollars
	2004	2004
1 year or less	¥474,579	\$4,490
More than 1 year to 2 years	613,829	5,808
More than 2 years to 3 years	408,687	3,867
More than 3 years to 4 years	416,348	3,939
More than 4 years to 5 years	408,337	3,864

14. Other Liabilities

Other liabilities at March 31, 2004 and 2003 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Accrued expenses.....	¥ 111,725	¥ 128,611	\$ 1,057
Unearned income.....	172,066	169,268	1,628
Income taxes payable.....	27,490	48,328	260
Financial derivatives*.....	897,731	737,426	8,494
Other.....	2,382,804	1,475,322	22,546
	¥3,591,818	¥2,558,956	\$33,985

* Net amount of deferred unrealized gains on hedging instruments to which deferred hedge accounting is applied is reported as deferred gains on hedge and is included in "Financial derivatives." Gross deferred unrealized losses and gains on hedging instruments before netting were ¥952,712 million and ¥1,095,321 million, respectively, at March 31, 2003.

15. Other Reserves

Other reserves at March 31, 2004 and 2003 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Reserve for contingent liabilities from financial futures transactions.....	¥ 18	¥ 18	\$0
Reserve for contingent liabilities from securities transactions.....	843	631	8
	¥862	¥649	\$8

16. 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 other 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 other 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 other consolidated subsidiaries:

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

Total fair value of land used for business activities at March 31, 2004, whose book value had been revaluated pursuant to Article 10 of the Law, was ¥16,497 million (\$156 million) lower than the book value.

17. 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.

18. Stockholders' Equity

Capital stock consists of common stock and preferred stock. Common stock and preferred stock at March 31, 2004 and 2003 were as follows:

March 31	Number of shares			
	2004		2003	
	Authorized	Issued and outstanding	Authorized	Issued and outstanding
Common stock.....	15,000,000	5,796,010.53	15,000,000	5,796,000.92
Preferred stock (Type 1).....	67,000	67,000	67,000	67,000
Preferred stock (Type 2).....	100,000	100,000	100,000	100,000
Preferred stock (Type 3).....	800,000	800,000	800,000	800,000
Preferred stock (Type 4).....	249,999	165,099	250,000	165,100
Preferred stock (Type 5).....	250,000	—	250,000	—
Preferred stock (Type 6).....	300,000	—	300,000	—
Total.....	16,766,999	6,928,109.53	16,767,000	6,928,100.92

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 proposal to pay the prescribed dividends to shareholders is not submitted to the general meeting of shareholders or 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.

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

SMFG may, at any time, purchase and retire preferred stocks 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 with respect to preferred stock (Type 1, Type 2 and Type 3) were determined by the resolution made in accordance with the provisions of Article 365 of the Commercial Code, of a shareholders meeting of SMBC. The conditions of conversion of preferred stock (First to Twelfth series Type 4 and Thirteenth series Type 4) were determined by the resolution of the board of directors relating to the issuance of the relevant preferred stocks. The conversion period and conversion price* of each type of preferred stock are as follows:

Preferred stock (Type 1):

December 2, 2002 to February 26, 2009

¥947,100

Preferred stock (Type 2):

August 1, 2005 to February 26, 2009

Initial conversion price will be determined by a formula based on the average of the daily closing prices per share of common stock in regular transactions at the Tokyo Stock Exchange on each of the 30 consecutive trading days (excluding any day on which the closing price is not available) commencing on the 45th trading day prior to August 1, 2005. (Initial conversion floor price: ¥947,100)

Preferred stock (Type 3):

December 2, 2002 to September 30, 2009

¥349,600

Preferred stock (First to Twelfth series Type 4):

February 8, 2003 to February 7, 2028

¥322,300

Preferred stock (Thirteenth series Type 4):

April 14, 2003 to July 12, 2005

¥312,000

* Conversion prices are reset and adjusted pursuant to the appointed rules governing conversion of the preferred stocks.

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 on each of the 30 consecutive trading days (excluding any day on which the closing price is not available) commencing on the 45th trading day preceding the mandatory conversion date. If such average price is less than ¥500,000, in the case of preferred stock (Type 1, Type 2 and Type 4), or less than ¥258,300, in the case of preferred stock (Type 3), then the 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

SMFG granted the following stock option to directors and employees at March 31, 2004:

March 31	2004
Number of shares granted	1,620 shares
Type of stock.....	Common stock
Issue price	¥673,000 per share
Amount capitalized	
when issuing shares	¥337,000 per share
Exercise period of stock options.....	From June 28, 2004 to June 27, 2012

The stock option had been issued by former SMBC pursuant to the resolution of the ordinary general meeting of shareholders held on June 27, 2002. SMFG succeeded the obligation related to the stock option at the time of establishment pursuant to the resolution of the preferred shareholders' meetings held on September 26, 2002 and the extraordinary shareholders' meeting held on September 27, 2002.

19. Fees and Commissions

Fees and commissions for the years ended March 31, 2004 and 2003 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Fees and commissions (income):			
Deposits and loans	¥ 34,587	¥ 29,797	\$ 327
Remittances and transfers	118,444	113,396	1,121
Securities-related business	43,883	30,822	415
Agency	16,239	15,325	154
Safe deposits	5,927	4,978	56
Guarantees	33,503	28,462	317
Credit card business.....	90,506	86,145	857
Investment trusts.....	35,214	18,349	333
Other	122,722	96,961	1,161
	¥501,028	¥424,238	\$4,741
Fees and commissions (expenses):			
Remittances and transfers	¥ 23,553	¥ 21,789	\$ 223
Other	53,298	49,549	504
	¥ 76,851	¥ 71,338	\$ 727

20. Trading Income

Trading income for the years ended March 31, 2004 and 2003 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Trading profits:			
Gains on trading securities	¥ 6,735	¥ 9,190	\$ 64
Gains on trading-related financial derivatives	298,275	196,924	2,822
Other	—	381	—
	¥305,011	¥206,496	\$2,886
Trading losses:			
Losses on securities related to trading transactions	¥ 904	¥ 725	\$ 9
Other	11	—	0
	¥ 916	¥ 725	\$ 9

21. Other Operating Income

Other operating income for the years ended March 31, 2004 and 2003 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Gains on foreign exchange transactions	¥ —	¥ 12,868	\$ —
Gains on financial derivatives	11,472	10,971	108
Gains on sale of bonds	132,651	179,757	1,255
Gains on redemption of bonds	65	61	1
Lease-related income.....	654,218	606,405	6,190
Other.....	148,066	136,892	1,401
	¥946,474	¥946,957	\$8,955

22. Other Income

Other income for the years ended March 31, 2004 and 2003 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Gains on sale of stocks and other securities	¥159,037	¥ 54,004	\$1,505
Gains on money held in trust.....	338	540	3
Equity in earnings of affiliates	15,700	5,718	148
Gains on disposal of premises and equipment	1,545	5,578	15
Collection of written-off claims.....	1,147	1,833	11
Gains on return of the entrusted portion of employee pension fund.....	59,095	4,413	559
Tax refund from the Tokyo Metropolitan Government	38,236	—	362
Interest on the tax refund from the Tokyo Metropolitan Government	2,127	—	20
Gains on reversal of reserve for possible loan losses.....	14,378	—	136
Gains on reversal of reserve for possible losses on loans sold	489	—	5
Other.....	33,247	51,594	314
	¥325,344	¥123,683	\$3,078

23. Other Operating Expenses

Other operating expenses for the years ended March 31, 2004 and 2003 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Losses on sale of bonds.....	¥107,950	¥ 39,140	\$1,022
Losses on redemption of bonds.....	764	351	7
Losses on devaluation of bonds.....	110	2,362	1
Bond issuance costs.....	1,070	1,767	10
Lease-related expenses.....	588,504	543,386	5,568
Losses on foreign exchange transactions	56,960	—	539
Other.....	131,288	134,125	1,242
	¥886,649	¥721,134	\$8,389

24. Other Expenses

Other expenses for the years ended March 31, 2004 and 2003 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Write-off of loans	¥ 660,382	¥ 364,605	\$ 6,248
Losses on sale of stocks and other securities.....	38,016	167,906	360
Losses on devaluation of stocks and other securities.....	19,524	507,624	185
Losses on money held in trust	962	4,017	9
Transfer to reserve for possible losses on loans sold.....	—	16,672	—
Losses on sale of delinquent loans.....	269,059	162,494	2,546
Losses on disposal of premises and equipment	32,242	38,880	305
Amortization of unrecognized net transition obligation for employee retirement benefits	21,348	23,158	202
Transfer to reserve for contingent liabilities from securities transactions	212	—	2
Other*.....	81,653	69,295	772
	¥1,123,401	¥1,354,655	\$10,629

* Other for the year ended March 31, 2003 included losses on disposal of software of ¥15,014 million.

25. Income Taxes

(1) Significant components of deferred tax assets and liabilities at March 31, 2004 and 2003 were as follows:

March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Deferred tax assets:			
Net operating loss carryforwards	¥1,030,860	¥ 451,408	\$ 9,754
Reserve for possible loan losses	549,411	952,503	5,198
Write-off of securities	351,143	569,077	3,322
Write-off of loans	286,808	324,328	2,714
Reserve for employee retirement benefits.....	95,722	112,694	906
Net unrealized losses on other securities	—	11,853	—
Depreciation	8,642	10,042	82
Reserve for possible losses on loans sold.....	—	8,335	—
Other	114,996	119,670	1,088
Subtotal	2,437,585	2,559,913	23,064
Valuation allowance	(441,060)	(540,074)	(4,174)
Total deferred tax assets	1,996,524	2,019,839	18,890
Deferred tax liabilities:			
Net unrealized gains on other securities	(225,246)	—	(2,131)
Leveraged lease.....	(50,522)	(48,754)	(478)
Gains on securities contributed to employee retirement benefits trust ...	(26,808)	(25,328)	(253)
Undistributed earnings of subsidiaries.....	(11,818)	(10,614)	(112)
Other	(15,724)	(22,969)	(149)
Total deferred tax liabilities	(330,119)	(107,666)	(3,123)
Net deferred tax assets	¥1,666,405	¥1,912,172	\$15,767

(2) A reconciliation of the effective income tax rate reflected in the accompanying consolidated statements of operations to the statutory tax rate for the years ended March 31, 2004 and 2003 was as follows:

	2004	2003
Statutory tax rate.....	42.05%	42.05%
Valuation allowance	(18.93)	(25.92)
Change in the effective statutory tax rate due to the revision of the local tax law	(5.15)	10.40
Difference in the effective statutory tax rate between SMFG and consolidated domestic banking subsidiaries	(2.70)	—
Dividends exempted for income tax purposes	(2.67)	—
Equity in earnings of affiliates.....	(1.47)	—
Other.....	(3.02)	0.39
Effective income tax rate	8.12%	26.93%

(3) Amendment of deferred tax assets and deferred tax liabilities due to change in income tax rate was as follows:

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 and a decrease in “Income taxes, deferred” of ¥64,127 million for the year ended March 31, 2003. There was also an increase in “Deferred tax liabilities for land revaluation” of ¥2,609 million and a decrease in “Land revaluation excess” of ¥2,618 million at March 31, 2003.

As for SMBC, the effective statutory tax rate used in the calculations of deferred tax assets and liabilities at March 31, 2003 was changed from 38.62% to 40.46%. As a result, there was an increase in “Deferred tax assets” of ¥67,657 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 and a decrease in “Land revaluation excess” of the same amount.

Because some local governments decided to apply a higher tax rate than the standard rate to the enterprise taxes during the fiscal year ended March 31, 2004, the statutory tax rate used in calculation of deferred tax assets and liabilities at March 31, 2004 changed. As a result, “Deferred tax assets” and “Deferred tax liabilities” at March 31, 2004 increased by

¥7,193 million (\$68 million) and ¥0 million (\$0 million), respectively, and “Income taxes, deferred” for the year ended March 31, 2004 decreased by ¥8,095 million (\$77 million). “Deferred tax assets for land revaluation” and “Deferred tax liabilities for land revaluation” increased by ¥3 million (\$0 million) and ¥232 million (\$2 million), respectively, and “Land revaluation excess” and “Net unrealized gains on other securities” decreased by ¥230 million (\$2 million) and ¥938 million (\$9 million), respectively. The effective tax rate that SMBC uses for calculation of deferred tax assets and liabilities at March 31, 2004 changed from 40.46% (used in the previous fiscal year) to 40.63%. Consequently, “Deferred tax assets” increased by ¥6,654 million (\$63 million) and “Income taxes, deferred” decreased by ¥7,560 million (\$72 million). In addition, “Deferred tax liabilities for land revaluation” increased by ¥232 million (\$2 million) and “Land revaluation excess” decreased by the same amount and “Net unrealized gains on other securities” decreased by ¥905 million (\$9 million).

- (4) Enterprise taxes by the Tokyo Metropolitan Government and the Osaka Prefectural Government made the following impact on the consolidated financial statements for the year ended March 31, 2003:

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 and also awarded to the Banks damages of ¥200 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. 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.

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 for the year ended March 31, 2001 (sum of Sakura Bank and Sumitomo Bank), ¥19,862 million for the year ended March

31, 2002 and ¥18,269 million for the year ended March 31, 2003. 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 at March 31, 2003. 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 at March 31, 2003 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, and consequently stockholders’ equity decreased by ¥95,467 million at March 31, 2003 (See Note 22. Other Income).

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, SMBC 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. 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 at March 31, 2003 as compared with the amount that would have been included if the enterprise taxes had been levied on taxable income instead of gross profits. At March 31, 2003, there was also a decrease in “Deferred tax liabilities for land revaluation” of ¥1,575 million, and consequently stockholders’ equity decreased by ¥47,124 million.

26. Employee Retirement Benefits

(1) Outline of employee retirement benefits

Consolidated subsidiaries in Japan have contributory funded defined benefit pension plans such as employee pension plans, qualified pension plans and lump-sum severance indemnity plans. Some domestic consolidated subsidiaries have general type of employee pension plans. They may grant additional benefits in cases where certain requirements are met when employees retire.

SMBC received an approval from the Minister of Health, Labor and Welfare for exemption from future retirement benefit obligations with respect to the entrusted portion of employees pension fund in the fiscal year ended March 31, 2004. SMBC and some consolidated subsidiaries in Japan contributed some of their marketable equity securities to employee retirement benefit trusts.

(2) Projected benefit obligation

March 31		Millions of yen		Millions of
		2004	2003	U.S. dollars
				2004
Projected benefit obligation	(A)	¥(892,421)	¥(1,164,570)	\$(8,444)
Plan assets	(B)	709,353	723,175	6,712
Unfunded projected benefit obligation	(C)=(A)+(B)	(183,068)	(441,395)	(1,732)
Unrecognized net obligation from initial application of the new accounting standard	(D)	17,876	44,087	169
Unrecognized net actuarial gain or loss	(E)	215,420	349,118	2,038
Unrecognized prior service cost	(F)	(78,022)	(53,218)	(738)
Net amount recorded on the consolidated balance sheet	(G)=(C)+(D)+(E)+(F)	(27,792)	(101,408)	(263)
Prepaid pension cost (other assets)	(H)	13,049	—	123
Reserve for employee retirement benefits	(G)-(H)	¥ (40,842)	¥ (101,408)	\$ (386)

In the fiscal year ended March 31, 2003, some domestic consolidated subsidiaries received the approval from the Minister of Health, Labor and Welfare for exemption from future retirement benefit obligations with respect to the entrusted portion of the employees pension fund, in accordance with the implementation of the "Defined benefit enterprise pension plan law." They applied the temporary treatment stipulated in Article 47-2 of "Practical Guidelines of Accounting for Retirement Benefits (Interim Report)" (JICPA's Accounting Committee Report No. 13), and derecognized retirement benefit liabilities on the entrusted portion and plan assets equivalent to the amount to be returned. The equivalent amount of expected return of plan assets was ¥23,906 million at March 31, 2003.

On January 26, 2004, SMBC received the approval from the 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." As a result, SMBC applied the temporary treatment stipulated in Article 47-2 of "Practical Guidelines of Accounting for Retirement Benefits (Interim Report)" (JICPA's Accounting Committee Report No. 13), and derecognized retirement benefit liabilities on the entrusted portion and plan assets equivalent to the amount to be returned on the day of approval. The amount of expected return of plan assets (minimum legal reserves) was ¥184,014 million (\$1,741 million) at March 31, 2004.

Plan assets related to the general type of welfare pension plan at March 31, 2004 and 2003, amounted to ¥32,501 million (\$308 million) and ¥27,306 million, respectively, and were not included in the "Plan assets" shown above.

(3) Pension expenses

Year ended March 31	Millions of yen		Millions of
	2004	2003	U.S. dollars
			2004
Service cost	¥25,748	¥26,163	\$244
Interest cost on projected benefit obligation	32,702	34,772	309
Expected return on plan assets	(23,033)	(32,219)	(218)
Amortization of unrecognized net obligation from initial application of the new accounting standard	21,348	23,158	202
Amortization of unrecognized net actuarial gain or loss	35,785	24,547	338
Amortization of unrecognized prior service cost	(6,062)	(6,583)	(57)
Other (nonrecurring additional retirement allowance paid and other)	6,953	9,811	66
Pension expenses	93,442	79,650	884
Gains on return of the entrusted portion of employee pension fund	(59,095)	(4,413)	(559)
Total	¥34,347	¥75,237	\$325

(4) Assumptions

The principal assumptions used in determining benefit obligation and pension expenses at or for the years ended March 31, 2004 and 2003 were as follows:

Year ended March 31	2004	2003
Discount rate	1.5% to 2.5%	1.7% to 3.0%
Expected rate of return on plan assets	0.0% to 4.0%	0.0% to 5.0%
Allocation of estimated amount of retirement benefits	Allocated to each period by the straight-line method	Allocated to each period by the straight-line method
Term to amortize unrecognized prior service cost	Mainly 10 years	Mainly 10 years
Term to amortize unrecognized net actuarial gain or loss	Mainly 10 years	Mainly 10 years
Term to amortize unrecognized net obligation from initial application of new accounting standard	Mainly 5 years	Mainly 5 years

27. Cash Flows

Assets and liabilities of the companies that were newly consolidated through acquisition of stocks were as follows:

(1) March 31, 2004

Assets and liabilities at the time of consolidation and the expense (net) for acquisition with respect to acquisition of the three companies including former The Kansai Sawayaka Bank, Limited were as follows:

March 31	Millions of yen	Millions of U.S. dollars
	2004	2004
Assets	¥800,118	\$7,570
Loans and bills discounted	593,042	5,611
Liabilities	(724,759)	(6,857)
Deposits	(682,774)	(6,460)
Minority interests	(23,450)	(222)
Goodwill	(13,136)	(124)
Acquisition costs for the three companies' stocks (a)	38,773	367
Cash and due from banks of the three companies (b)	(29,773)	(282)
Cash expenditure for acquisition of the three companies (a) – (b)	¥ 8,999	\$ 85

(2) March 31, 2003

Assets and liabilities at the time of consolidation and the expense (net) for acquisition with respect to acquisition of the five companies including Meiko National Securities Co., Ltd. and MITSUI AUTO LEASING, LTD. were as follows:

March 31	Millions of yen
	2003
Assets	¥191,318
Lease assets	82,346
Liabilities	(150,698)
Borrowed money	(96,817)
Minority interests	(26,881)
Goodwill	5,013
Acquisition costs for the five companies' stocks (a)	18,751
Cash and due from banks of the five companies (b)	(3,306)
Cash expenditure for acquisition of the five companies (a) – (b)	¥ 15,444

28. 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, 2004 and 2003 was as follows:

(a) Lessee side

March 31	Millions of yen						Millions of U.S. dollars		
	2004			2003			2004		
	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value
Equipment	¥11,705	¥6,848	¥4,856	¥17,591	¥7,078	¥10,512	\$111	\$65	\$46
Other	606	357	249	253	146	106	5	3	2
Total	¥12,312	¥7,206	¥5,106	¥17,844	¥7,225	¥10,618	\$116	\$68	\$48

Future minimum lease payments excluding interests at March 31, 2004 and 2003 were as follows:

March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Due within one year.....	¥2,070	¥ 3,020	\$19
Due after one year	3,251	7,328	31
	¥5,322	¥10,348	\$50

Total lease expenses for the years ended March 31, 2004 and 2003 were ¥2,296 million (\$22 million) and ¥3,738 million, respectively. Assumed depreciation charges for the years ended March 31, 2004 and 2003 amounted to ¥2,132 million (\$20 million) and ¥3,440 million, respectively. 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 years ended March 31, 2004 and 2003 amounted to ¥162 million (\$2 million) and ¥279 million, respectively.

(b) Lessor side

March 31	Millions of yen			Millions of U.S. dollars					
	2004		Net book value	2003		Net book value	2004		
Acquisition cost	Accumulated depreciation	Acquisition cost		Accumulated depreciation	Acquisition cost		Accumulated depreciation	Net book value	
Equipment	¥1,908,945	¥1,197,471	¥711,474	¥1,949,522	¥1,203,855	¥745,667	\$18,061	\$11,330	\$6,731
Other	580,899	323,580	257,319	503,639	273,477	230,161	5,496	3,061	2,435
Total	¥2,489,845	¥1,521,051	¥968,794	¥2,453,161	¥1,477,332	¥975,828	\$23,557	\$14,391	\$9,166

Future lease payments receivable excluding interests at March 31, 2004 and 2003 were as follows:

March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Due within one year.....	¥318,916	¥ 312,772	\$3,017
Due after one year	674,752	702,955	6,384
	¥993,669	¥1,015,727	\$9,401

Total lease income for the years ended March 31, 2004 and 2003 was ¥410,953 million (\$3,888 million) and ¥374,816 million, respectively. Depreciation charges for the years ended March 31, 2004 and 2003 amounted to ¥331,032 million (\$3,132 million) and ¥306,999 million, respectively. Interest income represents the difference between the sum 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 years ended March 31, 2004 and 2003 amounted to ¥60,905 million (\$576 million) and ¥70,330 million, respectively.

(2) Operating leases

(a) Lessee side

Future minimum lease payments at March 31, 2004 and 2003 were as follows:

March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Due within one year.....	¥ 17,136	¥ 18,646	\$162
Due after one year	83,638	101,035	791
	¥100,774	¥119,681	\$953

(b) Lessor side

Future lease payments receivable at March 31, 2004 and 2003 were as follows:

March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Due within one year.....	¥ 4,189	¥233	\$ 39
Due after one year	9,804	482	93
	¥13,993	¥716	\$132

Future lease payments receivable at March 31, 2004 and 2003 amounting to ¥87,900 million (\$832 million) and ¥108,886 million, respectively, on the lessor side referred to in (1) and (2) above were pledged as collateral for borrowings.

29. Loan Commitments

Commitment line contracts on overdrafts and loans are agreements to lend to customers, up to a prescribed amount, as long as there is no violation of any condition established in the contracts. The amount of unused commitments at March 31, 2004 and 2003 was ¥32,634,541 million (\$308,776 million) and ¥31,475,362 million, respectively, and the amount of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time at March 31, 2004 and 2003 was ¥29,806,280 million (\$282,016 million) and ¥28,769,561 million, respectively.

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 include clauses under which SMBC and other consolidated subsidiaries can reject an application from customers or reduce the contract amounts in the event that economic conditions change, SMBC and other consolidated subsidiaries need to secure claims, or other events occur. In addition, SMBC and other consolidated subsidiaries may request the customers to pledge collateral such as premises and securities at the time of the contracts, and take necessary measures such as monitoring customers' financial positions, revising contracts when need arises and securing claims after the contracts are made.

30. Market Value of Securities and Money Held in Trust

(1) Securities

The market value of securities at March 31, 2004 and 2003 was as follows:

In addition to "Securities" in the consolidated balance sheet, trading securities, negotiable certificates of deposit bought, commercial paper and short-term corporate bonds in "Trading assets," negotiable certificates of deposit bought in "Deposits with banks," and commercial paper and beneficiary 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	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Consolidated balance sheet amount	¥1,170,727	¥1,434,190	\$11,077
Valuation losses included in profit/loss during the year	1,707	1,096	16

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

March 31	Millions of yen				
	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds.....	¥509,458	¥500,930	¥(8,527)	¥1,739	¥10,266
Japanese local government bonds.....	—	—	—	—	—
Japanese corporate bonds.....	—	—	—	—	—
Other	17,272	18,374	1,101	1,101	—
Total	¥526,731	¥519,305	¥(7,425)	¥2,840	¥10,266

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

March 31	Millions of U.S. dollars				
	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds.....	\$4,821	\$4,740	\$(81)	\$16	\$97
Japanese local government bonds.....	—	—	—	—	—
Japanese corporate bonds.....	—	—	—	—	—
Other	163	174	11	11	—
Total	\$4,984	\$4,914	\$(70)	\$27	\$97

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

(c) Other securities with market value

Millions of yen					
2004					
March 31	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	¥ 2,234,577	¥ 2,904,362	¥ 669,784	¥736,878	¥ 67,094
Bonds	15,604,771	15,501,515	(103,256)	18,590	121,847
Japanese government bonds	14,028,689	13,939,482	(89,207)	14,225	103,432
Japanese local government bonds	515,362	506,263	(9,098)	1,075	10,173
Japanese corporate bonds	1,060,720	1,055,769	(4,950)	3,289	8,240
Other	5,354,322	5,363,406	9,084	32,047	22,963
Total	¥23,193,672	¥23,769,285	¥ 575,612	¥787,517	¥211,904

Millions of yen					
2003					
March 31	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized 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
Japanese 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

Millions of U.S. dollars					
2004					
March 31	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	\$ 21,143	\$ 27,480	\$6,337	\$6,972	\$ 635
Bonds	147,647	146,670	(977)	176	1,153
Japanese government bonds	132,735	131,891	(844)	135	979
Japanese local government bonds	4,876	4,790	(86)	10	96
Japanese corporate bonds	10,036	9,989	(47)	31	78
Other	50,660	50,746	86	303	217
Total	\$219,450	\$224,896	\$5,446	\$7,451	\$2,005

Notes: 1. Of the total net unrealized gains for 2004, ¥23,452 million (\$222 million) is included in the earnings for the year ended March 31, 2004 because of the application of fair value hedge accounting.

2. 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

3. Other securities with market value are considered as impaired if the market value decreases materially 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 the fiscal years ended March 31, 2004 and 2003 was ¥5,625 million (\$53 million) and ¥494,815 million, respectively. The rule for determining "material 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) Held-to-maturity bonds sold during the years ended March 31, 2004 and 2003

Year ended March 31	Millions of yen						Millions of U.S. dollars		
	2004			2003			2004		
	Cost of securities sold	Sales amount	Gains on sales	Cost of securities sold	Sales amount	Gains on sales	Cost of securities sold	Sales amount	Gains on sales
Japanese government bonds	¥21,063	¥21,709	¥ 645	¥—	¥—	¥—	\$199	\$205	\$ 6
Japanese local government bonds...	23,060	23,796	736	—	—	—	218	225	7
Total	¥44,123	¥45,506	¥1,382	¥—	¥—	¥—	\$417	\$430	\$13

Reason for sales:

A consolidated subsidiary, Minato, changed its investment policy.

(e) Other securities sold during the years ended March 31, 2004 and 2003

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Sales amount	¥30,640,639	¥37,709,925	\$289,910
Gains on sales	281,085	231,862	2,660
Losses on sales	154,031	190,364	1,457

(f) Securities with no available market value

March 31	Millions of yen		Millions of U.S. dollars
	Consolidated balance sheet amount	2003	Consolidated balance sheet amount
Bonds classified as held-to-maturity			
Unlisted foreign securities	¥ 3,371	¥ 4,105	\$ 32
Other	9,713	6,463	92
Other securities			
Unlisted stocks (excluding OTC stocks)	532,446	281,888	5,038
Unlisted bonds	1,596,199	1,176,885	15,103
Unlisted foreign securities	316,217	363,282	2,992
Other	144,433	137,050	1,367

(g) Change of classification of securities

During the fiscal year ended March 31, 2004, Minato changed its investment policy and sold some of the held-to-maturity bonds before their maturities. As a result, Minato changed the classification of the remaining bonds that Minato holds, ¥28,281 million (\$268 million), from "held-to-maturity" to "other securities" pursuant to Article 83 of the "Practical Guidelines for Accounting for Financial Instruments" (JICPA Accounting Committee Report No. 14). In addition, ¥12,063 million (\$114 million) in reclassified bonds were sold during the fiscal year and net gains on sale of ¥18 million (\$0 million) were recorded.

As a result of this change of classification, "Securities" increased by ¥35 million (\$0 million) and "Deferred tax assets" decreased by ¥14 million (\$0 million), and "Minority interests" and "Net unrealized gains on other securities" increased by ¥19 million (\$0 million) and ¥1 million (\$0 million), respectively, compared with the former classification of bonds.

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

March 31	Millions of yen			
	2004			
	1 year or less	More than 1 year to 5 years	More than 5 years to 10 years	Over 10 years
Bonds	¥2,879,079	¥ 9,470,889	¥3,999,979	¥1,257,227
Japanese government bonds	2,706,787	7,223,369	3,266,491	1,252,292
Japanese local government bonds	7,759	263,194	234,789	519
Japanese corporate bonds	164,531	1,984,324	498,698	4,415
Other	441,373	4,212,911	457,429	538,094
Total	¥3,320,453	¥13,683,800	¥4,457,409	¥1,795,322

	Millions of yen			
	2003			
	1 year or less	More than 1 year to 5 years	More than 5 years to 10 years	Over 10 years
March 31				
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

	Millions of U.S. dollars			
	2004			
	1 year or less	More than 1 year to 5 years	More than 5 years to 10 years	Over 10 years
March 31				
Bonds	\$27,241	\$ 89,610	\$37,846	\$11,896
Japanese government bonds.....	25,611	68,345	30,906	11,849
Japanese local government bonds	73	2,490	2,221	5
Japanese corporate bonds.....	1,557	18,775	4,719	42
Other.....	4,176	39,861	4,328	5,091
Total.....	\$31,417	\$129,471	\$42,174	\$16,987

(2) Money held in trust

(a) Money held in trust classified as trading purposes

March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Consolidated balance sheet amount	¥—	¥1,629	\$—
Valuation gains included in profit/loss during the year	—	12	—

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

(c) Other money held in trust

March 31	Millions of yen				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Other money held in trust	¥3,628	¥3,749	¥121	¥222	¥100

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

March 31	Millions of U.S. dollars				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Other money held in trust	\$34	\$35	\$1	\$2	\$1

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

March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Net unrealized gains (losses).....	¥552,271	¥(30,758)	\$5,226
Other securities.....	552,149	(30,713)	5,225
Other money held in trust.....	121	(44)	1
(-) Deferred tax liabilities	225,309	—	2,132
(+) Deferred tax assets	—	2,004	—
Net unrealized gains (losses) on other securities (before following adjustment).....	326,962	(28,754)	3,094
(-) Minority interests	3,207	(4,557)	31
(+) SMFG's interest in net unrealized gains (losses) on valuation of other securities held by affiliates accounted for by the equity method.....	1,258	(1)	12
Net unrealized gains (losses) on other securities.....	¥325,013	¥(24,197)	\$3,075

Notes: 1. Of the total unrealized gains for 2004, ¥23,452 million (\$222 million) is included in the earnings for the year ended March 31, 2004 because of the application of fair value hedge accounting.

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

31. Derivative Transactions

(1) Interest rate derivatives

March 31	Millions of yen			
	2004			
	Contract amount		Market value	Valuation gains (losses)
Total	Over 1 year			
Transactions listed on exchange				
Interest rate futures:				
Sold.....	¥ 87,393,679	¥ 2,662,913	¥ (111,937)	¥ (111,937)
Bought.....	91,880,414	3,624,247	110,424	110,424
Interest rate options:				
Sold.....	554,768	267,333	(218)	(218)
Bought.....	984,778	267,333	241	241
Over-the-counter transactions				
Forward rate agreements:				
Sold.....	3,576,364	430,000	952	952
Bought.....	13,028,083	1,640,000	(2,001)	(2,001)
Interest rate swaps:				
Receivable fixed rate/payable floating rate.....	385,010,824	290,122,316	235,969	235,969
Receivable floating rate/payable fixed rate.....	184,435,337	138,971,508	1,624,354	1,624,354
Receivable floating rate/payable fixed rate.....	178,700,873	135,278,747	(1,380,548)	(1,380,548)
Receivable floating rate/payable floating rate.....	21,727,688	15,792,166	518	518
Swaptions:				
Sold.....	2,224,743	968,959	(37,880)	(37,880)
Bought.....	2,589,152	1,173,273	41,346	41,346
Caps:				
Sold.....	5,408,280	3,469,422	(6,543)	(6,543)
Bought.....	3,602,677	2,345,784	5,628	5,628
Floors:				
Sold.....	224,688	190,319	(5,321)	(5,321)
Bought.....	302,366	240,371	5,040	5,040
Other:				
Sold.....	—	—	—	—
Bought.....	306,408	72,854	4,402	4,402
Total.....	/	/	¥ 240,101	¥ 240,101

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 deferred 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. Net unrealized gains amounted to ¥13 million (\$0 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.

March 31	Millions of yen			
	2003			
	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 fixed 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

- 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. Net unrealized gains amounted to ¥818 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.

March 31	Millions of U.S. dollars			
	2004			
	Contract amount		Market value	Valuation gains (losses)
Total	Over 1 year			
Transactions listed on exchange				
Interest rate futures:				
Sold	\$ 826,887	\$ 25,196	\$ (1,059)	\$ (1,059)
Bought	869,339	34,291	1,045	1,045
Interest rate options:				
Sold.....	5,249	2,529	(2)	(2)
Bought	9,318	2,529	2	2
Over-the-counter transactions				
Forward rate agreements:				
Sold	33,838	4,069	9	9
Bought.....	123,267	15,517	(19)	(19)
Interest rate swaps:				
Receivable fixed rate/payable floating rate	3,642,831	2,745,031	2,233	2,233
Receivable floating rate/payable fixed rate	1,745,059	1,314,897	15,369	15,369
Receivable floating rate/payable floating rate.....	1,690,802	1,279,958	(13,062)	(13,062)
Swaptions:	205,579	149,420	5	5
Sold	21,050	9,168	(358)	(358)
Bought.....	24,498	11,101	391	391
Caps:				
Sold	51,171	32,826	(62)	(62)
Bought	34,087	22,195	53	53
Floors:				
Sold	2,126	1,801	(50)	(50)
Bought.....	2,861	2,274	48	48
Other:				
Sold	—	—	—	—
Bought.....	2,899	689	41	41
Total.....	/	/	\$ 2,272	\$ 2,272

(2) Currency derivatives

March 31	Millions of yen			
	2004			
	Contract amount		Market value	Valuation gains (losses)
Total	Over 1 year			
Over-the-counter transactions				
Currency swaps	¥16,317,980	¥10,396,658	¥ 82,675	¥131,136
Currency swaptions				
Sold.....	646,230	623,671	(16,259)	(16,259)
Bought	1,135,123	1,112,563	40,495	40,495
Forward foreign exchange	33,748,772	1,368,595	(38,814)	(38,814)
Currency options				
Sold	2,911,936	898,824	(90,113)	(90,113)
Bought.....	2,883,999	907,272	107,026	107,026
Other				
Sold	7,957	882	51	51
Bought.....	—	—	—	—
Total	/	/	¥ 85,060	¥133,521

Notes: 1. The above transactions are valued at market value and the valuation gains (losses) are accounted for in the consolidated statement of operations. The amounts above do not include the following:

- Derivative transactions to which deferred hedge accounting method is applied;
- Those that are allotted to financial assets/liabilities denominated in foreign currency and whose market values are already reflected to the consolidated balance sheet; and
- Those that are allotted to financial assets/liabilities denominated in foreign currency and the financial assets/liabilities are eliminated in the process of consolidation.

Some consolidated overseas subsidiaries account for currency derivatives in accordance with local accounting standards. Such transactions are not included in the amounts above. Net unrealized losses amounted to ¥442 million (\$4 million).

2. Market value is calculated mainly using discounted present value.

3. Forward foreign exchange and currency options that were formerly revaluated at the fiscal year-end are included in the table above from the fiscal year ended March 31, 2004.

March 31	Millions of yen			
	2003			
	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)

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. Net unrealized gains amounted to ¥371 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:

- Those that are revaluated at fiscal year-end and the revaluation gains (losses) are accounted for in the consolidated statement of operations.
- 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.
- Those that are allotted to financial assets/liabilities denominated in foreign currency and the financial assets/liabilities are eliminated in the process of consolidation.

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

March 31, 2003	Millions of yen	
	Contract amount	
Transactions listed on exchange		
Currency futures:		
Sold.....	¥	—
Bought.....		—
Currency options:		
Sold.....		—
Bought.....		—
Over-the-counter transactions		
Forward foreign exchange.....	37,271,679	
Currency options:		
Sold.....	3,001,518	
Bought.....	3,195,840	

March 31	Millions of U.S. dollars			
	2004			
	Contract amount		Market value	Valuation gains (losses)
Total	Over 1 year			
Over-the-counter transactions				
Currency swaps	\$154,395	\$98,369	\$ 782	\$1,240
Currency swaptions				
Sold	6,114	5,901	(154)	(154)
Bought	10,740	10,527	383	383
Forward foreign exchange	319,318	12,949	(367)	(367)
Currency options				
Sold	27,552	8,504	(852)	(852)
Bought	27,287	8,584	1,013	1,013
Other				
Sold	75	8	0	0
Bought	—	—	—	—
Total	/	/	\$ 805	\$1,263

(3) Equity derivatives

March 31	Millions of yen			
	2004			
	Contract amount		Market value	Valuation gains (losses)
Total	Over 1 year			
Transactions listed on exchange				
Equity price index futures:				
Sold	¥ —	¥ —	¥ —	¥ —
Bought	3,349	—	63	63
Equity price index options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-counter transactions				
Equity options:				
Sold	—	—	—	—
Bought	—	—	—	—
Equity price index swaps:				
Receivable equity index/payable floating rate	—	—	—	—
Receivable floating rate/payable equity index	—	—	—	—
Other:				
Sold	4,791	—	(231)	(231)
Bought	7,336	3,005	311	311
Total	/	/	¥143	¥143

- 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 deferred 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.

March 31	Millions of yen			
	2003			
	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

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.

March 31	Millions of U.S. dollars			
	2004			
	Contract amount		Market value	Valuation gains (losses)
Total	Over 1 year			
Transactions listed on exchange				
Equity price index futures:				
Sold.....	\$—	\$—	\$—	\$—
Bought.....	32	—	0	0
Equity price index options:				
Sold.....	—	—	—	—
Bought.....	—	—	—	—
Over-the-counter transactions				
Equity options:				
Sold.....	—	—	—	—
Bought.....	—	—	—	—
Equity price index swaps:				
Receivable equity index/payable floating rate	—	—	—	—
Receivable floating rate/payable equity index	—	—	—	—
Other:				
Sold.....	45	—	(2)	(2)
Bought.....	69	28	3	3
Total.....	/	/	\$ 1	\$ 1

(4) Bond derivatives

March 31	Millions of yen			
	2004			
	Contract amount		Market value	Valuation gains (losses)
Total	Over 1 year			
Transactions listed on exchange				
Bond futures:				
Sold.....	¥1,485,848	¥ —	¥ 5,213	¥ 5,213
Bought.....	3,473,003	—	(16,918)	(16,918)
Bond futures options:				
Sold.....	333,500	—	(769)	(769)
Bought.....	5,000	—	66	66
Over-the-counter transactions				
Forward bond agreements:				
Sold.....	296,334	273,251	1,746	1,746
Bought.....	—	—	—	—
Bond options:				
Sold.....	2,821,954	14,114	(6,020)	(6,020)
Bought.....	2,420,812	2,972	18,216	18,216
Total.....	/	/	¥ 1,533	¥ 1,533

- 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 deferred 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.

March 31	Millions of yen			
	2003			
	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)

- 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.

March 31	Millions of U.S. dollars			
	2004			
	Contract amount		Market value	Valuation gains (losses)
Total	Over 1 year			
Transactions listed on exchange				
Bond futures:				
Sold.....	\$14,059	\$ —	\$ 49	\$ 49
Bought.....	32,860	—	(160)	(160)
Bond futures options:				
Sold.....	3,155	—	(7)	(7)
Bought.....	47	—	1	1
Over-the-counter transactions				
Forward bond agreements:				
Sold.....	2,804	2,585	17	17
Bought.....	—	—	—	—
Bond options:				
Sold.....	26,700	134	(57)	(57)
Bought.....	22,905	28	172	172
Total.....	/	/	\$ 15	\$ 15

(5) Commodity derivatives

March 31	Millions of yen			
	2004			
	Contract amount		Market value	Valuation gains (losses)
Total	Over 1 year			
Over-the-counter transactions				
Commodity swaps:				
Receivable fixed price/payable floating price	¥86,127	¥84,270	¥(5,742)	¥(5,742)
Receivable floating price/payable fixed price	87,038	84,985	9,932	9,932
Commodity options:				
Sold.....	4,457	4,318	(1,645)	(1,645)
Bought.....	4,448	4,309	1,667	1,667
Total.....	/	/	¥ 4,211	¥ 4,211

- 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 deferred 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 fuel and metal.

March 31	Millions of yen			
	2003			
	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

- 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.

March 31	Millions of U.S. dollars			
	2004			
	Contract amount		Market value	Valuation gains (losses)
Total	Over 1 year			
Over-the-counter transactions				
Commodity swaps:				
Receivable fixed price/payable floating price	\$815	\$797	\$(54)	\$(54)
Receivable floating price/payable fixed price	824	804	94	94
Commodity options:				
Sold.....	42	41	(16)	(16)
Bought.....	42	41	16	16
Total.....	/	/	\$ 40	\$ 40

(6) Credit derivative transactions

March 31	Millions of yen			
	2004			
	Contract amount		Market value	Valuation gains (losses)
Total	Over 1 year			
Over-the-counter transactions				
Credit default options:				
Sold.....	¥38,891	¥36,213	¥ (826)	¥ (826)
Bought.....	57,308	52,627	1,580	1,580
Other:				
Sold.....	1,504	—	(23)	(23)
Bought.....	1,389	—	27	27
Total.....	/	/	¥ 757	¥ 757

- 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 deferred hedge accounting method is applied are not included in the amounts above.
2. Market value is calculated based on factors such as the 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.

March 31	Millions of yen			
	2003			
	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

- 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.

March 31	Millions of U.S. dollars			
	2004			
	Contract amount		Market value	Valuation gains (losses)
Total	Over 1 year			
Over-the-counter transactions				
Credit default options:				
Sold.....	\$368	\$343	\$ (8)	\$ (8)
Bought.....	542	498	15	15
Other:				
Sold.....	14	—	(0)	(0)
Bought.....	13	—	0	0
Total.....	/	/	\$ 7	\$ 7

32. Segment Information

(1) Business segment information

Year ended March 31	Millions of yen					
	2004					
	Banking business	Leasing	Other	Total	Elimination and unallocated corporate assets	Consolidated
I. Ordinary income						
(1) External customers	¥ 2,492,168	¥ 674,243	¥ 386,098	¥ 3,552,510	¥ —	¥ 3,552,510
(2) Intersegment	26,911	18,466	182,955	228,333	(228,333)	—
Total	2,519,079	692,709	569,054	3,780,844	(228,333)	3,552,510
Ordinary expenses	2,295,451	658,092	472,737	3,426,281	(216,616)	3,209,665
Ordinary profit	¥ 223,627	¥ 34,616	¥ 96,317	¥ 354,562	¥ (11,717)	¥ 342,844
II. Assets, depreciation and capital expenditure						
Assets	¥99,062,021	¥1,815,963	¥5,940,301	¥106,818,286	¥(4,603,113)	¥102,215,172
Depreciation	66,809	336,392	19,043	422,245	9	422,255
Capital expenditure	91,870	371,350	28,906	492,127	33	492,161

- Notes: 1. The business segmentation is classified based on SMFG's internal administrative purpose.
2. "Other" includes securities, credit card, investment banking, loans, 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 ¥3,409,122 million (\$32,256 million).
4. Ordinary income represents total income excluding gains on disposal of premises and equipment, collection of written-off claims and reversals of other reserves. Ordinary expenses represent total expenses excluding losses on disposal of premises and equipment, amortization of unrecognized net transition obligation for employee retirement benefits and other extraordinary expenses.
5. As mentioned in "2. Significant Accounting Policies, (3) Trading assets/liabilities and trading profits/losses," SMBC formerly accounted for foreign currency translation differences arising from currency swaps for trading purposes as "Other assets" or "Other liabilities" on the balance sheet on a net basis. Effective April 1, 2003, SMBC accounts for such foreign currency translation differences as "Trading assets" or "Trading liabilities" on a gross basis, pursuant to the "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25). Consequently, Assets of "Banking business" increased by ¥19,741 million (\$187 million) as compared with the former manner.
6. As for the accounting method of foreign currency transactions, as mentioned in "2. Significant Accounting Policies, (17) Translation of foreign currencies," in the previous fiscal year, SMBC and domestic consolidated banking subsidiaries applied the temporary treatment stipulated in JICPA Industry Audit Committee Report No. 25 to currency swaps and foreign exchange swaps for the purpose of lending or borrowing funds in different currencies. Effective April 1, 2003, they apply the hedge accounting pursuant to the basic provisions of JICPA Industry Audit Committee Report No. 25. Consequently, for the fiscal year ended March 31, 2004, such foreign exchange swaps, whose profits or losses were formerly charged to income by periodical allocation, are valued at fair value and their fair-valued assets and liabilities are recognized on the consolidated balance sheet. As a result, Assets of "Banking business" increased by ¥1,035 million (\$10 million) as compared with the former manner. Foreign currency translation differences arising from currency swaps and forward foreign exchange transactions were formerly accounted for as "Other assets" or "Other liabilities" on a net basis, but effective April 1, 2003, they are accounted for as "Other assets" or "Other liabilities" on a gross basis pursuant to JICPA Industry Audit Committee Report No. 25. Consequently, Assets of "Banking business" increased by ¥450,929 million (\$4,267 million) as compared with the former manner.

7. As for the hedge accounting method applied to hedging transactions for interest rate risk arising from financial assets and liabilities, as mentioned in "2. Significant Accounting Policies, (6) Hedge accounting," SMBC formerly applied deferred hedge accounting. Effective April 1, 2003, SMBC applies fair value hedge accounting to hedging transactions for reducing the exposure to market volatility of bonds classified as other securities that are held for the purpose of Asset and Liability Management in order to more properly reflect the effectiveness of hedging transactions in the financial statements. Consequently, Assets of "Banking business" decreased by ¥19,420 million (\$184 million).
8. As mentioned in Note 25 "Income Taxes," the effective tax rate used in calculating deferred tax assets and liabilities 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," "Leasing," "Other" and "Elimination and unallocated corporate assets" increased by ¥6,657 million (\$63 million), ¥114 million (\$1 million), ¥402 million (\$4 million) and ¥22 million (\$0 million), respectively, as compared with the assets that were calculated using the former effective tax rate.

Year ended March 31	Millions of yen					
	2003					Elimination and unallocated corporate assets
	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

- Notes: 1. The business segmentation is classified based on SMFG's internal administrative purpose.
2. "Other" includes securities, credit card, investment banking, loans, 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.
4. Ordinary income represents total income excluding gains on disposal of premises and equipment, collection of written-off claims and reversals of other reserves. Ordinary expenses represent total expenses excluding losses on disposal of premises and equipment, amortization of unrecognized net transition obligation for employee retirement benefits and other extraordinary expenses.
5. As mentioned in Note 25 "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, and Assets of "Leasing" and "Other" decreased by ¥753 million and ¥1,109 million, respectively as compared with the assets that were calculated using the former effective tax rate.

Year ended March 31	Millions of U.S. dollars					
	2004					Elimination and unallocated corporate assets
	Banking business	Leasing	Other	Total		
I. Ordinary income						
(1) External customers	\$ 23,580	\$ 6,380	\$ 3,653	\$ 33,613	\$ —	\$ 33,613
(2) Intersegment	255	174	1,731	2,160	(2,160)	—
Total	23,835	6,554	5,384	35,773	(2,160)	33,613
Ordinary expenses	21,719	6,226	4,473	32,418	(2,049)	30,369
Ordinary profit	\$ 2,116	\$ 328	\$ 911	\$ 3,355	\$ (111)	\$ 3,244
II. Assets, depreciation and capital expenditure						
Assets	\$937,288	\$17,182	\$56,205	\$1,010,675	\$(43,553)	\$967,122
Depreciation	632	3,183	180	3,995	0	3,995
Capital expenditure	869	3,514	273	4,656	1	4,657

(2) Geographic segment information

Year ended March 31	Millions of yen						Elimination and unallocated corporate assets	Consolidated
	2004							
	Japan	The Americas	Europe	Asia and Oceania	Total			
I. Ordinary income								
(1) External customers	¥ 3,250,452	¥ 135,908	¥ 75,566	¥ 90,582	¥ 3,552,510	¥ —	¥ 3,552,510	
(2) Intersegment	50,138	39,129	6,113	11,360	106,742	(106,742)	—	
Total	3,300,591	175,038	81,680	101,942	3,659,252	(106,742)	3,552,510	
Ordinary expenses	3,067,985	109,837	65,586	59,397	3,302,806	(93,140)	3,209,665	
Ordinary profit	¥ 232,606	¥ 65,201	¥ 16,093	¥ 42,545	¥ 356,446	¥ (13,601)	¥ 342,844	
II. Assets	¥95,318,870	¥4,826,318	¥2,177,644	¥2,731,299	¥105,054,133	¥(2,838,960)	¥102,215,172	

- 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.
Ordinary income and ordinary profit are presented as counterparts of sales and operating profit of companies in other industries.
2. The Americas includes the United States, Brazil, Canada and others; Europe includes the United Kingdom, Germany, France and others; Asia and Oceania includes Hong Kong, Singapore, Australia 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 ¥3,409,122 million (\$32,256 million).
4. Ordinary income represents total income excluding gains on disposal of premises and equipment, collection of written-off claims and reversals of other reserves.
Ordinary expenses represent total expenses excluding losses on disposal of premises and equipment, amortization of unrecognized net transition obligation for employee retirement benefits and other extraordinary expenses.
5. As mentioned in "2. Significant Accounting Policies, (3) Trading assets/liabilities and trading profits/losses," SMBC formerly accounted for foreign currency translation differences arising from currency swaps for trading purposes as "Other assets" or "Other liabilities" on the balance sheet on a net basis. Effective April 1, 2003, SMBC accounts for such foreign currency translation differences as "Trading assets" or "Trading liabilities" on a gross basis, pursuant to the "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25). Consequently, Assets of "Japan" increased by ¥19,939 million (\$189 million) and Assets of "Asia and Oceania" decreased by ¥198 million (\$2 million) as compared with the former manner.
6. As for the accounting method of foreign currency transactions, as mentioned in "2. Significant Accounting Policies, (17) Translation of foreign currencies," in the previous fiscal year, SMBC and domestic consolidated banking subsidiaries applied the temporary treatment stipulated in JICPA Industry Audit Committee Report No. 25 to currency swaps and foreign exchange swaps for the purpose of lending or borrowing funds in different currencies. Effective April 1, 2003, they apply the hedge accounting pursuant to the basic provisions of JICPA Industry Audit Committee Report No. 25.
Consequently, for the fiscal year ended March 31, 2004, such foreign exchange swaps, whose profits or losses were formerly charged to income by periodical allocation, are valued at fair value and their fair-valued assets and liabilities are recognized on the consolidated balance sheet. As a result, Assets of "Japan" and "Asia and Oceania" increased by ¥4 million (\$0 million) and ¥1,030 million (\$10 million), respectively, as compared with the former manner.
Foreign currency translation differences arising from currency swaps and forward foreign exchange transactions were formerly accounted for as "Other assets" or "Other liabilities" on a net basis, but effective April 1, 2003, they are accounted for as "Other assets" or "Other liabilities" on a gross basis pursuant to JICPA Industry Audit Committee Report No. 25. Consequently, Assets of "Japan," "The Americas," "Europe" and "Asia and Oceania" increased by ¥279,156 million (\$2,641 million), ¥114,960 million (\$1,088 million), ¥1,554 million (\$15 million), ¥55,257 million (\$523 million), respectively, as compared with the former manner.
7. As for the hedge accounting method applied to hedging transactions for interest rate risk arising from financial assets and liabilities, as mentioned in "2. Significant Accounting Policies, (6) Hedge accounting," SMBC formerly applied deferred hedge accounting. Effective April 1, 2003, SMBC applies fair value hedge accounting to hedging transactions for reducing the exposure to market volatility of bonds classified as other securities that are held for the purpose of Asset and Liability Management in order to more properly reflect the effectiveness of hedging transactions in the financial statements. Consequently, Assets of "Japan" decreased by ¥19,420 million (\$184 million).
8. As mentioned in Note 25 "Income Taxes," the effective tax rate used in calculating deferred tax assets and liabilities 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" and Assets of "Elimination and unallocated corporate assets" increased by ¥7,174 million (\$68 million) and ¥22 million (\$0 million), respectively, as compared with the assets that were calculated using the former effective tax rate.

Year ended March 31	Millions of yen						Elimination and unallocated corporate assets	Consolidated
	2003							
	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	

- 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, Canada and others; Europe includes the United Kingdom, Germany, France and others; Asia and Oceania includes Hong Kong, Singapore, Australia 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.
4. Ordinary income represents total income excluding gains on disposal of premises and equipment, recoveries of written-off claims and reversals of other reserves.
Ordinary expenses represent total expenses excluding losses on disposal of premises and equipment, amortization of unrecognized net transition obligation for employee retirement benefits and other extraordinary expenses.
5. As mentioned in Note 25 "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 as compared with assets that were calculated using the former effective tax rate.

Millions of U.S. dollars							
2004							
Year ended March 31	Japan	The Americas	Europe	Asia and Oceania	Total	Elimination and unallocated corporate assets	Consolidated
I. Ordinary income							
(1) External customers.....	\$ 30,755	\$ 1,286	\$ 715	\$ 857	\$ 33,613	\$ —	\$ 33,613
(2) Intersegment	474	370	58	108	1,010	(1,010)	—
Total	31,229	1,656	773	965	34,623	(1,010)	33,613
Ordinary expenses	29,028	1,039	621	562	31,250	(881)	30,369
Ordinary profit.....	\$ 2,201	\$ 617	\$ 152	\$ 403	\$ 3,373	\$ (129)	\$ 3,244
II. Assets	\$901,872	\$45,665	\$20,604	\$25,843	\$993,984	\$(26,862)	\$967,122

(3) Ordinary income from overseas operations

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Ordinary income from overseas operations (A).....	¥ 302,057	¥ 472,525	\$ 2,858
Consolidated ordinary income (B).....	3,552,510	3,506,386	33,613
(A) / (B).....	8.5%	13.5%	8.5%

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

33. Subsequent Event

Appropriations of retained earnings

The following appropriations of retained earnings of SMFG at March 31, 2004 were approved by the general meeting of shareholders held on June 29, 2004:

	Millions of yen	Millions of U.S. dollars
Cash dividends, ¥3,000 per share on common stock.....	¥17,381	\$164
¥10,500 per share on preferred stock (Type 1)	703	7
¥28,500 per share on preferred stock (Type 2)	2,850	27
¥13,700 per share on preferred stock (Type 3)	10,960	104
¥135,000 per share on preferred stock (First to Twelfth series Type 4)....	6,763	64
¥67,500 per share on preferred stock (Thirteenth series Type 4)	7,762	73

34. Parent Company

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

March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2004	2003	2004
Assets			
Current assets	¥ 110,948	¥ 106,108	\$ 1,050
Cash and due from banks	98,159	64,725	929
Prepaid expenses	21	—	0
Deferred tax assets	17	35	0
Accrued income	424	315	4
Accrued income tax refunds	12,179	40,976	116
Other current assets	145	55	1
Fixed assets	3,291,153	3,306,213	31,140
Premises and equipment	0	0	0
Buildings	0	0	0
Intangible assets	47	26	1
Software	47	26	1
Investments and other assets	3,291,105	3,306,185	31,139
Investments in securities	76	—	1
Investments in subsidiaries and affiliates	3,246,462	3,260,957	30,717
Long-term loans to subsidiaries and affiliates	40,000	40,000	378
Deferred tax assets	4,565	5,227	43
Other investments	—	0	—
Deferred charges	905	1,207	8
Organization cost	905	1,207	8
Total assets	¥3,403,007	¥3,413,529	\$32,198
Liabilities			
Current liabilities	¥ 230,286	¥ 257,442	\$ 2,179
Short-term borrowings	230,000	256,501	2,177
Accounts payable	47	—	0
Accrued expenses	97	651	1
Income taxes payable	1	1	0
Business office taxes payable	5	1	0
Consumption taxes payable	—	106	—
Reserve for employees bonuses	84	83	1
Other current liabilities	48	96	0
Total liabilities	230,286	257,442	2,179
Stockholders' equity			
Capital stock	1,247,650	1,247,650	11,805
Capital surplus	1,747,273	1,747,266	16,532
Capital reserve	1,247,762	1,747,266	11,806
Other capital surplus	499,510	—	4,726
Retained earnings	178,720	161,521	1,691
Earned surplus reserve	—	496	—
Voluntary reserve	30,420	30,420	288
Special voluntary earned reserves	30,420	30,420	288
Unappropriated retained earnings	148,300	130,605	1,403
Treasury stock	(921)	(351)	(9)
Total stockholders' equity	3,172,721	3,156,086	30,019
Total liabilities and stockholders' equity	¥3,403,007	¥3,413,529	\$32,198

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

Year ended March 31	Millions of yen		Millions of
	2004	2003	U.S. dollars (Note 1)
			2004
Operating income	¥55,515	¥131,519	\$525
Dividends on investments in subsidiaries and affiliates	47,332	128,265	448
Fees and commissions received from subsidiaries	7,341	3,124	69
Interest income on loans to subsidiaries and affiliates	841	128	8
Operating expenses	3,044	971	29
General and administrative expenses	3,044	971	29
Other operating expenses	—	0	—
Operating profit	52,470	130,547	496
Nonoperating income	121	13	1
Interest income on deposits	101	9	1
Fees and commissions income	9	4	0
Other nonoperating income	11	—	0
Nonoperating expenses	1,403	10,926	13
Interest on borrowings	874	176	8
Amortization of organization costs	301	301	3
Stock issuance costs	—	9,994	—
Fees and commissions expenses	206	73	2
Other nonoperating expenses	21	380	0
Income before income taxes	51,188	119,634	484
Income taxes:			
Current	3	156	0
Deferred	679	(5,259)	6
Net income	¥50,505	¥124,738	\$478
		Yen	U.S. dollars (Note 1)
Per share data:			
Net income	¥3,704.49	¥18,918.33	\$35.05
Net income — diluted	3,690.72	15,691.82	34.92

Independent Auditors' Report

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

We have audited the accompanying consolidated balance sheets of Sumitomo Mitsui Financial Group, Inc. ("SMFG") and subsidiaries as of March 31, 2004 and 2003, and the related consolidated statements of operations, stockholders' equity and cash flows for the years 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 audits.

We conducted our audits 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 audits provide 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, 2004 and 2003, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

The consolidated financial statements as of and for the year ended March 31, 2004 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.

KPMG AZSA & Co.

Tokyo, Japan
June 29, 2004

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

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.

The Accounting Standards Board of Japan published “Opinion Concerning Establishment of Accounting Standard for Business Combination” in October 2003. According to the opinion, from the fiscal year starting April 1, 2006, new accounting standard is required to be applied. Under the new accounting standard, purchase method is the basic method. Pooling of interests method is applied only to exceptionally limited circumstances when strict criteria are met.

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 related to temporary control or the parent company’s inability to exercise control over the subsidiary.

As for consolidation of a special purpose entity, SFAS No. 140 prescribes the definition of qualifying special purpose entity (“QSPE”) that is to be excluded from consolidation by transferor.

To prescribe the consolidation of a special purpose entity other than QSPE, 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 or 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. As a result of assessing and measuring effectiveness of hedges, changes in fair values of ineffective portion of derivatives can be deferred if only the total portion is recognized as effective.

As for fair value hedge accounting to hedging transactions for reducing the exposure to market volatility of bonds classified as other securities, a company can select either of following treatment.

- (a) 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.
- (b) A company recognizes gains or losses resulting from changes in fair value of derivative instruments in earnings in the period of change together with the offsetting fair value loss or gain on the hedged item.

A bank was permitted to adopt "Macro Hedge Accounting" as 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. The treatment was temporarily permitted until fiscal year starting April 1, 2002.

From the fiscal year starting April 1, 2003, Japanese banks are required to apply the basic provision of JICPA Industry Audit Committee Report No. 24 to hedges on groups of large-volume, small-value monetary and debts with similar risk characteristics.

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. As a result of assessing and measuring effectiveness of hedges, changes in fair values of ineffective portion of derivatives are included in earnings and to be disclosed. 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.

SFAS No. 133 was partially amended by SFAS No. 138 and SFAS No. 149.

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

Restructured Loans

Discounted present value had not been historically used to measure impairment of a loan. Reserves 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 Non-Performing Loans

Consolidated subsidiaries places 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

In August 2002, the Business Accounting Deliberation Council issued "Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets." The opinion requires that an impairment loss be recognized only if there are indications of impairment loss and the carrying amount of a fixed asset is lower than its aggregate undiscounted future cash flows. The amount of impairment loss to be recognized is the difference between the carrying amount of fixed asset and the greater of: (i) the aggregate discounted future cash flows, (ii) the expected resale price of the fixed assets. The impairment loss shall be included in the current period income.

This new accounting standard becomes effective for fiscal years beginning after March 31, 2005. Earlier adoption is permitted for the fiscal year ended March 31, 2004.

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

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 Non-Performing 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 that an impairment loss be recognized only if the carrying amount of a long-lived asset is not recoverable from its undiscounted future cash flows and be measured as 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.

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.

According to the "Opinion Concerning Establishment of Accounting Standard for Business Combination" issued in October 2003, goodwill is strictly amortized within 20 years using a systematic method, with impairment test in addition.

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. Contributions are charged to the income statement as a decrease in pension costs when paid.

All unrecognized actuarial gains/losses are strictly subject to amortization.

There is no requirement of additional minimum liability under Japanese GAAP.

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.

Effective October 1, 2001, such earned surplus reserve is recorded until 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

Goodwill

Under SFAS No. 142, goodwill is not amortized but tested at least annually for impairment.

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 as to the rate of salary progression and discount rate, 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 plan assets.

Unrecognized actuarial gains/losses that are equal to the greater of 10% of the present value of benefit obligation (PBO) and 10% of the fair value (market related value) of plan assets, do not need to be amortized (corridor amortization).

Liability that is at least equal to unfunded accumulated benefit obligation is recognized as additional minimum liability.

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.

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 revaluated after the initial revaluation even if the fair value declined.

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 Standards 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 lease or operating lease, 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
	2004	2003	2004
Assets			
Cash and due from banks	¥ 3,525,056	¥ 2,895,968	\$ 33,353
Deposits with banks	1,797,817	541,275	17,010
Call loans and bills bought	360,509	187,563	3,411
Receivables under resale agreements.....	152,070	109,710	1,439
Receivables under securities borrowing transactions	1,009,328	1,981,243	9,550
Commercial paper and other debt purchased.....	481,547	363,981	4,556
Trading assets.....	3,306,780	4,495,396	31,287
Money held in trust.....	3,749	24,629	35
Securities	26,863,501	23,958,521	254,173
Loans and bills discounted.....	55,428,967	61,219,617	524,449
Foreign exchanges.....	743,957	749,974	7,039
Other assets.....	1,892,274	2,157,885	17,904
Premises and equipment	896,614	920,076	8,483
Lease assets	24,835	26,130	235
Deferred tax assets	1,646,920	1,885,307	15,583
Deferred tax assets for land revaluation	706	724	7
Customers' liabilities for acceptances and guarantees	3,084,542	3,078,461	29,185
Reserve for possible loan losses	(1,375,921)	(2,201,830)	(13,019)
Total assets	¥99,843,258	¥102,394,637	\$944,680
Liabilities, minority interests and stockholders' equity			
Liabilities			
Deposits	¥68,981,540	¥ 67,885,022	\$652,678
Call money and bills sold	6,292,495	8,953,084	59,537
Payables under repurchase agreements	1,098,449	4,144,735	10,393
Payables under securities lending transactions	5,946,346	4,807,245	56,262
Commercial paper.....	3,000	50,500	28
Trading liabilities	1,873,245	2,851,391	17,724
Borrowed money	1,223,881	1,427,000	11,580
Foreign exchanges.....	572,755	397,666	5,419
Bonds	3,863,343	3,441,137	36,553
Due to trust account	36,032	5,953	341
Other liabilities.....	2,991,734	1,952,000	28,307
Reserve for employee bonuses	16,152	16,111	153
Reserve for employee retirement benefits	30,918	92,802	293
Reserve for possible losses on loans sold	—	20,665	—
Reserve for expenses related to EXPO 2005 Japan	116	—	1
Other reserves	862	649	8
Deferred tax liabilities	39,797	43,726	377
Deferred tax liabilities for land revaluation	56,391	58,788	534
Acceptances and guarantees.....	3,084,542	3,078,461	29,185
Total liabilities	96,111,607	99,226,942	909,373
Minority interests	1,009,489	1,025,150	9,551
Stockholders' equity			
Capital stock.....	559,985	559,985	5,298
Capital surplus	1,298,511	1,298,511	12,286
Retained earnings	519,354	258,690	4,914
Land revaluation excess	96,393	101,336	912
Net unrealized gains (losses) on other securities	319,780	(21,559)	3,026
Foreign currency translation adjustments	(71,861)	(54,419)	(680)
Total stockholders' equity	2,722,161	2,142,544	25,756
Total liabilities, minority interests and stockholders' equity	¥99,843,258	¥102,394,637	\$944,680

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 ¥105.69 to US\$1, the exchange rate prevailing at March 31, 2004.

Consolidated Statements of Operations (Unaudited)

Sumitomo Mitsui Banking Corporation and Subsidiaries

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Income			
Interest income:			
Interest on loans and discounts	¥1,139,037	¥1,266,319	\$10,777
Interest and dividends on securities	256,601	268,840	2,428
Interest on receivables under resale agreements	2,542	1,352	24
Interest on receivables under securities borrowing transactions	104	225	1
Interest on deposits with banks	12,679	34,759	120
Other interest income	149,740	246,028	1,417
Trust fees	334	7	3
Fees and commissions	422,066	424,235	3,993
Trading profits	305,011	206,496	2,886
Other operating income	231,017	947,036	2,186
Other income	324,367	166,541	3,069
Total income	2,843,502	3,561,843	26,904
Expenses			
Interest expenses:			
Interest on deposits	108,286	159,943	1,025
Interest on borrowings and rediscounts	33,687	56,485	319
Interest on payables under repurchase agreements	4,212	18,185	40
Interest on payables under securities lending transactions	48,622	28,830	460
Interest on bonds and bonds with stock acquisition rights	74,855	76,219	708
Other interest expenses	25,410	77,741	240
Fees and commissions	91,455	74,257	865
Trading losses	916	725	9
Other operating expenses	223,464	721,193	2,114
General and administrative expenses	776,106	888,421	7,343
Transfer to reserve for possible loan losses	—	655,488	—
Other expenses	1,100,179	1,347,022	10,410
Total expenses	2,487,197	4,104,514	23,533
Income (loss) before income taxes and minority interests	356,304	(542,670)	3,371
Income taxes:			
Current	13,970	65,912	132
Deferred	293	(216,233)	3
Minority interests in net income (loss)	40,376	37,037	382
Net income (loss)	¥ 301,664	¥ (429,387)	\$ 2,854

Per share data:	Yen	U.S. dollars	
	Net income (loss)	¥5,238.85	¥(10,429.29)
Net income — diluted	5,231.31	—	49.50
Declared dividends on common stock	4,177	—	39.52
Declared dividends on preferred stock (Type 1)	10,500	—	99.35
Declared dividends on preferred stock (Type 2)	28,500	—	269.66
Declared dividends on preferred stock (Type 3)	13,700	—	129.62

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 ¥105.69 to US\$1, the exchange rate prevailing at March 31, 2004.

Nonconsolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Banking Corporation

March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Assets			
Cash and due from banks	¥ 3,355,519	¥ 2,775,176	\$ 31,749
Deposits with banks	1,511,401	513,417	14,300
Call loans and bills bought	287,262	99,774	2,718
Receivables under resale agreements.....	130,337	78,679	1,233
Receivables under securities borrowing transactions	1,009,328	1,981,243	9,550
Commercial paper and other debt purchased.....	133,081	92,436	1,259
Trading assets.....	2,958,990	3,950,372	27,997
Money held in trust.....	3,749	24,628	36
Securities	26,592,584	23,656,385	251,609
Loans and bills discounted.....	50,810,144	57,282,365	480,747
Foreign exchanges.....	720,840	724,771	6,820
Other assets.....	1,480,776	1,848,486	14,011
Premises and equipment	688,325	707,303	6,513
Deferred tax assets	1,590,518	1,814,625	15,049
Customers' liabilities for acceptances and guarantees.....	4,086,964	4,416,292	38,669
Reserve for possible loan losses	(1,250,751)	(2,074,797)	(11,834)
Total assets	¥94,109,074	¥97,891,161	\$890,426
Liabilities and stockholders' equity			
Liabilities			
Deposits	¥63,656,771	¥63,524,258	\$602,297
Call money and bills sold	6,204,833	8,889,756	58,708
Payables under repurchase agreements	1,071,114	4,124,094	10,134
Payables under securities lending transactions	5,946,346	4,777,187	56,262
Commercial paper.....	—	50,500	—
Trading liabilities	1,504,465	2,425,632	14,235
Borrowed money	2,531,973	2,795,160	23,957
Foreign exchanges.....	576,958	392,727	5,459
Bonds	3,177,741	2,624,099	30,067
Due to trust account	36,032	5,953	341
Other liabilities.....	2,368,824	1,428,432	22,413
Reserve for employee bonuses	8,752	9,898	83
Reserve for employee retirement benefits	11,748	72,816	111
Reserve for possible losses on loans sold	—	17,169	—
Reserve for expenses related to EXPO 2005 Japan	116	—	1
Other reserves	18	18	0
Deferred tax liabilities for land revaluation	55,541	57,937	526
Acceptances and guarantees.....	4,086,964	4,416,292	38,669
Total liabilities	91,238,204	95,611,937	863,263
Stockholders' equity			
Capital stock.....	559,985	559,985	5,298
Capital surplus	1,237,307	1,237,307	11,707
Retained earnings	676,064	414,536	6,397
Land revaluation excess	81,158	85,259	768
Net unrealized gains (losses) on other securities	316,354	(17,864)	2,993
Total stockholders' equity	2,870,870	2,279,223	27,163
Total liabilities and stockholders' equity	¥94,109,074	¥97,891,161	\$890,426

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 ¥105.69 to US\$1, the exchange rate prevailing at March 31, 2004.

Nonconsolidated Statements of Operations (Unaudited)

Sumitomo Mitsui Banking Corporation

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Income			
Interest income.....	¥1,392,322	¥1,647,092	\$13,174
Trust fees	334	7	3
Fees and commissions	322,075	278,790	3,047
Trading profits	283,611	196,726	2,684
Other operating income.....	149,209	194,653	1,412
Other income.....	341,633	106,753	3,232
Total income	2,489,187	2,424,023	23,552
Expenses			
Interest expenses.....	305,284	423,804	2,888
Fees and commissions	95,506	84,124	904
Trading losses.....	2,881	725	27
Other operating expenses.....	159,774	47,980	1,512
General and administrative expenses.....	623,098	671,639	5,896
Transfer to reserve for possible loan losses	—	614,628	—
Other expenses.....	983,795	1,252,108	9,308
Total expenses	2,170,341	3,095,011	20,535
Income (loss) before income taxes	318,846	(670,988)	3,017
Income taxes:			
Current	12,752	40,299	121
Deferred	4,980	(232,983)	47
Net income (loss)	¥ 301,113	¥ (478,304)	\$ 2,849

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 ¥105.69 to US\$1, the exchange rate prevailing at March 31, 2004.

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							
	2004				2003			
	Domestic operations	Overseas operations	Elimination and unallocated corporate assets	Total	Domestic operations	Overseas operations	Elimination and unallocated corporate assets	Total
Interest income	¥1,394,426	¥238,922	¥(42,010)	¥1,591,338	¥1,435,456	¥421,432	¥(39,980)	¥1,816,908
Interest expenses	241,565	100,641	(31,961)	310,246	241,919	209,909	(34,473)	417,355
Net interest income	1,152,860	138,280	(10,049)	1,281,091	1,193,537	211,522	(5,506)	1,399,553
Trust fees	¥ 334	¥ —	¥ —	¥ 334	¥ 7	¥ —	¥ —	¥ 7
Fees and commissions (income)	¥ 471,941	¥ 30,604	¥ (1,517)	¥ 501,028	¥ 395,641	¥ 28,765	¥ (168)	¥ 424,238
Fees and commissions (expenses)	73,172	4,309	(629)	76,851	67,751	3,715	(127)	71,338
Net fees and commissions	398,769	26,294	(887)	424,176	327,890	25,050	(40)	352,900
Trading profits	¥ 289,432	¥ 23,302	¥ (7,723)	¥ 305,011	¥ 193,188	¥ 23,417	¥(10,109)	¥ 206,496
Trading losses	8,628	11	(7,723)	916	7,401	3,433	(10,109)	725
Net trading income	280,804	23,290	—	304,094	185,787	19,983	—	205,770
Other operating income	¥ 927,894	¥ 19,006	¥ (425)	¥ 946,474	¥ 909,124	¥ 38,544	¥ (711)	¥ 946,957
Other operating expenses	877,113	10,729	(1,193)	886,649	701,048	20,197	(111)	721,134
Net other operating income	50,780	8,277	767	59,825	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 (2004, ¥21 million; 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					
	2004			2003		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets	¥80,192,186	¥1,394,426	1.74%	¥83,764,138	¥1,435,456	1.71%
Loans and bills discounted	54,448,334	1,049,707	1.93	57,677,536	1,091,688	1.89
Securities	23,160,633	230,992	1.00	21,669,346	215,477	0.99
Call loans and bills bought	547,686	1,840	0.34	627,785	1,936	0.31
Receivables under resale agreements	33,898	3	0.01	120,981	3	0.00
Receivables under securities borrowing transactions	515,980	104	0.02	1,254,675	225	0.02
Deposits with banks	676,807	7,071	1.04	823,313	12,831	1.56
Interest-bearing liabilities	¥84,942,920	¥ 241,565	0.28%	¥86,417,083	¥ 241,919	0.28%
Deposits	59,883,938	50,917	0.09	58,312,535	63,334	0.11
Negotiable certificates of deposit	4,229,710	837	0.02	5,732,409	2,072	0.04
Call money and bills sold	7,186,407	1,242	0.02	10,166,594	1,109	0.01
Payables under repurchase agreements	1,711,425	105	0.01	1,036,569	74	0.01
Payables under securities lending transactions	5,090,264	48,622	0.96	3,853,983	28,830	0.75
Commercial paper	193,420	236	0.12	268,052	380	0.14
Borrowed money	3,242,418	71,950	2.22	3,559,474	80,487	2.26
Bonds	2,921,709	44,624	1.53	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 (2004, ¥1,322,675 million; 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 (2004, ¥21,933 million; 2003, ¥43,701 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2004, ¥21,933 million; 2003, ¥43,701 million) and corresponding interest (2004, ¥21 million; 2003, ¥46 million).

Overseas Operations

Year ended March 31	Millions of yen					
	2004			2003		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥7,391,661	¥238,922	3.23%	¥9,690,916	¥421,432	4.35%
Loans and bills discounted.....	5,064,994	148,501	2.93	6,252,263	204,679	3.27
Securities	1,036,961	35,639	3.44	1,745,522	58,303	3.34
Call loans and bills bought	101,843	2,200	2.16	120,354	2,242	1.86
Receivables under resale agreements	127,275	2,538	1.99	100,914	1,348	1.34
Receivables under securities borrowing transactions	—	—	—	—	—	—
Deposits with banks	703,330	7,008	1.00	970,063	22,153	2.28
Interest-bearing liabilities	¥5,109,984	¥100,641	1.97%	¥6,812,607	¥209,909	3.08%
Deposits	3,404,225	55,119	1.62	3,994,367	89,254	2.23
Negotiable certificates of deposit	96,735	2,697	2.79	200,607	5,503	2.74
Call money and bills sold	123,925	1,355	1.09	168,107	2,614	1.56
Payables under repurchase agreements ...	354,094	4,107	1.16	1,059,369	18,111	1.71
Payables under securities lending transactions	—	—	—	—	—	—
Commercial paper.....	—	—	—	—	—	—
Borrowed money.....	113,752	2,179	1.92	212,650	6,168	2.90
Bonds.....	1,004,354	31,577	3.14	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 (2004, ¥29,738 million; 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 (2004, ¥— million; 2003, ¥67 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2004, ¥— million; 2003, ¥67 million) and corresponding interest (2004, ¥— million; 2003, ¥1 million).

Total of Domestic and Overseas Operations

Year ended March 31	Millions of yen					
	2004			2003		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥86,714,682	¥1,591,338	1.84%	¥92,457,445	¥1,816,908	1.97%
Loans and bills discounted.....	58,643,284	1,167,622	1.99	62,931,901	1,262,092	2.01
Securities	24,355,276	256,600	1.05	23,440,003	268,261	1.14
Call loans and bills bought	649,529	4,040	0.62	748,139	4,179	0.56
Receivables under resale agreements	161,173	2,542	1.58	221,896	1,352	0.61
Receivables under securities borrowing transactions	515,980	104	0.02	1,254,675	225	0.02
Deposits with banks	1,224,157	12,687	1.04	1,769,576	34,768	1.96
Interest-bearing liabilities	¥89,009,467	¥ 310,246	0.35%	¥92,205,905	¥ 417,355	0.45%
Deposits	63,115,626	104,644	0.17	62,282,430	152,373	0.24
Negotiable certificates of deposit	4,326,445	3,535	0.08	5,933,016	7,576	0.13
Call money and bills sold	7,310,332	2,598	0.04	10,334,702	3,724	0.04
Payables under repurchase agreements ...	2,065,520	4,212	0.20	2,095,938	18,185	0.87
Payables under securities lending transactions	5,090,264	48,622	0.96	3,853,983	28,830	0.75
Commercial paper.....	193,420	236	0.12	268,052	380	0.14
Borrowed money.....	2,486,093	43,561	1.75	2,774,225	52,380	1.89
Bonds.....	3,926,064	76,202	1.94	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 (2004, ¥1,336,284 million; 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 (2004, ¥21,933 million; 2003, ¥43,769 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2004, ¥21,933 million; 2003, ¥43,769 million) and corresponding interest (2004, ¥21 million; 2003, ¥48 million).

Fees and Commissions

Year ended March 31	Millions of yen							
	2004				2003			
	Domestic operations	Overseas operations	Elimination and unallocated corporate assets	Total	Domestic operations	Overseas operations	Elimination and unallocated corporate assets	Total
Fees and commissions (income).....	¥471,941	¥30,604	¥(1,517)	¥501,028	¥395,641	¥28,765	¥(168)	¥424,238
Deposits and loans	17,470	17,995	(878)	34,587	14,117	15,683	(3)	29,797
Remittances and transfers.....	113,302	5,756	(614)	118,444	107,473	5,923	—	113,396
Securities-related business.....	43,883	0	—	43,883	30,819	2	—	30,822
Agency.....	16,239	—	—	16,239	15,325	—	—	15,325
Safe deposits.....	5,923	3	—	5,927	4,973	5	—	4,978
Guarantees.....	30,668	2,845	(10)	33,503	26,556	2,069	(164)	28,462
Credit card.....	90,506	—	—	90,506	86,145	—	—	86,145
Fees and commissions (expenses).....	¥ 73,172	¥ 4,309	¥ (629)	¥ 76,851	¥ 67,751	¥ 3,715	¥(127)	¥ 71,338
Remittances and transfers.....	21,952	2,128	(527)	23,553	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

Year ended March 31	Millions of yen							
	2004				2003			
	Domestic operations	Overseas operations	Elimination and unallocated corporate assets	Total	Domestic operations	Overseas operations	Elimination and unallocated corporate assets	Total
Trading profits.....	¥289,432	¥23,302	¥(7,723)	¥305,011	¥193,188	¥23,417	¥(10,109)	¥206,496
Gains on trading securities	6,735	—	—	6,735	6,328	2,861	—	9,190
Gains on securities related to trading transactions	—	—	—	—	—	—	—	—
Gains on trading-related financial derivatives.....	282,697	23,302	(7,723)	298,275	186,477	20,555	(10,109)	196,924
Others.....	—	—	—	—	381	—	—	381
Trading losses	¥ 8,628	¥ 11	¥(7,723)	¥ 916	¥ 7,401	¥ 3,433	¥(10,109)	¥ 725
Losses on trading securities	—	—	—	—	—	—	—	—
Losses on securities related to trading transactions	904	—	—	904	725	—	—	725
Losses on trading-related financial derivatives.....	7,723	—	(7,723)	—	6,675	3,433	(10,109)	—
Others.....	—	11	—	11	—	—	—	—

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	
	2004	2003
Domestic operations:		
Liquid deposits.....	¥36,825,754	¥34,752,737
Fixed-term deposits.....	20,308,162	20,588,039
Others.....	4,766,396	4,256,263
Subtotal.....	¥61,900,312	¥59,597,040
Negotiable certificates of deposit.....	¥ 3,423,393	¥ 4,740,264
Total.....	¥65,323,706	¥64,337,305
Overseas operations:		
Liquid deposits.....	¥ 2,862,410	¥ 2,732,304
Fixed-term deposits.....	562,667	591,572
Others.....	8,036	10,089
Subtotal.....	¥ 3,433,114	¥ 3,333,966
Negotiable certificates of deposit.....	¥ 96,070	¥ 112,753
Total.....	¥ 3,529,184	¥ 3,446,720
Grand total.....	¥68,852,890	¥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	2004		2003	
	Millions of yen	Percentage	Millions of yen	Percentage
Domestic operations:				
Manufacturing.....	¥ 6,136,783	11.94%	¥ 6,326,227	11.21%
Agriculture, forestry, fisheries and mining.....	142,576	0.28	207,518	0.37
Construction.....	1,950,595	3.79	2,631,272	4.66
Transportation, communications and public enterprises.....	3,275,122	6.37	3,082,989	5.46
Wholesale and retail.....	5,884,109	11.44	6,251,344	11.07
Finance and insurance.....	3,828,350	7.45	4,214,205	7.47
Real estate.....	7,965,230	15.49	9,038,117	16.01
Services.....	6,136,593	11.94	6,150,192	10.90
Municipalities.....	765,690	1.49	577,184	1.02
Others.....	15,328,834	29.81	17,968,160	31.83
Subtotal.....	¥51,413,887	100.00%	¥56,447,214	100.00%
Overseas operations:				
Public sector.....	¥ 81,737	2.06%	¥ 141,741	3.06%
Financial institutions.....	338,375	8.53	312,632	6.74
Commerce and industry.....	3,304,282	83.25	3,898,656	84.10
Others.....	244,516	6.16	282,701	6.10
Subtotal.....	¥ 3,968,912	100.00%	¥ 4,635,732	100.00%
Total.....	¥55,382,800	—	¥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	
	2004	2003
Bankrupt loans.....	¥ 96,413	¥ 201,392
Non-accrual loans.....	1,767,862	2,710,164
Past due loans (3 months or more).....	51,538	130,353
Restructured loans.....	1,382,168	2,728,791
Total.....	¥3,297,981	¥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	
	2004	2003
Domestic operations:		
Japanese government bonds.....	¥14,377,379	¥12,813,396
Japanese local government bonds.....	506,263	375,204
Japanese corporate bonds.....	2,651,971	2,369,698
Japanese stocks.....	3,473,577	3,321,531
Others.....	4,908,958	3,346,246
Subtotal.....	¥25,918,150	¥22,226,077
Overseas operations:		
Japanese government bonds.....	¥ 71,560	¥ 88,250
Japanese local government bonds.....	—	—
Japanese corporate bonds.....	—	854
Japanese stocks.....	—	—
Others.....	895,875	1,650,405
Subtotal.....	¥ 967,436	¥ 1,739,510
Total of domestic and overseas operations:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds.....	—	—
Japanese corporate bonds.....	—	—
Japanese stocks.....	164,314	152,932
Others.....	—	—
Subtotal.....	¥ 164,314	¥ 152,932
Total.....	¥27,049,901	¥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

March 31	Millions of yen							
	2004				2003			
	Domestic operations	Overseas operations	Elimination and unallocated corporate assets	Total	Domestic operations	Overseas operations	Elimination and unallocated corporate assets	Total
Trading assets:	¥2,959,570	¥366,802	¥(19,592)	¥3,306,780	¥3,961,696	¥550,962	¥(17,263)	¥4,495,396
Trading securities	32,516	48,250	—	80,766	111,930	113,679	—	225,610
Derivatives of trading securities.....	139	—	—	139	81	—	—	81
Securities related to trading transactions.....	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions	595	—	—	595	121	—	—	121
Trading-related financial derivatives	1,836,358	318,552	(19,592)	2,135,318	2,640,783	437,283	(17,263)	3,060,803
Other trading assets	1,089,960	—	—	1,089,960	1,208,779	—	—	1,208,779
Trading liabilities:	¥1,518,119	¥374,718	¥(19,592)	¥1,873,245	¥2,424,433	¥444,222	¥(17,263)	¥2,851,391
Trading securities sold for short sales	19,855	12,802	—	32,658	3,397	6,409	—	9,806
Derivatives of trading securities.....	242	—	—	242	78	—	—	78
Securities related to trading transactions.....	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions	940	—	—	940	423	—	—	423
Trading-related financial derivatives	1,497,081	361,915	(19,592)	1,839,404	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 (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

March 31		Millions of yen	
		2004	2003
Tier I capital:	Capital stock	¥ 1,247,650	¥ 1,247,650
	Capital reserve	865,282	856,237
	Retained earnings	564,767	278,357
	Minority interests	990,426	996,892
	Valuation losses on other securities	—	(24,197)
	Treasury stock	(2,956)	(15,204)
	Foreign currency translation adjustments.....	(71,764)	(53,515)
	Goodwill and others.....	(21,800)	(30,282)
	Subtotal (A).....	¥ 3,571,604	¥ 3,255,936
Tier II capital:	45% of unrealized gains on other securities.....	¥ 249,401	¥ —
	45% of unrealized gains on land	68,524	71,699
	General reserve for possible loan losses	837,679	1,173,927
	Qualifying subordinated debt.....	2,358,572	2,150,334
	Subtotal	¥ 3,514,177	¥ 3,395,961
	Tier II capital included as qualifying capital (B)	¥ 3,416,547	¥ 2,961,619
Deductions:	(C).....	¥ 250,754	¥ 238,633
Total capital:	(D) = (A) + (B) - (C).....	¥ 6,737,397	¥ 5,978,922
Risk-adjusted assets:	On-balance-sheet	¥54,649,899	¥55,417,663
	Off-balance-sheet	4,283,294	3,525,419
	Asset equivalent of market risk.....	270,821	223,781
	Subtotal (E).....	¥59,204,015	¥59,166,864
Capital ratio (BIS guidelines):	(D) / (E) × 100	11.37%	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 reserve	
	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
April 1, 2003 — March 31, 2004.....	8.61	6,928,109.53	—	1,247,650	—	1,747,266
August 8, 2003.....	—	6,928,109.53	—	1,247,650	(499,503)	1,247,762

Remarks:

- February 3, 2003: Increase in the number of common stock as a result of merger with The Japan Research Institute Holdings, Ltd. (merger ratio: 1-to-0.021)
- 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
- April 1, 2003 — March 31, 2004: Conversion of a share of preferred stock (13th series Type 4) to 9.61 shares of common stock.
- August 8, 2003: Capital reserve was transferred to other capital surplus pursuant to Article 289-2 of the Commercial Code.

Note: From April 1 to May 31, 2004, 66 shares of preferred stock (13th series Type 4) were converted to common stock at a ratio of 1:9.61, resulting in an increase of 634.6 ordinary shares.

Total Outstanding Shares

March 31, 2004	Number of shares issued
Common Stock.....	5,796,010.53
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).....	114,999
Total.....	6,928,109.53

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, 2004	Number of shareholders	Number of shares	Percentage of total
Japanese government and local government.....	8	4,939	0.08%
Financial institutions	366	1,964,152	34.07
Securities companies	72	45,925	0.80
Other institutions.....	7,606	1,753,090	30.41
Foreign institutions	849	1,339,093	23.22
Individuals.....	47	206	0.00
Individuals and others.....	146,829	658,399	11.42
Total.....	155,730	5,765,598	100.00%
Fractional shares	—	30,412.53	—

Notes: 1. Of 2,069.63 shares in treasury stock, 2,069 shares are included in "Individuals and others" and the remaining 0.63 shares are included in "Fractional shares."

2. "Other institutions" and "Fractional shares" include 940 and 0.80 shares, respectively, held by the Securities Custody Association.

b. Preferred Stock (Type 1)

March 31, 2004	Number of shareholders	Number of shares	Percentage of total
Financial institutions	1	67,000	100.00%

c. Preferred Stock (Type 2)

March 31, 2004	Number of shareholders	Number of shares	Percentage of total
Financial institutions	1	100,000	100.00%

d. Preferred Stock (Type 3)

March 31, 2004	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, 2004	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, 2004	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, 2004	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, 2004	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, 2004	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, 2004	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, 2004	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, 2004	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, 2004	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, 2004	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, 2004	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, 2004	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, 2004	Number of shareholders	Number of shares	Percentage of total
Foreign institutions.....	1	114,999	100.00%

Principal Shareholders

a. Common Stock

March 31, 2004 Shareholders	Number of shares	Percentage of shares outstanding
Japan Trustee Services Bank, Ltd. (Trust Account)	435,553	7.51%
The Master Trust Bank of Japan, Ltd. (Trust account)	354,653	6.11
Nippon Life Insurance Company.....	156,063	2.69
Sumitomo Life Insurance Company.....	130,656	2.25
Matsushita Electric Industrial Co., Ltd.	103,570	1.78
State Street Bank and Trust Company (Standing agent: Mizuho Corporate Bank, Ltd.'s Kabutocho Custody & Proxy Department within the Settlement & Clearing Services Division)	99,607	1.71
The Chase Manhattan Bank N.A. London (Standing agent: Mizuho Corporate Bank, Ltd.'s Kabutocho Custody & Proxy Department within the Settlement & Clearing Services Division)	86,961	1.50
Hero & Company (Standing agent: SMBC Global Investor Services Dept., International Banking Unit)	59,941	1.03
Japan Trustee Services Bank, Ltd. (The Sumitomo Trust and Banking Company Retruster Portion, Sumitomo Life Insurance Company Pension Trust)	58,000	1.00
The Chase Manhattan Bank 385036 (Standing agent: Mizuho Corporate Bank, Ltd.'s Kabutocho Custody & Proxy Department within the Settlement & Clearing Services Division)	54,335	0.93
TOYOTA MOTOR CORPORATION	53,753	0.92
The Sumitomo Trust and Banking Company, Limited (Trust Account B)	45,628	0.78
KUBOTA CORPORATION	39,499	0.68
The Bank of New York, Treaty JASDEC Account.....	39,166	0.67
Takeda Chemical Industries, Ltd.	39,074	0.67
The Mitsubishi Trust and Banking Corporation (Trust Account)	38,710	0.66
Mitsui Sumitomo Insurance Company, Limited	37,407	0.64
The SMFG Employee Stockholders' Association	36,942	0.63
Trust & Custody Services Bank, Ltd. (Trust Account B)	36,895	0.63
The Chase Manhattan Bank N.A. London SL Omnibus Account	34,527	0.59
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	33,766	0.58
UFJ Trust Bank Limited (Trust Account A)	33,465	0.57
SANYO ELECTRIC CO., LTD.	32,063	0.55
Japan Trustee Services Bank, Ltd. (Mitsui Asset Trust and Banking Company Retruster Portion, Toshiba Corporation Employee Pension Trust)	31,463	0.54
Deutsche Bank AG Frankfurt	31,324	0.54
Trust & Custody Services Bank, Ltd. (Trust Account A)	30,846	0.53
Mitsui Asset Trust and Banking Company, Limited (Individually Operated Designated Money Trusts).....	30,575	0.52
Kondo Cotton Spinning Co., Ltd.	29,556	0.50
The Tokyo Electric Power Company, Incorporated	28,313	0.48
The Kansai Electric Power Company, Incorporated	28,026	0.48

b. Preferred Stock (Type 1)

March 31, 2004 Shareholder	Number of shares	Percentage of shares outstanding
The Resolution and Collection Corporation	67,000	100.00%

c. Preferred Stock (Type 2)

March 31, 2004 Shareholder	Number of shares	Percentage of shares outstanding
The Resolution and Collection Corporation	100,000	100.00%

d. Preferred Stock (Type 3)

March 31, 2004 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, 2004 Shareholder	Number of shares	Percentage of shares outstanding
The GSSM Holding Corporation (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

f. Preferred Stock (2nd series Type 4)

March 31, 2004 Shareholder	Number of shares	Percentage of shares outstanding
The GSSM Holding Corporation (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

g. Preferred Stock (3rd series Type 4)

March 31, 2004 Shareholder	Number of shares	Percentage of shares outstanding
The GSSM Holding Corporation (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

h. Preferred Stock (4th series Type 4)

March 31, 2004 Shareholder	Number of shares	Percentage of shares outstanding
The GSSM Holding Corporation (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

i. Preferred Stock (5th series Type 4)

March 31, 2004 Shareholder	Number of shares	Percentage of shares outstanding
The GSSM Holding Corporation (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

j. Preferred Stock (6th series Type 4)

March 31, 2004 Shareholder	Number of shares	Percentage of shares outstanding
The GSSM Holding Corporation (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

k. Preferred Stock (7th series Type 4)

March 31, 2004 Shareholder	Number of shares	Percentage of shares outstanding
The GSSM Holding Corporation (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

l. Preferred Stock (8th series Type 4)

March 31, 2004 Shareholder	Number of shares	Percentage of shares outstanding
The GSSM Holding Corporation (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

m. Preferred Stock (9th series Type 4)

March 31, 2004 Shareholder	Number of shares	Percentage of shares outstanding
The GSSM Holding Corporation (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

n. Preferred Stock (10th series Type 4)

March 31, 2004 Shareholder	Number of shares	Percentage of shares outstanding
The GSSM Holding Corporation (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

o. Preferred Stock (11th series Type 4)

March 31, 2004 Shareholder	Number of shares	Percentage of shares outstanding
The GSSM Holding Corporation (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

p. Preferred Stock (12th series Type 4)

March 31, 2004 Shareholder	Number of shares	Percentage of shares outstanding
The GSSM Holding Corporation (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

q. Preferred Stock (13th series Type 4)

March 31, 2004 Shareholder	Number of shares	Percentage of shares outstanding
JPMorgan Chase Bank, London (Agent of SMFG Finance (Cayman) Limited) (Standing agent: Operations & Administration Dept., SMBC)	114,999	100.00%

Notes: 1. As of October 14, 2003, Fidelity Investments Japan submitted a report on shareholdings to the authorities. In the report, Fidelity Investments reported that it possessed 298,948 shares of common stock, 5.16% of shares outstanding as of September 30, 2003. However, as we could not confirm how many shares it possessed on its own account as of the end of fiscal 2003, we did not include Fidelity Investments Japan in the list of principal shareholders shown above.

2. The Goldman Sachs Group, Inc., which held all shares of Preferred Stock (1st to 12th series Type 4) as of the end of the previous fiscal year, had sold all these shares to its wholly owned subsidiary the GSSM Holding Corporation by September 11, 2003.

Common Stock Price Range

Stock Price Performance

Year ended March 31	Yen	
	2004	2003
High	¥780,000	¥452,000
Low	162,000	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.

Six-Month Performance

	Yen					
	October 2003	November 2003	December 2003	January 2004	February 2004	March 2004
High	¥676,000	¥576,000	¥573,000	¥592,000	¥608,000	¥780,000
Low	453,000	439,000	473,000	533,000	516,000	616,000

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							
	2004				2003			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Interest income	¥1,363,268	¥238,922	¥(41,485)	¥1,560,705	¥1,436,074	¥421,432	¥(39,980)	¥1,817,526
Interest expenses	225,847	100,641	(31,435)	295,053	241,920	209,909	(34,473)	417,356
Net interest income	1,137,420	138,280	(10,049)	1,265,651	1,194,153	211,522	(5,506)	1,400,170
Trust fees	¥ 334	¥ —	¥ —	¥ 334	¥ 7	¥ —	¥ —	¥ 7
Fees and commissions (income)	¥ 392,956	¥ 30,604	¥ (1,495)	¥ 422,066	¥ 395,637	¥ 28,765	¥ (168)	¥ 424,235
Fees and commissions (expenses)	87,775	4,309	(629)	91,455	70,742	3,715	(200)	74,257
Net fees and commissions	305,180	26,295	(865)	330,610	324,894	25,050	32	349,977
Trading profits	¥ 289,432	¥ 23,302	¥ (7,723)	¥ 305,011	¥ 193,188	¥ 23,417	¥(10,109)	¥ 206,496
Trading losses	8,628	11	(7,723)	916	7,401	3,433	(10,109)	725
Net trading income	280,804	23,290	—	304,094	185,787	19,983	—	205,770
Other operating income	¥ 212,128	¥ 19,006	¥ (117)	¥ 231,017	¥ 909,202	¥ 38,544	¥ (711)	¥ 947,036
Other operating expenses	213,614	10,729	(878)	223,464	701,107	20,197	(111)	721,193
Net other operating income	(1,486)	8,277	761	7,552	208,095	18,347	(599)	225,842

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 (2004, ¥21 million; 2003, ¥48 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					
	2004			2003		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets	¥80,116,238	¥1,363,268	1.70%	¥83,803,278	¥1,436,074	1.71%
Loans and bills discounted	54,452,750	1,016,646	1.87	57,714,603	1,091,736	1.89
Securities	23,090,843	230,993	1.00	21,671,434	216,056	1.00
Call loans and bills bought	547,686	1,840	0.34	627,785	1,936	0.31
Receivables under resale agreements	33,898	3	0.01	120,981	3	0.00
Receivables under securities borrowing transactions	515,980	104	0.02	1,254,675	225	0.02
Deposits with banks	666,233	6,972	1.05	823,298	12,822	1.56
Interest-bearing liabilities	¥83,510,193	¥ 225,847	0.27%	¥86,428,380	¥ 241,920	0.28%
Deposits	59,917,916	50,922	0.08	58,316,729	63,326	0.11
Negotiable certificates of deposit	4,281,885	847	0.02	5,739,513	2,074	0.04
Call money and bills sold	7,186,407	1,242	0.02	10,166,594	1,109	0.01
Payables under repurchase agreements	1,711,425	105	0.01	1,036,569	74	0.01
Payables under securities lending transactions	5,090,264	48,622	0.96	3,853,983	28,830	0.75
Commercial paper	6,997	4	0.07	268,052	380	0.14
Borrowed money	2,050,391	59,038	2.88	3,559,473	80,487	2.26
Bonds	2,781,324	43,278	1.56	2,537,030	38,045	1.50

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 (2004, ¥1,318,691 million; 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 (2004, ¥21,933 million; 2003, ¥43,701 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2004, ¥21,933 million; 2003, ¥43,701 million) and corresponding interest (2004, ¥21 million; 2003, ¥46 million).

Overseas Operations

Year ended March 31	Millions of yen					
	2004			2003		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥7,391,661	¥238,922	3.23%	¥9,690,916	¥421,432	4.35%
Loans and bills discounted.....	5,064,994	148,501	2.93	6,252,263	204,679	3.27
Securities	1,036,961	35,639	3.44	1,745,522	58,303	3.34
Call loans and bills bought	101,843	2,200	2.16	120,354	2,242	1.86
Receivables under resale agreements	127,275	2,538	1.99	100,914	1,348	1.34
Receivables under securities borrowing transactions	—	—	—	—	—	—
Deposits with banks	703,330	7,008	1.00	970,063	22,153	2.28
Interest-bearing liabilities	¥5,109,984	¥100,641	1.97%	¥6,812,607	¥209,909	3.08%
Deposits	3,404,225	55,119	1.62	3,994,367	89,254	2.23
Negotiable certificates of deposit	96,735	2,697	2.79	200,607	5,503	2.74
Call money and bills sold	123,925	1,355	1.09	168,107	2,614	1.56
Payables under repurchase agreements ...	354,094	4,107	1.16	1,059,369	18,111	1.71
Payables under securities lending transactions	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—
Borrowed money	113,752	2,179	1.92	212,650	6,168	2.90
Bonds	1,004,354	31,577	3.14	1,159,507	38,169	3.29

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 (2004, ¥29,738 million; 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 (2004, ¥— million; 2003, ¥67 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2004, ¥— million; 2003, ¥67 million) and corresponding interest (2004, ¥— million; 2003, ¥1 million).

Total of Domestic and Overseas Operations

Year ended March 31	Millions of yen					
	2004			2003		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥86,501,290	¥1,560,705	1.80%	¥92,471,081	¥1,817,526	1.97%
Loans and bills discounted.....	58,663,957	1,134,996	1.93	62,968,968	1,262,140	2.00
Securities	24,127,804	256,601	1.06	23,416,587	268,840	1.15
Call loans and bills bought	649,529	4,040	0.62	748,139	4,179	0.56
Receivables under resale agreements	161,173	2,542	1.58	221,896	1,352	0.61
Receivables under securities borrowing transactions	515,980	104	0.02	1,254,675	225	0.02
Deposits with banks	1,217,563	12,679	1.04	1,769,561	34,759	1.96
Interest-bearing liabilities	¥87,597,113	¥ 295,053	0.34%	¥92,217,203	¥ 417,356	0.45%
Deposits	63,153,721	104,741	0.17	62,286,624	152,364	0.24
Negotiable certificates of deposit	4,378,620	3,545	0.08	5,940,120	7,578	0.13
Call money and bills sold	7,310,332	2,598	0.04	10,334,702	3,724	0.04
Payables under repurchase agreements ...	2,065,520	4,212	0.20	2,095,938	18,185	0.87
Payables under securities lending transactions	5,090,264	48,622	0.96	3,853,983	28,830	0.75
Commercial paper	6,997	4	0.07	268,052	380	0.14
Borrowed money	1,310,322	31,084	2.37	2,774,225	52,380	1.89
Bonds	3,785,679	74,855	1.98	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 (2004, ¥1,332,007 million; 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 (2004, ¥21,933 million; 2003, ¥43,769 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2004, ¥21,933 million; 2003, ¥43,769 million) and corresponding interest (2004, ¥21 million; 2003, ¥48 million).

Fees and Commissions

Year ended March 31	Millions of yen							
	2004				2003			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Fees and commissions (income).....	¥392,956	¥30,604	¥(1,495)	¥422,066	¥395,637	¥28,765	¥(168)	¥424,235
Deposits and loans	18,449	17,995	(878)	35,566	14,117	15,683	(3)	29,797
Remittances and transfers.....	114,231	5,756	(613)	119,374	107,473	5,923	(0)	113,396
Securities-related business.....	43,884	0	—	43,884	30,819	2	—	30,822
Agency.....	16,247	—	—	16,247	15,325	—	—	15,325
Safe deposits.....	5,923	3	—	5,927	4,973	5	—	4,978
Guarantees.....	30,377	2,845	(2)	33,221	26,556	2,069	(164)	28,462
Credit card	8,820	—	—	8,820	86,145	—	—	86,145
Fees and commissions (expenses).....	¥ 87,775	¥ 4,309	¥ (629)	¥ 91,455	¥ 70,742	¥ 3,715	¥(200)	¥ 74,257
Remittances and transfers.....	21,952	2,128	(527)	23,553	20,461	1,327	(0)	21,789

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							
	2004				2003			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading profits.....	¥289,432	¥23,302	¥(7,723)	¥305,011	¥193,188	¥23,417	¥(10,109)	¥206,496
Gains on trading securities	6,735	—	—	6,735	6,328	2,861	—	9,190
Gains on securities related to trading transactions	—	—	—	—	—	—	—	—
Gains on trading-related financial derivatives.....	282,697	23,302	(7,723)	298,275	186,477	20,555	(10,109)	196,924
Others	—	—	—	—	381	—	—	381
Trading losses	¥ 8,628	¥ 11	¥(7,723)	¥ 916	¥ 7,401	¥ 3,433	¥(10,109)	¥ 725
Losses on trading securities	—	—	—	—	—	—	—	—
Losses on securities related to trading transactions	904	—	—	904	725	—	—	725
Losses on trading-related financial derivatives.....	7,723	—	(7,723)	—	6,675	3,433	(10,109)	—
Others	—	11	—	11	—	—	—	—

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

Deposits and Negotiable Certificates of Deposit

Year-End Balance

March 31	Millions of yen		
	2004	2003	2002
Domestic operations:			
Liquid deposits.....	¥36,880,645	¥34,812,728	¥32,824,002
Fixed-term deposits.....	20,308,522	20,588,487	22,837,970
Others	4,766,398	4,258,026	4,099,619
Subtotal	¥61,955,566	¥59,659,242	¥59,761,592
Negotiable certificates of deposit.....	¥ 3,491,393	¥ 4,776,264	¥ 6,283,136
Total.....	¥65,446,960	¥64,435,507	¥66,044,728
Overseas operations:			
Liquid deposits.....	¥ 2,865,697	¥ 2,733,493	¥ 4,579,035
Fixed-term deposits.....	564,776	593,179	634,673
Others	8,036	10,089	10,674
Subtotal	¥ 3,438,510	¥ 3,336,761	¥ 5,224,383
Negotiable certificates of deposit.....	¥ 96,070	¥ 112,753	¥ 378,960
Total.....	¥ 3,534,580	¥ 3,449,515	¥ 5,603,344
Grand total.....	¥68,981,540	¥67,885,022	¥71,648,073

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	2004		2003	
	Millions of yen	Percentage	Millions of yen	Percentage
Domestic operations:				
Manufacturing.....	¥ 6,133,208	11.92%	¥ 6,321,452	11.17%
Agriculture, forestry, fisheries and mining.....	142,574	0.28	207,514	0.37
Construction	1,950,119	3.79	2,630,118	4.65
Transportation, communications and public enterprises	3,270,116	6.36	3,076,295	5.44
Wholesale and retail	5,871,202	11.41	6,235,896	11.02
Finance and insurance	4,035,142	7.84	4,543,927	8.03
Real estate	7,948,701	15.45	9,015,365	15.94
Services.....	6,177,383	12.01	6,172,685	10.91
Municipalities	765,640	1.49	577,100	1.02
Others.....	15,153,844	29.45	17,789,591	31.45
Subtotal	¥51,447,932	100.00%	¥56,569,948	100.00%
Overseas operations:				
Public sector	¥ 81,737	2.05%	¥ 141,742	3.05%
Financial institutions	338,458	8.50	314,695	6.77
Commerce and industry	3,317,645	83.34	3,912,861	84.15
Others.....	243,193	6.11	280,369	6.03
Subtotal	¥ 3,981,034	100.00%	¥ 4,649,668	100.00%
Total.....	¥55,428,967	—	¥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	
	Millions of yen	Percentage
Domestic operations:		
Manufacturing	¥ 7,847,614	13.58%
Agriculture, forestry, fisheries and mining.....	204,176	0.36
Construction	3,148,042	5.45
Transportation, communications and other public enterprises.....	2,948,100	5.10
Wholesale and retail.....	7,672,699	13.28
Finance and insurance.....	4,257,910	7.37
Real estate.....	9,401,219	16.27
Services	6,985,944	12.09
Municipalities.....	404,860	0.70
Others	14,904,395	25.80
Subtotal	¥57,774,965	100.00%
Overseas operations:		
Public sector.....	¥ 183,344	3.12%
Financial institutions.....	355,561	6.06
Commerce and industry.....	5,119,312	87.20
Others	212,401	3.62
Subtotal	¥ 5,870,621	100.00%
Total	¥63,645,586	—

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		
	2004	2003	2002
Bankrupt loans.....	¥ 96,101	¥ 199,794	¥ 227,484
Non-accrual loans.....	1,710,575	2,665,675	3,599,750
Past due loans (3 months or more)	51,019	128,493	102,762
Restructured loans	1,371,524	2,689,172	2,554,371
Total.....	¥3,229,219	¥5,683,134	¥6,484,367

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		
	2004	2003	2002
Domestic operations:			
Japanese government bonds	¥14,377,379	¥12,813,386	¥10,038,543
Japanese local government bonds.....	506,263	375,204	500,052
Japanese corporate bonds.....	2,651,971	2,369,698	1,430,388
Japanese stocks.....	3,468,250	3,326,510	5,216,483
Others.....	4,892,200	3,334,211	2,043,610
Subtotal	¥25,896,065	¥22,219,011	¥19,229,077
Overseas operations:			
Japanese government bonds	¥ 71,560	¥ 88,250	¥ 75,329
Japanese local government bonds.....	—	—	—
Japanese corporate bonds.....	—	854	—
Japanese stocks.....	—	—	—
Others.....	895,874	1,650,405	1,390,225
Subtotal	¥ 967,435	¥ 1,739,510	¥ 1,465,554
Total.....	¥26,863,501	¥23,958,521	¥20,694,632

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

March 31	Millions of yen							
	2004				2003			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading assets:	¥2,959,570	¥366,802	¥(19,592)	¥3,306,780	¥3,961,696	¥550,962	¥(17,263)	¥4,495,396
Trading securities.....	32,516	48,250	—	80,766	111,930	113,679	—	225,610
Derivatives of trading securities	139	—	—	139	81	—	—	81
Securities related to trading transactions ...	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions.....	595	—	—	595	121	—	—	121
Trading-related financial derivatives	1,836,358	318,552	(19,592)	2,135,318	2,640,783	437,283	(17,263)	3,060,803
Other trading assets.....	1,089,960	—	—	1,089,960	1,208,779	—	—	1,208,779
Trading liabilities:	¥1,518,119	¥374,718	¥(19,592)	¥1,873,245	¥2,424,433	¥444,222	¥(17,263)	¥2,851,391
Trading securities sold for short sales	19,855	12,802	—	32,658	3,397	6,409	—	9,806
Derivatives of trading securities	242	—	—	242	78	—	—	78
Securities related to trading transactions ...	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions.....	940	—	—	940	423	—	—	423
Trading-related financial derivatives	1,497,081	361,915	(19,592)	1,839,404	2,420,079	437,812	(17,263)	2,840,629
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 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 year.

Gross Banking Profit, Classified by Domestic and International Operations

Year ended March 31	Millions of yen					
	2004			2003		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Interest income	¥1,017,456	¥375,344	¥1,392,322	¥1,105,122	¥541,970	¥1,647,092
			[478]			[0]
Interest expenses.....	69,570	236,170	305,262	79,324	344,430	423,755
			[478]			[0]
Net interest income	947,885	139,174	1,087,060	1,025,797	197,539	1,223,336
Trust fees	¥ 334	¥ —	¥ 334	¥ 7	¥ —	¥ 7
Fees and commissions (income)	¥ 262,993	¥ 59,081	¥ 322,075	¥ 225,296	¥ 53,494	¥ 278,790
Fees and commissions (expenses)	83,827	11,679	95,506	72,447	11,677	84,124
Net fees and commissions	179,166	47,401	226,568	152,849	41,816	194,665
Trading profits	¥ 667	¥282,944	¥ 283,611	¥ 2,496	¥194,229	¥ 196,726
Trading losses.....	1,977	904	2,881	0	725	725
Net trading income	(1,309)	282,039	280,729	2,496	193,504	196,000
Other operating income	¥ 84,531	¥ 68,412	¥ 149,209	¥ 86,409	¥108,243	¥ 194,653
Other operating expenses.....	74,991	88,517	159,774	14,662	33,317	47,980
Net other operating income.....	9,540	(20,105)	(10,565)	71,747	74,925	146,672
Gross banking profit.....	¥1,135,616	¥448,510	¥1,584,127	¥1,252,898	¥507,785	¥1,760,684
Gross banking profit rate (%)	1.62%	3.70%	1.95%	1.67%	3.73%	1.99%

- 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 offshore 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 (2004, ¥21 million; 2003, ¥48 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. For the year ended March 31, 2004, figures in "Total" column for "Other operating income" and "Other operating expenses" are lower than the corresponding combined sums under "Domestic operations" and "International operations" by ¥3,734 million in both cases. This is because income figures for financial derivatives are given net.
5. 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					
	2004			2003		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥70,034,584	¥1,017,456	1.45%	¥74,671,786	¥1,105,122	1.47%
				[961]	[0]	
Loans and bills discounted.....	50,475,233	883,037	1.75	53,858,748	932,462	1.73
Securities	18,598,661	111,185	0.59	18,847,060	123,972	0.65
Call loans	203,991	103	0.05	260,378	296	0.11
Receivables under resale agreements	11,508	0	0.00	93,308	1	0.00
Receivables under securities borrowing transactions.....	515,919	104	0.02	1,254,648	225	0.01
Bills bought	184,953	5	0.00	250,527	34	0.01
Deposits with banks.....	42,471	77	0.18	101,389	207	0.20
Interest-bearing liabilities	¥71,856,302	¥ 69,570	0.09%	¥74,115,711	¥ 79,324	0.10%
	[1,000,541]	[478]				
Deposits	52,485,951	14,501	0.02	51,622,549	21,557	0.04
Negotiable certificates of deposit	4,324,976	831	0.01	5,776,955	2,068	0.03
Call money	2,407,003	73	0.00	2,777,696	320	0.01
Payables under repurchase agreements ...	1,723,557	104	0.00	1,061,813	76	0.00
Payables under securities lending transactions	2,020,607	219	0.01	2,366,830	284	0.01
Bills sold	4,702,846	876	0.01	7,363,971	347	0.00
Commercial paper.....	2,192	0	0.01	103,675	82	0.07
Borrowed money	936,408	26,743	2.85	1,026,493	29,554	2.87
Bonds.....	2,213,020	25,243	1.14	2,010,430	24,453	1.21

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2004, ¥1,247,575 million; 2003, ¥765,932 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2004, ¥21,921 million; 2003, ¥43,688 million) and corresponding interest (2004, ¥21 million; 2003, ¥46 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					
	2004			2003		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥12,103,251 [1,000,541]	¥375,344 [478]	3.10%	¥13,612,252	¥541,970	3.98%
Loans and bills discounted.....	3,769,716	89,853	2.38	5,532,654	166,864	3.01
Securities	5,216,457	138,408	2.65	4,283,361	133,865	3.12
Call loans	160,609	2,130	1.32	142,801	2,565	1.79
Receivables under resale agreements	88,578	818	0.92	61,573	450	0.73
Receivables under securities borrowing transactions	—	—	—	—	—	—
Bills bought	—	—	—	—	—	—
Deposits with banks	979,681	11,090	1.12	1,709,090	33,861	1.98
Interest-bearing liabilities	¥12,062,826	¥236,170	1.95%	¥13,290,079 [961]	¥344,430 [0]	2.59%
Deposits	5,678,463	70,632	1.24	7,052,284	124,348	1.76
Negotiable certificates of deposit	64,031	2,156	3.36	124,731	4,282	3.43
Call money	138,887	1,494	1.07	192,898	3,045	1.57
Payables under repurchase agreements ...	291,723	2,984	1.02	1,015,857	16,639	1.63
Payables under securities lending transactions	3,060,699	48,401	1.58	1,473,104	28,544	1.93
Bills sold	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—
Borrowed money	1,704,931	64,999	3.81	2,023,640	77,336	3.82
Bonds	654,400	24,197	3.69	445,463	17,527	3.93

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2004, ¥30,603 million; 2003, ¥26,123 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2004, ¥— million; 2003, ¥79 million) and corresponding interest (2004, ¥— million; 2003, ¥2 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					
	2004			2003		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥81,137,294	¥1,392,322	1.71%	¥88,283,077	¥1,647,092	1.86%
Loans and bills discounted.....	54,244,949	972,891	1.79	59,391,403	1,099,326	1.85
Securities	23,815,118	249,594	1.04	23,130,421	257,837	1.11
Call loans	364,601	2,233	0.61	403,180	2,861	0.70
Receivables under resale agreements	100,087	818	0.81	154,881	452	0.29
Receivables under securities borrowing transactions	515,919	104	0.02	1,254,648	225	0.01
Bills bought	184,953	5	0.00	250,527	34	0.01
Deposits with banks	1,022,152	11,167	1.08	1,810,479	34,069	1.88
Interest-bearing liabilities	¥82,918,587	¥ 305,262	0.36%	¥87,404,829	¥ 423,755	0.48%
Deposits	58,164,414	85,133	0.14	58,674,833	145,905	0.24
Negotiable certificates of deposit	4,389,008	2,988	0.06	5,901,687	6,350	0.10
Call money	2,545,891	1,567	0.06	2,970,595	3,365	0.11
Payables under repurchase agreements ...	2,015,281	3,089	0.15	2,077,671	16,716	0.80
Payables under securities lending transactions	5,081,306	48,621	0.95	3,839,935	28,828	0.75
Bills sold	4,702,846	876	0.01	7,363,971	347	0.00
Commercial paper	2,192	0	0.01	103,675	82	0.07
Borrowed money	2,641,340	91,742	3.47	3,050,133	106,891	3.50
Bonds	2,867,421	49,441	1.72	2,455,893	41,981	1.70

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2004, ¥1,278,178 million; 2003, ¥792,056 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2004, ¥21,921 million; 2003, ¥43,767 million) and corresponding interest (2004, ¥21 million; 2003, ¥48 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					
	2004			2003		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥(67,656)	¥(20,009)	¥(87,666)	¥(57,984)	¥(50,428)	¥(108,413)
Loans and bills discounted.....	(59,105)	9,680	(49,424)	(1,574)	(59,964)	(61,539)
Securities	(1,615)	(11,172)	(12,787)	(7,804)	(46,946)	(54,751)
Call loans	(54)	(139)	(193)	120	40	160
Receivables under resale agreements	(1)	0	(1)	(423)	(448)	(871)
Bills bought	(7)	(21)	(29)	29	(22)	7
Deposits with banks.....	(109)	(20)	(130)	149	31	181
Interest expenses.....	¥ (2,362)	¥ (7,391)	¥ (9,754)	¥ 2,024	¥(46,377)	¥ (44,353)
Deposits	354	(7,410)	(7,055)	3,460	(27,033)	(23,573)
Negotiable certificates of deposit	(435)	(801)	(1,236)	(2,063)	(2,089)	(4,152)
Call money	(37)	(208)	(246)	(260)	(703)	(963)
Payable under repurchase agreements.....	41	(13)	28	(299)	(497)	(797)
Bills sold	(165)	694	528	311	(1,217)	(906)
Commercial paper.....	(43)	(38)	(82)	(639)	(249)	(888)
Borrowed money	(2,574)	(236)	(2,811)	(4,715)	1,300	(3,415)
Bonds.....	2,369	(1,579)	790	2,389	(9,173)	(6,783)

Note: Volume/rate variance is prorated according to changes in volume and rate.

International Operations

Year ended March 31	Millions of yen					
	2004			2003		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥(55,644)	¥(110,980)	¥(166,625)	¥(161,503)	¥(291,349)	¥(452,852)
Loans and bills discounted.....	(46,445)	(30,565)	(77,011)	(52,698)	(54,050)	(106,748)
Securities	26,560	(22,017)	4,543	41,848	(234,717)	(192,869)
Call loans	292	(727)	(434)	252	(1,994)	(1,742)
Receivables under resale agreements	230	137	367	(94)	(363)	(457)
Bills bought	—	—	—	—	—	—
Deposits with banks.....	(11,969)	(11,344)	(23,314)	(81,832)	(69,364)	(151,197)
Interest expenses.....	¥(29,673)	¥ (78,586)	¥(108,260)	¥(134,225)	¥(118,983)	¥(253,209)
Deposits	(21,383)	(32,332)	(53,715)	(75,674)	(79,033)	(154,707)
Negotiable certificates of deposit	(2,045)	(80)	(2,125)	(3,161)	(767)	(3,929)
Call money	(725)	(825)	(1,551)	(2,024)	(2,453)	(4,478)
Payable under repurchase agreements.....	(8,944)	(4,710)	(13,654)	6,454	(6,321)	133
Bills sold	—	—	—	—	—	—
Commercial paper.....	—	—	—	—	—	—
Borrowed money	(12,151)	(185)	(12,337)	(17,752)	(8,842)	(26,594)
Bonds.....	7,782	(1,111)	6,670	—	—	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					
	2004			2003		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥(127,946)	¥(126,822)	¥(254,769)	¥(81,852)	¥(475,557)	¥(557,410)
Loans and bills discounted.....	(93,082)	(33,352)	(126,435)	(32,793)	(135,495)	(168,288)
Securities	7,481	(15,724)	(8,243)	(7,503)	(240,117)	(247,620)
Call loans	(258)	(369)	(627)	1,426	(3,007)	(1,581)
Receivables under resale agreements	(207)	573	366	(2,298)	969	(1,329)
Bills bought	(7)	(21)	(29)	29	(22)	7
Deposits with banks.....	(12,241)	(11,203)	(23,444)	(78,921)	(72,094)	(151,016)
Interest expenses.....	¥ (20,830)	¥ (97,662)	¥(118,492)	¥ 379	¥(294,086)	¥(293,707)
Deposits	(1,258)	(59,512)	(60,771)	2,987	(181,268)	(178,280)
Negotiable certificates of deposit	(1,381)	(1,979)	(3,361)	(5,143)	(2,938)	(8,082)
Call money	(428)	(1,369)	(1,797)	(1,858)	(3,583)	(5,442)
Payable under repurchase agreements.....	(487)	(13,139)	(13,626)	(5,070)	4,406	(663)
Bills sold	(165)	694	528	311	(1,217)	(906)
Commercial paper.....	(43)	(38)	(82)	(639)	(249)	(888)
Borrowed money.....	(14,206)	(941)	(15,148)	(21,930)	(8,079)	(30,009)
Bonds.....	7,092	367	7,460	10,200	543	10,743

Note: Volume/rate variance is prorated according to changes in volume and rate.

Fees and Commissions

Year ended March 31	Millions of yen					
	2004			2003		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Fees and commissions (income)	¥262,993	¥59,081	¥322,075	¥225,296	¥53,494	¥278,790
Deposits and loans	11,331	16,950	28,282	11,049	17,004	28,053
Remittances and transfers	91,054	21,163	112,218	87,609	20,894	108,503
Securities-related business.....	19,492	763	20,256	22,718	936	23,655
Agency	13,656	—	13,656	12,918	—	12,918
Safe deposits	5,532	—	5,532	4,606	—	4,606
Guarantees	9,214	5,014	14,228	6,396	4,015	10,412
Fees and commissions (expenses).....	¥ 83,827	¥11,679	¥ 95,506	¥ 72,447	¥11,677	¥ 84,124
Remittances and transfers	17,429	4,489	21,918	16,238	4,838	21,077

Trading Income

Year ended March 31	Millions of yen					
	2004			2003		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Trading profits	¥ 667	¥282,944	¥283,611	¥2,496	¥194,229	¥196,726
Gains on trading securities	—	—	—	1,670	—	1,670
Gains on securities related to trading transactions.....	—	—	—	—	—	—
Gains on trading-related financial derivatives.....	—	282,944	282,944	—	194,229	194,229
Others	667	—	667	826	—	826
Trading losses.....	¥1,977	¥ 904	¥ 2,881	¥ —	¥ 725	¥ 725
Losses on trading securities	1,977	—	1,977	—	—	—
Losses on securities related to trading transactions.....	—	904	904	—	725	725
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					
	2004			2003		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Net other operating income	¥9,540	¥(20,105)	¥(10,565)	¥71,747	¥74,925	¥146,672
Gains (losses) on bonds	291	22,449	22,741	72,054	63,604	135,659
Gains (losses) on foreign exchange transactions	—	—	—	—	6,822	6,822

General and Administrative Expenses

Year ended March 31	Millions of yen	
	2004	2003
Salaries and related expenses	¥171,026	¥205,205
Retirement benefit cost.....	62,742	45,081
Welfare expenses.....	26,019	31,892
Depreciation	53,490	61,549
Rent and lease expenses	48,188	64,466
Building and maintenance expenses.....	3,485	5,178
Supplies expenses	6,215	7,799
Water, lighting, and heating expenses	5,222	6,766
Traveling expenses	2,370	2,797
Communication expenses	7,245	8,591
Publicity and advertising expenses	4,059	6,916
Taxes, other than income taxes	34,076	35,450
Others	198,956	189,946
Total	¥623,098	¥671,639

Note: Because expenses reported on page 16 exclude nonrecurring losses, they are not reconciled with the figures reported in the above table.

Deposits (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Deposits and Negotiable Certificates of Deposit

Year-End Balance

March 31	2004		2003		2002	
	Millions of yen	Percentage	Millions of yen	Percentage	Millions of yen	Percentage
Domestic operations:						
Liquid deposits	¥35,103,333	61.2%	¥33,336,625	57.5%	¥31,350,536	53.5%
Fixed-term deposits	17,519,187	30.6	18,519,788	32.0	19,982,869	34.1
Others	1,165,818	2.0	1,209,703	2.1	967,330	1.7
Subtotal	¥53,788,339	93.8	¥53,066,116	91.6	¥52,300,736	89.3
Negotiable certificates of deposit	¥ 3,534,978	6.2	¥ 4,841,982	8.4	¥ 6,267,860	10.7
Total	¥57,323,318	100.0%	¥57,908,099	100.0%	¥58,568,596	100.0%
International operations:						
Liquid deposits	¥ 2,126,160	33.5%	¥ 2,130,354	37.9%	¥ 4,720,017	52.1%
Fixed-term deposits	638,098	10.1	438,213	7.8	949,692	10.5
Others	3,514,818	55.5	2,976,046	53.0	3,081,367	34.0
Subtotal	¥ 6,279,077	99.1	¥ 5,544,614	98.7	¥ 8,751,076	96.6
Negotiable certificates of deposit	¥ 54,376	0.9	¥ 71,544	1.3	¥ 309,679	3.4
Total	¥ 6,333,453	100.0%	¥ 5,616,159	100.0%	¥ 9,060,756	100.0%
Grand total	¥63,656,771	—	¥63,524,258	—	¥67,629,353	—

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		
	2004	2003	2002
Domestic operations:			
Liquid deposits	¥34,022,602	¥32,011,369	¥24,764,664
Fixed-term deposits	17,928,748	19,057,788	21,980,498
Others	534,600	553,391	514,564
Subtotal	¥52,485,951	¥51,622,549	¥47,259,727
Negotiable certificates of deposit	¥ 4,324,976	¥ 5,776,955	¥ 9,972,010
Total	¥56,810,927	¥57,399,504	¥57,231,738
International operations:			
Liquid deposits	¥ 1,905,787	¥ 3,414,692	¥ 6,856,855
Fixed-term deposits	467,222	725,366	796,962
Others	3,305,452	2,912,225	2,796,777
Subtotal	¥ 5,678,463	¥ 7,052,284	¥10,450,595
Negotiable certificates of deposit	¥ 64,031	¥ 124,731	¥ 214,841
Total	¥ 5,742,494	¥ 7,177,016	¥10,665,437
Grand total	¥62,553,422	¥64,576,521	¥67,897,175

Notes: 1. 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.

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

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

4. 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	2004		2003		2002	
	Millions of yen	Percentage	Millions of yen	Percentage	Millions of yen	Percentage
Individual	¥31,631,834	53.9%	¥31,210,201	55.3%	¥30,110,733	55.1%
Corporate	27,047,368	46.1	25,261,571	44.7	24,503,958	44.9
Total	¥58,679,202	100.0%	¥56,471,772	100.0%	¥54,614,691	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		
	2004	2003	2002
Individual	¥1,920,024	¥1,598,577	¥1,485,311
Corporate.....	85,660	77,507	86,711
Total.....	¥2,005,684	¥1,676,084	¥1,572,022

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		
	2004	2003	2002
Less than three months	¥ 4,934,527	¥ 9,331,860	¥ 8,332,787
Fixed interest rates	4,578,876	8,981,521	7,924,906
Floating interest rates	11,500	501	—
Three — six months	¥ 3,179,150	¥ 2,391,469	¥ 3,604,678
Fixed interest rates	3,155,985	2,372,360	3,581,854
Floating interest rates	—	—	—
Six months — one year	¥ 5,273,003	¥ 3,964,513	¥ 5,599,317
Fixed interest rates	5,256,668	3,955,873	5,592,722
Floating interest rates	—	1	—
One — two years	¥ 2,377,402	¥ 1,397,409	¥ 1,701,294
Fixed interest rates	2,352,455	1,389,250	1,697,715
Floating interest rates	—	—	—
Two — three years	¥ 1,448,562	¥ 1,320,298	¥ 1,135,179
Fixed interest rates	1,438,749	1,280,986	1,127,185
Floating interest rates	—	5,500	1,500
Three years or more	¥ 944,564	¥ 545,563	¥ 559,304
Fixed interest rates	873,226	516,255	521,985
Floating interest rates	59,650	10,650	—
Total.....	¥18,157,210	¥18,951,114	¥20,932,561
Fixed interest rates	17,655,962	18,496,247	20,446,369
Floating interest rates	71,150	16,654	1,500

Note: The figures above do not include installment savings.

Loans (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Balance of Loans and Bills Discounted

Year-End Balance

March 31	Millions of yen		
	2004	2003	2002
Domestic operations:			
Loans on notes	¥ 5,273,254	¥ 6,660,286	¥ 6,895,403
Loans on deeds	33,177,784	37,400,695	34,298,736
Overdrafts	8,249,108	8,410,644	11,567,085
Bills discounted	572,371	649,463	857,189
Subtotal	¥47,272,518	¥53,121,090	¥53,618,414
International operations:			
Loans on notes	¥ 436,046	¥ 550,369	¥ 1,002,166
Loans on deeds	3,007,477	3,495,523	5,136,672
Overdrafts	93,462	115,210	170,476
Bills discounted	639	172	638
Subtotal	¥ 3,537,625	¥ 4,161,274	¥ 6,309,954
Total	¥50,810,144	¥57,282,365	¥59,928,368

Average Balance

Year ended March 31	Millions of yen		
	2004	2003	2002
Domestic operations:			
Loans on notes	¥ 6,007,354	¥ 6,987,204	¥ 6,679,940
Loans on deeds	35,527,330	36,317,903	35,133,057
Overdrafts	8,392,655	9,914,028	10,972,299
Bills discounted	547,893	639,612	790,752
Subtotal	¥50,475,233	¥53,858,748	¥53,576,051
International operations:			
Loans on notes	¥ 439,060	¥ 802,842	¥ 1,058,147
Loans on deeds	3,148,040	4,572,375	5,785,859
Overdrafts	181,726	156,554	215,157
Bills discounted	889	882	383
Subtotal	¥ 3,769,716	¥ 5,532,654	¥ 7,059,547
Total	¥54,244,949	¥59,391,403	¥60,635,599

Notes: 1. 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.

2. 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	2004		2003		2002	
	Millions of yen	Percentage	Millions of yen	Percentage	Millions of yen	Percentage
Funds for capital investment	¥21,632,436	42.6%	¥22,156,745	38.7%	¥23,277,789	38.8%
Funds for working capital	29,177,708	57.4	35,125,619	61.3	36,650,579	61.2
Total	¥50,810,144	100.0%	¥57,282,365	100.0%	¥59,928,368	100.0%

Note: Percentage indicates the composition ratio.

Breakdown of Loan Collateral

March 31	Millions of yen		
	2004	2003	2002
Securities	¥ 1,025,755	¥ 805,685	¥ 1,171,780
Commercial claims	1,311,345	1,253,179	1,098,954
Commercial goods	2,595	4,579	4,430
Real estate	7,490,743	8,531,366	9,309,699
Others	363,678	479,374	831,093
Subtotal	¥10,194,118	¥11,074,186	¥12,415,959
Guaranteed	¥22,103,891	¥22,177,530	¥23,864,117
Unsecured	18,512,134	24,030,649	23,648,291
Total	¥50,810,144	¥57,282,365	¥59,928,368

Balance of Loans and Bills Discounted, Classified by Maturity

March 31	Millions of yen		
	2004	2003	2002
One year or less	¥10,666,356	¥15,605,752	¥16,085,851
Floating interest rates	/	/	/
Fixed interest rates	/	/	/
One — three years	¥ 8,223,191	¥ 9,400,680	¥10,058,898
Floating interest rates	5,500,484	6,347,133	7,076,540
Fixed interest rates	2,722,707	3,053,547	2,982,358
Three — five years	¥ 5,451,873	¥ 5,876,286	¥ 6,058,896
Floating interest rates	3,950,114	3,973,971	4,401,939
Fixed interest rates	1,501,759	1,902,314	1,656,956
Five — seven years	¥ 2,237,279	¥ 2,502,737	¥ 2,572,696
Floating interest rates	1,715,055	1,683,355	1,957,333
Fixed interest rates	522,223	819,382	615,363
More than seven years	¥15,888,872	¥15,492,524	¥13,527,762
Floating interest rates	14,822,715	14,629,478	12,854,843
Fixed interest rates	1,066,156	863,046	672,918
No designated term	¥ 8,342,570	¥ 8,404,383	¥11,624,262
Floating interest rates	8,342,570	8,399,298	11,624,262
Fixed interest rates	—	5,084	—
Total	¥50,810,144	¥57,282,365	¥59,928,368

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	2004		2003	
	Millions of yen	Percentage	Millions of yen	Percentage
Domestic offices:				
Manufacturing	¥ 5,794,191	12.1%	¥ 6,031,262	11.2%
Agriculture, forestry, fisheries and mining	133,833	0.3	192,795	0.4
Construction	1,717,184	3.6	2,385,278	4.4
Transportation, communications and public enterprises	3,134,713	6.5	2,968,971	5.5
Wholesale and retail	5,492,168	11.5	5,812,485	10.8
Finance and insurance	4,892,526	10.2	5,419,634	10.1
Real estate	6,995,060	14.6	8,240,327	15.3
Services	5,470,887	11.4	5,622,703	10.5
Municipalities	688,159	1.4	508,144	0.9
Others	13,632,796	28.4	16,614,280	30.9
Subtotal	¥47,951,522	100.0%	¥53,795,885	100.0%
Overseas offices:				
Public sector	¥ 63,654	2.2%	¥ 119,468	3.4%
Financial institutions	227,393	8.0	236,116	6.8
Commerce and industry	2,395,989	83.8	2,945,122	84.5
Others	171,583	6.0	185,772	5.3
Subtotal	¥ 2,858,622	100.0%	¥ 3,486,479	100.0%
Total	¥50,810,144	—	¥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	
	Millions of yen	Percentage
Domestic offices:		
Manufacturing	¥ 7,493,045	13.8%
Agriculture, forestry, fisheries and mining	183,675	0.3
Construction	2,841,574	5.2
Transportation, communications and other public enterprises	2,838,889	5.2
Wholesale and retail	7,161,690	13.2
Finance and insurance	5,244,899	9.6
Real estate	8,549,534	15.7
Services	6,364,140	11.7
Municipalities	337,514	0.6
Others	13,474,520	24.7
Subtotal	¥54,489,488	100.0%
Overseas offices:		
Public sector	¥ 182,437	3.4%
Financial institutions	372,246	6.8
Commerce and industry	4,689,758	86.2
Others	194,437	3.6
Subtotal	¥ 5,438,880	100.0%
Total	¥59,928,368	—

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		
	2004	2003	2002
Total domestic loans (A)	¥47,951,522	¥53,795,885	¥54,489,488
Loans to individuals, and small and medium-sized corporations (B)	35,427,834	36,733,241	38,780,331
(B) / (A)	73.9%	68.3%	71.2%

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		
	2004	2003	2002
Consumer loans	¥13,875,878	¥13,665,876	¥13,472,598
Housing loans	12,725,041	12,339,291	11,949,427
Housing loans for own housing	8,891,575	8,346,632	7,820,305
Others	1,150,837	1,326,585	1,523,171

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, 2004	Millions of yen				
	Balance at beginning of the fiscal year	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	¥1,106,970 [6,265]	¥ 769,033	¥ —	¥1,106,970*	¥ 769,033
Specific reserve for estimated loan losses on certain doubtful loans	945,345 [4,650]	473,959	747,788	197,556*	473,959
For nonresident loans	62,841 [4,650]	27,276	51,033	11,808*	27,276
Reserve for possible losses on specific overseas loans	11,566	7,758	—	11,566*	7,758
Total	¥2,063,881 [10,916]	¥1,250,751	¥747,788	¥1,316,093	¥1,250,751

*Transfer from reserves by reversal or origination method

Note: Figures in brackets [] indicate foreign exchange translation adjustments.

Year ended March 31, 2003	Millions of yen					
	Balance at beginning of the fiscal year	Amount transferred from SMBC	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	¥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.

Write-off of Loans

Year ended March 31	Millions of yen		
	2004	2003	2002
Write-off of loans	¥566,344	¥284,418	¥283,895

Note: Write-off of loans includes amount of direct reduction.

Specific Overseas Loans

March 31	Millions of yen		
	2004	2003	2002
Indonesia	¥73,826	¥104,744	¥138,482
Argentina	514	2,180	8,378
Algeria	—	—	4,139
Others	346	1,153	1,300
Total	¥74,688	¥108,077	¥152,300
Ratio of the total amounts to total assets	0.07%	0.11%	0.15%
Number of countries	6	9	9

Risk-Monitored Loans

March 31	Millions of yen		
	2004	2003	2002
Bankrupt loans	¥ 67,183	¥ 172,403	¥ 195,653
Non-accrual loans	1,460,787	2,390,173	3,184,459
Past due loans (3 months or more)	47,618	114,756	92,324
Restructured loans	1,199,301	2,492,199	2,344,016
Total	¥2,774,889	¥5,169,531	¥5,816,452

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		
	2004	2003	2002
Bankrupt and quasi-bankrupt assets	¥ 361.6	¥ 524.9	¥ 493.5
Doubtful assets	1,202.7	2,129.5	2,970.2
Substandard loans	1,246.9	2,606.9	2,436.3
Total of problem assets	¥ 2,811.2	¥ 5,261.3	¥ 5,900.0
Normal assets	¥52,874.4	¥57,313.4	¥60,558.9
Total	¥55,685.6	¥62,574.7	¥66,458.9

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

Balance of Securities

Year-End Balance

March 31	Millions of yen		
	2004	2003	2002
Domestic operations:			
Japanese government bonds	¥13,897,044	¥12,349,063	¥ 9,599,109
Japanese local government bonds	417,831	294,274	429,412
Japanese corporate bonds	2,371,760	2,081,107	1,183,562
Japanese stocks	3,660,522	3,508,151	5,595,410
Others	129,442	88,295	21,308
Foreign bonds	/	/	/
Foreign stocks	/	/	/
Subtotal	¥20,476,601	¥18,320,892	¥16,828,804
International operations:			
Japanese government bonds	¥ —	¥ —	¥ —
Japanese local government bonds	—	—	—
Japanese corporate bonds	—	—	—
Japanese stocks	—	—	—
Others	6,115,982	5,335,492	3,614,192
Foreign bonds	5,187,456	4,409,837	2,863,638
Foreign stocks	928,525	925,655	750,553
Subtotal	¥ 6,115,982	¥ 5,335,492	¥ 3,614,192
Total	¥26,592,584	¥23,656,385	¥20,442,996

Average Balance

Year ended March 31	Millions of yen		
	2004	2003	2002
Domestic operations:			
Japanese government bonds	¥12,820,808	¥11,355,059	¥11,707,532
Japanese local government bonds	354,229	334,482	393,236
Japanese corporate bonds	2,141,145	1,443,106	1,061,395
Japanese stocks	3,207,224	5,655,162	6,494,197
Others	75,254	59,250	30,941
Foreign bonds	/	/	/
Foreign stocks	/	/	/
Subtotal	¥18,598,661	¥18,847,060	¥19,687,304
International operations:			
Japanese government bonds	¥ —	¥ —	¥ —
Japanese local government bonds	—	—	—
Japanese corporate bonds	—	—	—
Japanese stocks	—	—	—
Others	5,216,457	4,283,361	3,738,953
Foreign bonds	4,303,429	3,565,089	2,851,256
Foreign stocks	913,027	718,271	887,696
Subtotal	¥ 5,216,457	¥ 4,283,361	¥ 3,738,953
Total	¥23,815,118	¥23,130,421	¥23,426,257

Notes: 1. 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.

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		
	2004	2003	2002
One year or less			
Japanese government bonds	¥ 2,586,741	¥ 3,224,334	¥2,155,760
Japanese local government bonds	1,174	6,119	25,433
Japanese corporate bonds	122,080	128,939	87,161
Others	255,415	159,914	219,992
Foreign bonds	251,402	129,200	218,291
One — three years			
Japanese government bonds	¥ 2,349,136	¥ 1,802,741	¥3,613,404
Japanese local government bonds	24,549	6,910	41,395
Japanese corporate bonds	697,926	627,709	340,745
Others	2,923,707	2,003,382	1,784,002
Foreign bonds	2,898,312	1,995,829	1,783,941
Three — five years			
Japanese government bonds	¥ 4,658,046	¥ 4,175,621	¥2,392,875
Japanese local government bonds	169,736	95,742	69,013
Japanese corporate bonds	1,066,954	826,585	469,994
Others	1,201,085	795,661	160,972
Foreign bonds	1,179,263	780,435	160,315
Five — seven years			
Japanese government bonds	¥ 2,026,179	¥ 1,113,572	¥ 465,271
Japanese local government bonds	12,662	39,278	96,921
Japanese corporate bonds	258,241	272,594	133,812
Others	165,856	168,291	68,426
Foreign bonds	141,726	164,803	67,652
Seven — 10 years			
Japanese government bonds	¥ 1,175,114	¥ 1,878,410	¥ 771,568
Japanese local government bonds	209,189	145,642	196,077
Japanese corporate bonds	223,592	223,378	149,948
Others	277,458	585,142	57,934
Foreign bonds	261,747	569,753	57,289
More than 10 years			
Japanese government bonds	¥ 1,101,824	¥ 154,383	¥ 200,230
Japanese local government bonds	519	580	570
Japanese corporate bonds	2,964	1,900	1,900
Others	386,108	707,823	510,543
Foreign bonds	362,180	706,385	508,912
No designated term			
Japanese government bonds	¥ —	¥ —	¥ —
Japanese local government bonds	—	—	—
Japanese corporate bonds	—	—	—
Japanese stocks	3,660,522	3,508,151	5,595,410
Others	1,035,792	1,003,572	833,629
Foreign bonds	92,822	63,429	67,236
Foreign stocks	928,525	925,655	750,553
Total			
Japanese government bonds	¥13,897,044	¥12,349,063	¥9,599,109
Japanese local government bonds	417,831	294,274	429,412
Japanese corporate bonds	2,371,760	2,081,107	1,183,562
Japanese stocks	3,660,522	3,508,151	5,595,410
Others	6,245,424	5,423,788	3,635,501
Foreign bonds	5,187,456	4,409,837	2,863,638
Foreign stocks	928,525	925,655	750,553

Capital Ratio

Sumitomo Mitsui Banking Corporation and Subsidiaries

Consolidated Capital Ratio

March 31		Millions of yen		
		2004	2003	2002
Tier I capital:	Capital stock.....	¥ 559,985	¥ 559,985	¥ 1,326,746
	Capital reserve	1,298,511	1,298,511	1,326,758
	Retained earnings	319,345	258,690	438,008
	Minority interests	1,005,824	1,025,217	984,088
	Valuation losses on other securities.....	—	(21,559)	(304,837)
	Treasury stock.....	—	—	(17,475)
	Foreign currency translation adjustments	(71,861)	(54,419)	(15,174)
	Goodwill and others.....	—	(74)	(18,747)
	Subtotal (A)	¥ 3,111,804	¥ 3,066,351	¥ 3,719,366
	Tier II capital:	45% of unrealized gains on other securities.....	¥ 245,500	¥ —
45% of unrealized gains on land		68,524	71,699	82,931
General reserve for possible loan losses		815,520	1,149,150	929,461
Qualifying subordinated debt.....		2,358,572	2,150,334	2,577,490
Subtotal		¥ 3,488,117	¥ 3,371,184	¥ 3,589,883
Tier II capital included as qualifying capital (B)	¥ 3,111,804	¥ 2,887,170	¥ 3,504,772	
Deductions:	(C)	¥ 24,634	¥ 25,684	¥ 163,331
Total capital:	(D) = (A) + (B) - (C)	¥ 6,198,974	¥ 5,927,837	¥ 7,060,807
Risk-adjusted assets:	On-balance-sheet.....	¥52,359,312	¥53,313,337	¥62,532,180
	Off-balance-sheet.....	4,264,272	3,523,317	4,803,181
	Asset equivalent of market risk	268,179	221,156	212,650
	Subtotal (E)	¥56,891,764	¥57,057,811	¥67,548,012
Capital ratio (BIS guidelines):	(D) / (E) × 100.....	10.89%	10.38%	10.45%

Nonconsolidated Capital Ratio

March 31		Millions of yen		
		2004	2003	2002
Tier I capital:	Capital stock.....	¥ 559,985	¥ 559,985	¥ 1,326,746
	Capital reserve	879,693	879,693	1,326,758
	Other capital surplus	357,614	357,614	/
	Earned surplus reserve	—	—	—
	Voluntary reserves	221,540	221,540	221,548
	Retained earnings carried forward to next year	253,068	191,507	122,955
	Other retained earnings.....	/	/	357,614
	Others.....	764,546	738,878	869,793
	Valuation losses on other securities.....	—	(17,864)	(297,950)
	Treasury stock.....	—	—	(283)
Subtotal (A)	¥ 3,036,448	¥ 2,931,354	¥ 3,927,183	
Tier II capital:	45% of unrealized gains on other securities.....	¥ 239,783	¥ —	¥ —
	45% of unrealized gains on land	61,515	64,438	73,568
	General reserve for possible loan losses	769,033	1,113,235	872,338
	Qualifying subordinated debt.....	2,321,172	2,126,658	2,544,424
	Subtotal	¥ 3,391,504	¥ 3,304,332	¥ 3,490,330
Tier II capital included as qualifying capital (B)	¥ 3,036,448	¥ 2,771,778	¥ 3,409,200	
Deductions:	(C)	¥ 55,666	¥ 55,378	¥ 55,349
Total capital:	(D) = (A) + (B) - (C)	¥ 6,017,230	¥ 5,647,753	¥ 7,281,033
Risk-adjusted assets:	On-balance-sheet.....	¥48,816,691	¥50,297,673	¥57,965,018
	Off-balance-sheet.....	3,925,351	3,322,458	5,192,299
	Asset equivalent of market risk	197,621	187,014	139,300
	Subtotal (E)	¥52,939,664	¥53,807,146	¥63,296,617
Capital ratio (BIS guidelines):	(D) / (E) × 100.....	11.36%	10.49%	11.50%

Ratios (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Figures related to profit or loss and average balance 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 year.

Income Ratio

Year ended March 31	Percentage	
	2004	2003
Ordinary profit to total assets	0.20%	—
Ordinary profit to stockholders' equity	13.39	—
Net income to total assets	0.33	—
Net income to stockholders' equity	22.49	—

- 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 are not shown due to ordinary loss (net loss).

Yield/Interest Rate

Year ended March 31	Percentage	
	2004	2003
Domestic operations		
Interest-earning assets (A)	1.45%	1.47%
Interest-bearing liabilities (B)	0.83	0.88
(A) - (B)	0.62	0.59
International operations		
Interest-earning assets (A)	3.10%	3.98%
Interest-bearing liabilities (B)	2.38	3.12
(A) - (B)	0.72	0.86
Total		
Interest-earning assets (A)	1.71%	1.86%
Interest-bearing liabilities (B)	1.07	1.22
(A) - (B)	0.64	0.64

Loan-Deposit Ratio

March 31	Millions of yen	
	2004	2003
Domestic operations		
Loan amount (A)	¥47,272,518	¥53,121,090
Deposit amount (B)	57,323,318	57,908,099
Loan-deposit ratio (%)		
(A) / (B)	82.46%	91.73%
Ratio by average balance for the fiscal year	88.84	93.83
International operations		
Loan amount (A)	¥ 3,537,625	¥ 4,161,274
Deposit amount (B)	6,333,453	5,616,159
Loan-deposit ratio (%)		
(A) / (B)	55.85%	74.09%
Ratio by average balance for the fiscal year	65.64	77.08
Total		
Loan amount (A)	¥50,810,144	¥57,282,365
Deposit amount (B)	63,656,771	63,524,258
Loan-deposit ratio (%)		
(A) / (B)	79.81%	90.17%
Ratio by average balance for the fiscal year	86.71	91.97

Note: Deposits include negotiable certificates of deposit.

Securities-Deposit Ratio

March 31	Millions of yen	
	2004	2003
Domestic operations		
Securities amount (A)	¥20,476,601	¥18,320,892
Deposit amount (B)	57,323,318	57,908,099
Securities-deposit ratio (%)		
(A) / (B)	35.72%	31.63%
Ratio by average balance for the fiscal year	32.73	32.83
International operations		
Securities amount (A)	¥ 6,115,982	¥ 5,335,492
Deposit amount (B)	6,333,453	5,616,159
Securities-deposit ratio (%)		
(A) / (B)	96.56%	95.00%
Ratio by average balance for the fiscal year	90.83	59.68
Total		
Securities amount (A)	¥26,592,584	¥23,656,385
Deposit amount (B)	63,656,771	63,524,258
Securities-deposit ratio (%)		
(A) / (B)	41.77%	37.23%
Ratio by average balance for the fiscal year	38.07	35.81

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" 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)

Note: Capital reserve of ¥220,966 million decreased due to corporate split on April 1, 2004.

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
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:

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 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, 2004	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.....	<u>55,778,805</u>

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, 2004 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, 2004 Shareholder	Number of shares	Percentage of shares outstanding
Sumitomo Mitsui Financial Group, Inc.	67,000	100.00%

c. Preferred Stock (Type 2)

March 31, 2004 Shareholder	Number of shares	Percentage of shares outstanding
Sumitomo Mitsui Financial Group, Inc.	100,000	100.00%

d. Preferred Stock (Type 3)

March 31, 2004 Shareholder	Number of shares	Percentage of shares outstanding
Sumitomo Mitsui Financial Group, Inc.	800,000	100.00%

Others (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Employees

March 31	2004	2003	2002
Number of employees	22,348	24,024	25,027
Average age (years–months)	38–9	38–8	38–3
Average length of employment (years–months)	16–8	16–8	16–4
Average monthly salary (thousands of yen)	¥496	¥508	¥496

Notes: 1. Figures as of March 31, 2003, include those of the former SMBC for the period from April 1, 2002 to March 16, 2003.

2. Temporary, part-time, and overseas local staff are excluded from the above calculations.

3. "Average monthly salary" includes overtime pay in March but excludes bonus.

4. Employees are required to retire at the end of the month when they reach 60.

5. "Number of employees" as of March 31, 2004, including locally hired overseas staff members but excluding employees temporarily transferred to other companies, totaled 17,546.

Number of Offices

March 31	2004	2003	2002
Domestic network:			
Main offices and branches.....	482	468	590
Subbranches	132	100	96
Agency.....	—	2	5
Overseas network:			
Branches	20	20	21
Subbranches	3	3	2
Representative offices	14	14	16
Total.....	651	607	730

Note: "Main offices and branches" includes International Business Operations Dept. (2004, 2 branches; 2003, 2 branches; 2002, 2 branches), specialized deposit account branch (2004, 28 branches; 2003, 28 branches; 2002, 23 branches) and ATM administration branch (2004, 17 branches; 2003, 1 branch; 2002, 1 branch).

Number of Automated Service Centers

March 31	2004	2003	2002
Automated service centers	17,877	14,572	11,479

Domestic Exchange Transactions

Year ended March 31	Millions of yen		
	2004	2003	2002
Exchange for remittance:			
Destined for various parts of the country:			
Number of accounts (thousands)	358,035	368,430	339,801
Amount	¥ 613,885,514	¥ 664,425,453	¥ 625,250,208
Received from various parts of the country:			
Number of accounts (thousands)	281,410	279,228	264,008
Amount	¥ 721,215,425	¥ 717,489,853	¥ 754,026,135
Collection:			
Destined for various parts of the country:			
Number of accounts (thousands)	4,297	5,095	6,376
Amount	¥ 10,655,556	¥ 12,620,267	¥ 19,552,377
Received from various parts of the country:			
Number of accounts (thousands)	1,535	3,987	2,584
Amount	¥ 4,138,169	¥ 6,513,720	¥ 7,692,390
Total.....	¥1,349,894,665	¥1,401,049,294	¥1,406,521,112

Note: 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.

Foreign Exchange Transactions

Year ended March 31	Millions of U.S. dollars		
	2004	2003	2002
Outward exchanges:			
Foreign bills sold.....	\$ 459,458	\$ 545,156	\$ 529,638
Foreign bills bought.....	153,098	122,309	101,593
Incoming exchanges:			
Foreign bills payable.....	\$ 395,277	\$ 548,607	\$ 635,462
Foreign bills receivable.....	19,143	21,684	20,854
Total.....	\$1,026,977	\$1,237,757	\$1,287,548

Notes: 1. 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.
2. 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		
	2004	2003	2002
Securities.....	¥ 24,086	¥ 14,376	¥ 13,322
Commercial claims.....	25,168	29,253	257,213
Commercial goods.....	10,689	13,464	13,456
Real estate.....	33,579	178,806	58,580
Others.....	15,837	13,225	47,386
Subtotal.....	¥ 109,361	¥ 249,125	¥ 389,958
Guaranteed.....	368,604	636,661	571,126
Unsecured.....	3,608,998	3,530,504	4,568,910
Total.....	¥4,086,964	¥4,416,292	¥5,529,996

Trust Assets and Liabilities (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Statement of Trust Assets and Liabilities

March 31	Millions of yen	
	2004	2003
Assets:		
Loans and bills discounted	¥ 10,000	¥ 35,080
Loans on deeds	10,000	35,080
Securities	4,645	—
Japanese government bonds	4,645	—
Monetary claims	378,710	125,942
Other monetary claims	378,710	125,942
Other claims	0	—
Due from banking account	36,032	5,953
Total assets	¥429,388	¥166,976
Liabilities:		
Money trusts	¥ 17,007	¥ 35,080
Monetary claims trusts	371,476	112,952
Composite trusts	40,904	18,944
Total liabilities	¥429,388	¥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	
	2004	2003
Money trusts	¥17,007	¥35,080
Pension trusts	—	—
Asset formation benefit trusts	—	—
Loan trusts	—	—
Total	¥17,007	¥35,080

Note: Money trusts and others include money trusts, pension trusts, asset formation benefit trusts and loan trusts.

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.

Balance of Principal Amounts of Money Trusts and Loan Trusts, Classified by Maturity

March 31	Millions of yen	
	2004	2003
Money trusts:		
Less than one year	¥11,834	¥32,080
One — two years	527	—
Two — five years	4,600	3,000
Five years and more	—	—
No designated term	—	—
Total	¥16,962	¥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 Money Trusts and Others

March 31	Millions of yen	
	2004	2003
Money trusts:		
Loans and bills discounted	¥10,000	¥35,080
Securities	4,645	—
Subtotal	¥14,645	¥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	¥10,000	¥35,080
Total of securities	¥ 4,645	¥ —
Total	¥14,645	¥35,080

Year-End Balance of Loans and Bills Discounted

March 31	Millions of yen	
	2004	2003
Loans on deeds	¥10,000	¥35,080
Loans on notes	—	—
Bills discounted	—	—
Total	¥10,000	¥35,080

Year-End Balance of Loans and Bills Discounted, Classified by Maturity

March 31	Millions of yen	
	2004	2003
Loans and bills discounted		
One year or less	¥ 7,000	¥32,080
One — three years	—	—
Three — five years	3,000	3,000
Five — seven years	—	—
Seven years and more	—	—
Total	¥10,000	¥35,080

Balance of Loan Collateral

March 31	Millions of yen	
	2004	2003
Securities	¥ —	¥ —
Commercial claims	—	—
Real estate	—	—
Factory	—	—
Fund	—	—
Ships and vessels	—	—
Others	—	—
Subtotal	¥ —	¥ —
Guaranteed	¥ 3,000	¥ 3,000
Unsecured	7,000	32,080
Total	¥10,000	¥35,080

Balance of Loans and Bills Discounted, Classified by Purpose

March 31	2004		2003	
	Millions of yen	Percentage	Millions of yen	Percentage
Funds for capital investment.....	¥ 3,000	30.00%	¥ 4,220	12.03%
Funds for working capital.....	7,000	70.00	30,860	87.97
Total.....	¥10,000	100.00%	¥35,080	100.00%

Breakdown of Loan Portfolio, Classified by Industry

March 31	2004		2003	
	Millions of yen	Percentage	Millions of yen	Percentage
Manufacturing.....	¥ 3,500	35.00%	¥ 5,400	15.39%
Agriculture, forestry, fisheries and mining.....	—	—	—	—
Construction.....	—	—	2,500	7.13
Transportation, communications and public enterprises.....	6,500	65.00	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.....	¥10,000	100.00%	¥35,080	100.00%

Loans to Individuals/Small and Medium-Sized Corporations

Balance of Loans

March 31	Millions of yen	
	2004	2003
Total to individuals, and small and medium-sized corporations (A).....	¥ 4,500	¥14,680
Total loans (B).....	10,000	35,080
(A) / (B).....	45.00%	41.84%

Number of Loans Lent

March 31	Number of loans	
	2004	2003
Total to individuals, and small and medium-sized corporations (C).....	2	8
Total loans (D).....	4	16
(C) / (D).....	50.00%	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

March 31	2004		2003	
	Millions of yen	Percentage	Millions of yen	Percentage
Japanese government bonds.....	¥4,645	100.00%	¥—	—%
Japanese local government bonds.....	—	—	—	—
Short-term Japanese corporate bonds.....	—	—	—	—
Japanese corporate bonds.....	—	—	—	—
Japanese stocks.....	—	—	—	—
Others.....	—	—	—	—
Total.....	¥4,645	100.00%	¥—	—%

Corporate Data

Sumitomo Mitsui Financial Group, Inc.

■ Board of Directors, Corporate Auditors, and Executive Officers (as of June 30, 2004)

BOARD OF DIRECTORS

Akishige Okada

Chairman of the Board and Representative Director

Yoshifumi Nishikawa

President, CEO and Representative Director

Teisuke Kitayama

Deputy President and Representative Director,
Public Relations Dept., Corporate Planning Dept,
Financial Accounting Dept., Subsidiaries & Affiliates Dept.

Koji Ishida

Senior Managing Director and Representative Director,
Corporate Risk Management Dept., and Audit 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

Katsuya Onishi

Corporate Auditor (outside)

Josei Itoh

Corporate Auditor (outside)

Hiroshi Araki

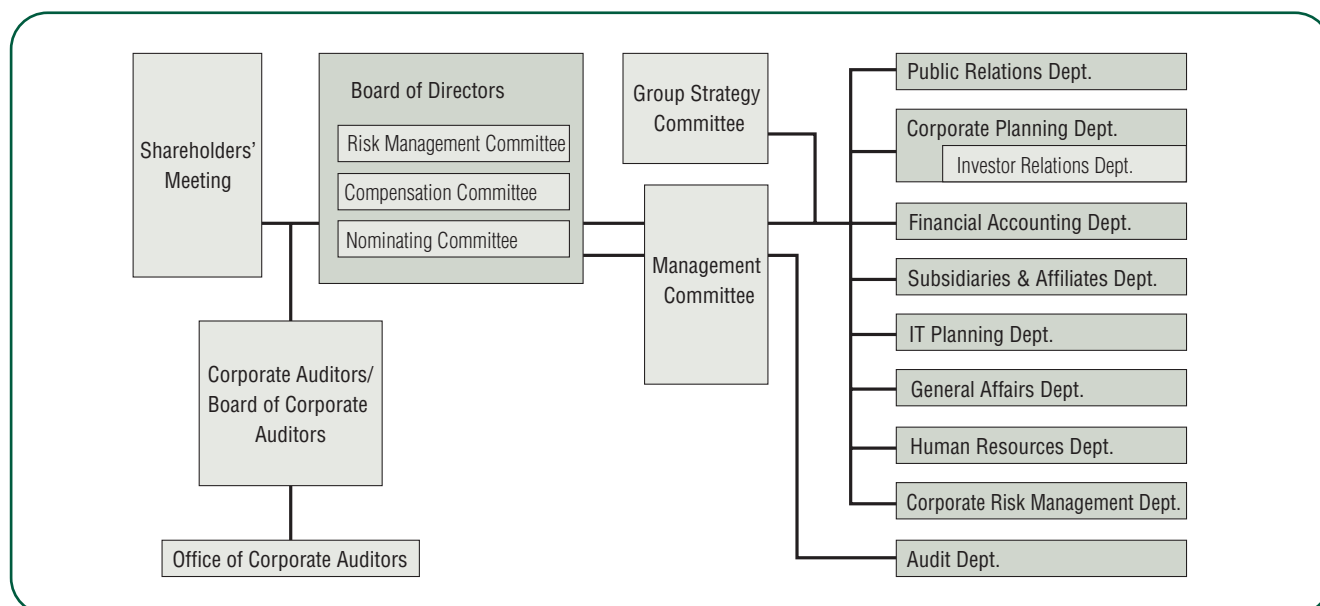
Corporate Auditor (outside)

EXECUTIVE OFFICERS

Junji Tanehashi

Managing Director,
Public Relations Dept., Corporate Planning Dept.,
Financial Accounting Dept., Subsidiaries & Affiliates Dept.

■ SMFG Organization (as of June 30, 2004)



Sumitomo Mitsui Banking Corporation

■ Board of Directors, Corporate Auditors, and Executive Officers (as of June 30, 2004)

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

Toichiro Mizushima*

Head of Middle Market Banking Unit

Senior Managing Directors

Hiroyasu Ichikawa*

Head of Community Banking Unit

Morio Kusunoki*

Internal Audit Dept., Credit Review Dept.

Koichi Tsukihara*

Head of Consumer Banking Unit,
Operations Planning Dept.,
Operations & Administration Dept.

Masahide Hirasawa*

General Affairs Dept., Legal Dept., Customer Relations Dept.,
Human Resources Dept., Human Resources Development Dept.,
Administrative Services Dept.

Mitsuaki Yahagi*

Corporate Risk Management Dept., Credit Risk Management Dept.,
IT Planning Dept., Electronic Commerce Banking Dept.,
Trust Services Dept.

Managing Directors

Yasuyuki Kimoto*

Head of Treasury Unit,
Head of Investment Banking Unit

Kenjiro Nakano*

Deputy Head of Middle Market Banking Unit (in charge of West Japan)

Shigeru Nishiyama*

Deputy Head of Corporate Banking Unit
(Credit Dept. I, Corporate Banking Unit),
Deputy Head of Asset Restructuring Unit
(Credit Dept. I and II, 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),
Head of Asia Pacific Division

*Executive Officers

CORPORATE AUDITORS

Kazutoshi Katsumata

Tatsumasa Matsumoto

Katsuya Onishi

Toyosaburo Hirano

Sadao Kobayashi

EXECUTIVE OFFICERS

Managing Directors

Shigenobu Aikyo

Head of Tokyo Corporate Banking Division I

Osamu Endo

Head of Tokyo Corporate Banking Division II

Shuntaro Higashi

Head of Europe Division,
and President of Sumitomo Mitsui Banking Corporation Europe Limited

Hiroaki Shukuzawa

Head of Osaka Corporate Banking Division

Hirosumi Tsusue

Human Resources Dept., Human Resources Development Dept.

Junji Tanehashi

Public Relations Dept., Corporate Planning Dept.,
Financial Accounting Dept., Subsidiaries & Affiliates Dept.

Kengo Miyauchi

Deputy Head of Assets Restructuring Unit
(Tokyo Credit Business Dept. I-VI, Asset Restructuring Unit)

Directors

Shigeo Imafuku

General Manager, Credit Dept. II, Asset Restructuring Unit

Kohei Katsukawa

Deputy Head of Middle Market Banking Unit (in charge of East Japan)

Kazuhisa Kishikawa

Deputy Head of Consumer Banking Unit

Hiroki Nishio

General Manager, Planning Dept., Corporate Banking Unit

Hajime Yamashita

General Manager, Planning Dept., Middle Market Banking Unit

Shunji Ono

General Manager, Internal Audit Dept.

Masanobu Tomitaka

Deputy Head of Middle Market Banking Unit
(Credit Dept. II, Middle Market Banking Unit)

Takashi Yamaguchi

Deputy Head of Middle Market Banking Unit
(Credit Dept. I, Middle Market Banking Unit)

Takashi Ueda

General Manager, Osaka Corporate Banking Dept. I

Wataru Ohara

Head of East Japan Middle Market Banking Division I

Toshiaki Kawai

General Manager, International Treasury Dept.

Yoshinori Kawamura

Head of The Americas Division

Hideo Shimada

General Manager, IT Planning Dept.

Fukuzo Yasuo

Head of Nagoya Corporate Banking Division, and Head of Tokai Middle Market Banking Division

Masaharu Masuda

Deputy Head of Community Banking Unit

Motoyoshi Kita

General Manager, Business Promotion Dept., and Branch Banking Dept., Community Banking Unit

Akira Kitamura

Deputy Head of Asset Restructuring Unit (Osaka Credit Business Dept. I-III, Kobe Credit Business Dept., Credit Dept. III and IV, Asset Restructuring Unit)

Yoshiyuki Nagahara

Deputy Head of Consumer Banking Unit

Kenji Ikeda

Head of West Japan Middle Market Banking Division III

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 II

Keiichi Ando

General Manager, Planning Dept., Asset Restructuring Unit

Koji Kita

Head of West Japan Middle Market Banking Division I

Takeshi Kunibe

General Manager, Corporate Planning Dept.

Tetsuya Kubo

General Manager, Planning Dept., International Banking Unit

Masami Tashiro

General Manager, Singapore Branch

Fumihiko Tanizawa

General Manager, Credit Risk Management Dept.

Koki Nomura

Head of East Japan Middle Market Banking Division III

Junsuke Fujii

General Manager, Human Resources Dept.

Mitsuru Maki

Head of East Japan Middle Market Banking Division IV

Koichi Miyata

General Manager, Planning Dept., Treasury Unit

Yasushi Terao

General Manager, Global Corporate Investment Dept.

Ryozo Yoshida

Head of West Japan Middle Market Banking Division II

Shoji Ishida

General Manager, Himeji Corporate Business Office I

Satoru Nakanishi

General Manager, Tokyo Corporate Banking Dept. V

Yoshio Narukage

General Manager, Credit Dept. I, Middle Market Banking Unit

Kazumasa Hashimoto

Head of West Japan Middle Market Banking Division IV

Jun Mizoguchi

General Manager, Structured Finance Dept.

Tatsuo Yamanaka

General Manager, Tokyo Corporate Banking Dept. I

Ken Kubo

General Manager, Planning Dept., Consumer Banking Unit

Nobuo Tsukuni

General Manager, Osaka Corporate Banking Dept. II

Makoto Nakao

General Manager, Operations Planning Dept.

Keizo Umemoto

General Manager, Business Promotion Dept., Middle Market Banking Unit

Yoshihiko Shimizu

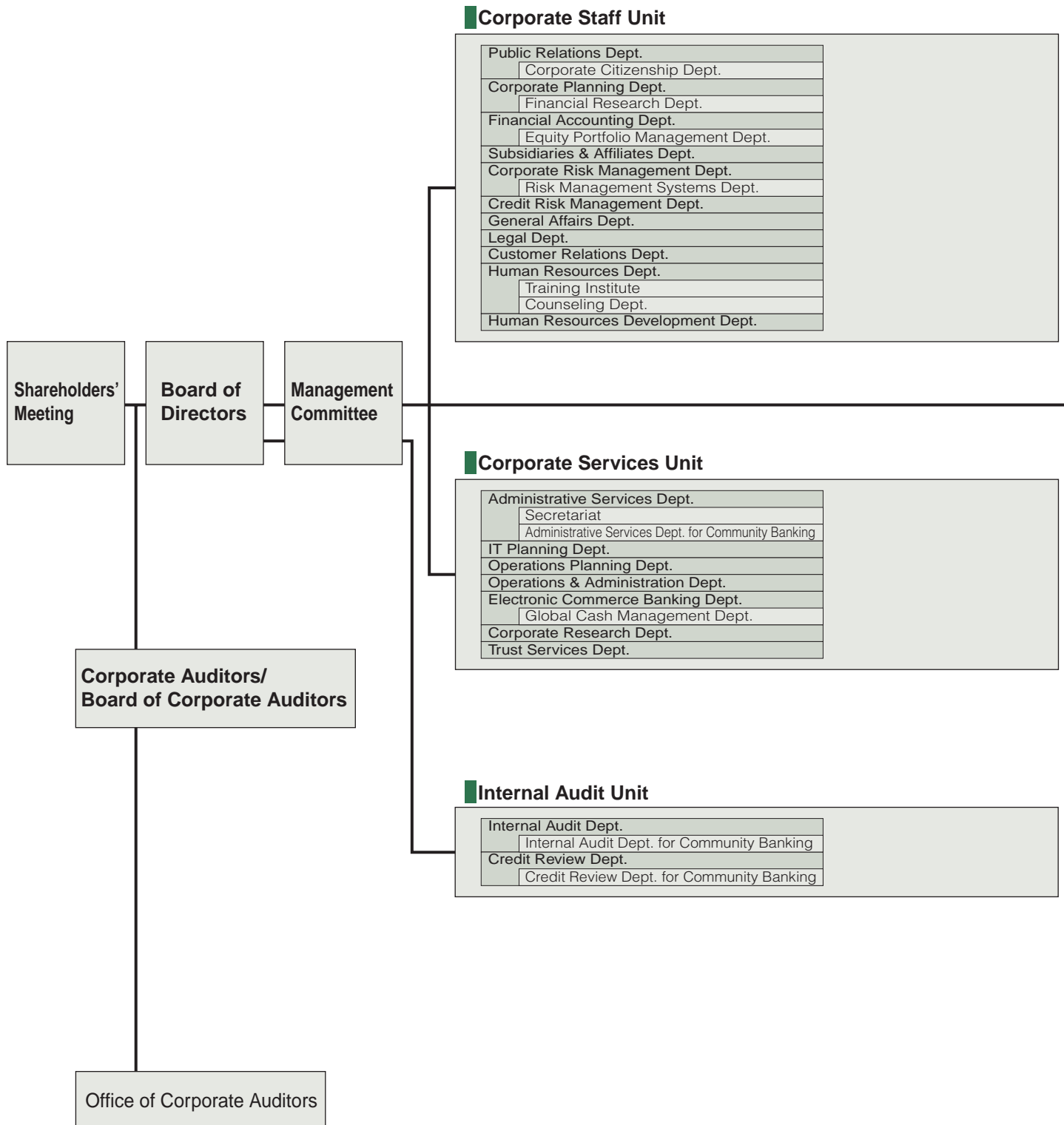
General Manager, Marunouchi Corporate Business Office

Koichi Danno

General Manager, Planning Dept., Investment Banking Unit

Mitsunori Watanabe

General Manager, Shinjuku Corporate Business Office I



Consumer Banking Unit

Planning Dept., Consumer Banking Unit
Financial Consulting Dept.
Consumer Loan Dept.
Consumer Finance Dept.
Branch Operations Dept.
Credit Dept., Consumer Banking Unit

Block Consumer Business Office

Branch
Public Institutions Operations Office
Consumer Loan Promotion Office
Consumer Loan Servicing Center
Private Banking Dept.
Direct Banking Dept.
Life Planning Service Dept.

Middle Market Banking Unit

Planning Dept., Middle Market Banking Unit
Business Promotion Dept., Middle Market Banking Unit
International Business Promotion Dept., Middle Market Banking Unit
China Business Promotion Dept., Middle Market Banking Unit
Public Institutions Banking Dept.
Business Owner Banking Dept.
Credit Dept. I-II, Middle Market Banking Unit

Middle Market Banking Division

Corporate Business Office
Business Promotion Office
Corporate Advisory Office
Public Institutions Business Office
Business Support Office

Corporate Banking Unit

Planning Dept., Corporate Banking Unit
Credit Dept. I, Corporate Banking Unit

Tokyo Corporate Banking Division I
Tokyo Corporate Banking Division II
Osaka Corporate Banking Division
Nagoya Corporate Banking Division

Corporate Banking Dept.

International Banking Unit

Planning Dept., International Banking Unit
Systems Dept.
Planning Dept., The Americas Division
Credit Dept., The Americas Division
Planning Dept., Europe Division
Credit Dept., Europe Division
Credit Dept., International Banking Unit

Asia Pacific Division
The Americas Division
Europe Division

Global Institutional Banking Dept.
Global Investors Services Dept.
Global Client Business Dept.
Branches/Representative Offices in Asia Pacific Division
Departments of the Americas Division
Departments of Europe Division

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.
Derivatives & 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
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

Branch
Chiyoda Main Office
Chiyoda Customer Loan Promotion Office

Principal Subsidiaries and Affiliates (as of March 31, 2004)

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	0 (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
SMFG Corporate Recovery Servicer Co., Ltd.	500	52	—	Nov. 5, 2003	Corporate recovery consulting and servicer
SAKURA CARD CO., Ltd.	7,438	0 (95.74)	68.49 (27.25)	Feb. 23, 1983	Credit card services
At-Loan Co., Ltd.	17,500	0 (52)	52	June 8, 2000	Personal loans
The Japan Net Bank, Limited	20,000	0 (57)	57	Sept. 19, 2000	Commercial banking
SMBC Loan Adviser Co., Ltd.	10	0 (100)	100	April 1, 1998	Consulting and agency services for consumer loans
SMBC Guarantee Co., Ltd.	87,720	0 (100)	100	July 14, 1976	Credit guarantee
Sansei Guarantee Co., Ltd.	48	0 (100)	100	April 1, 1974	Credit guarantee
SMBC Loan Servicer Co., Ltd.	500	0 (100)	60 (20)	July 28, 1999	Servicer
SMBC Finance Service Co., Ltd.	71,705	0 (100)	100	Dec. 5, 1972	Factoring, loans and collecting agent
SMBC Capital Co., Ltd.	2,500	0 (100)	39.80 (50.20)	Aug. 1, 1995	Venture capital
SMBC Consulting Co., Ltd.	1,100	0 (100)	50 (25)	May 1, 1981	Management consulting and information service
Financial Link Company, Limited	160	0 (99.66)	99.66	Sept. 29, 2000	Data processing service and e-trading consulting
SMBC Support & Solution Co., Ltd.	10	0 (100)	100	April 1, 1996	Advertising and data processing
SMBC Mortgage Co., Ltd.	18,182	0 (53.58)	47 (6.58)	Oct. 14, 1983	Loans
SMBC Business Servicing Co., Ltd.	500	0 (100)	100	Mar. 11, 1999	Servicer
SMBC Friend Securities Co., Ltd.	27,270	0 (49.59)	43.62 (5.38)	Mar. 2, 1948	Securities
Sakura Information Systems Co., Ltd.	600	0 (69)	5 (64)	Nov. 29, 1972	System engineering and data processing
SAKURA KCS Corporation	2,054	0 (52.89)	4.99 (30.21)	Mar. 29, 1969	System engineering and data processing
THE MINATO BANK, LTD.	24,908	0 (50)	48.42 (1.58)	Sept. 6, 1949	Commercial banking
Kansai Urban Banking Corporation	32,500	0 (60.47)	44.10 (6.45)	July 1, 1922	Commercial banking
SMBC Staff Service Co., Ltd.	90	0 (100)	100	July 15, 1982	Temporary manpower service
SMBC Learning Support Co., Ltd.	10	0 (100)	100	May 27, 1998	Seminar organizer
SMBC PERSONNEL SUPPORT CO., LTD.	10	0 (100)	100	April 15, 2002	Banking clerical work
SMBC Center Service Co., Ltd.	100	0 (100)	100	Oct. 16, 1995	Banking clerical work
SMBC Delivery Service Co., Ltd.	30	0 (100)	100	Jan. 31, 1996	Banking clerical work
SMBC Green Service Co., Ltd.	30	0 (100)	100	Mar. 15, 1990	Banking clerical work
SMBC International Business Co., Ltd.	20	0 (100)	100	Sept. 28, 1983	Banking clerical work
SMBC International Operations Co., Ltd.	40	0 (100)	100	Dec. 21, 1994	Banking clerical work
SMBC Loan Business Service Co., Ltd.	70	0 (100)	100	Sept. 24, 1976	Banking clerical work
SMBC Market Service Co., Ltd.	10	0 (100)	100	Feb. 3, 2003	Banking clerical work
SMBC Loan Administration and Operations Service Co., Ltd.	10	0 (100)	100	Feb. 3, 2003	Banking clerical work
SMBC Property Research Service Co., Ltd.	30	0 (100)	100	Feb. 1, 1984	Banking clerical work
SMBC Total Maintenance Co., Ltd.	450	0 (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 and affiliates.

■ 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	0 (100)	100	Mar. 5, 2003	Commercial banking
Manufacturers Bank	U.S.A.	US\$80.786 million	0 (100)	100	June 26, 1962	Commercial banking
Sumitomo Mitsui Banking Corporation of Canada	Canada	C\$121.870 million	0 (100)	100	April 1, 2001	Commercial banking
Banco Sumitomo Mitsui Brasileiro S.A.	Brazil	R\$309.356 million	0 (100)	100	Oct. 6, 1958	Commercial banking
PT Bank Sumitomo Mitsui Indonesia	Indonesia	Rp1,502.4 billion	0 (98.29)	98.29	Aug. 22, 1989	Commercial banking
SMBC Leasing and Finance, Inc.	U.S.A.	US\$1,620	0 (100)	97.8 (0.1)	Nov. 9, 1990	Leasing
SMBC Capital Markets, Inc.	U.S.A.	US\$100	0 (100)	99.9 (0.1)	Dec. 4, 1986	Investments and derivatives
SMBC Securities, Inc.	U.S.A.	US\$100	0 (100)	99.9 (0.1)	Aug. 8, 1990	Securities
SMBC Financial Services, Inc.	U.S.A.	US\$300	0 (100)	100	Aug. 8, 1990	Investments
SMBC Cayman LC Limited *	British West Indies	US\$1,375 million	0 (100)	100	Feb. 7, 2003	Credit guarantee
Sumitomo Finance (Asia) Limited	British West Indies	US\$35 million	0 (100)	100	Sept. 26, 1973	Investments
SBTC, Inc.	U.S.A.	US\$1	0 (100)	100	Jan. 26, 1998	Investments
SB Treasury Company L.L.C.	U.S.A.	US\$470 million	0 (100)	0 (100)	Jan. 26, 1998	Loans
SB Equity Securities (Cayman), Limited	British West Indies	¥25,000 million	0 (100)	100	Dec. 15, 1998	Finance
SFVI Limited	British Virgin Islands	US\$300	0 (100)	100	July 30, 1997	Investments
Sakura Finance (Cayman) Limited	British West Indies	US\$100,000	0 (100)	100	Feb. 11, 1991	Finance
Sakura Capital Funding (Cayman) Limited	British West Indies	US\$100,000	0 (100)	100	July 15, 1992	Finance
Sakura Preferred Capital (Cayman) Limited	British West Indies	¥10 million	0 (100)	100	Nov. 12, 1998	Finance
SMBC International Finance N.V.	Netherlands Antilles	US\$200,000	0 (100)	100	June 25, 1990	Finance
SMBC Leasing Investment LLC	U.S.A.	US\$132.322 million	0 (100)	0 (100)	April 7, 2003	Investments in leasing
SMBC Capital Partners LLC	U.S.A.	US\$1,000	0 (100)	100	Dec. 18, 2003	Holding and trading securities
SMBC Capital Markets Limited	U.K.	US\$297 million	0 (100)	100	April 18, 1995	Derivatives
SMBC Derivative Products Limited	U.K.	US\$300 million	0 (100)	0 (100)	April 18, 1995	Derivatives
Sumitomo Finance International plc	U.K.	£200 million	0 (100)	100	July 1, 1991	Investments
Sumitomo Mitsui Finance Dublin Limited	Ireland	US\$18 million	0 (100)	100	Sept. 19, 1989	Investments
Sakura Finance Asia Limited	P.R.C.	US\$65.5 million	0 (100)	100	Oct. 17, 1977	Investments
Sumitomo Mitsui Finance Australia Limited	Australia	A\$156.5 million	0 (100)	100	June 29, 1984	Investments
Sakura Merchant Bank (Singapore) Limited	Singapore	S\$4 million	0 (100)	100	April 18, 1990	Investments

* SMBC Cayman LC Limited, like other subsidiaries of SMBC, is a separate corporate entity with its own separate creditors and the claims of such creditors are prior to the claims of SMBC, as the direct or indirect holder of the equity in such subsidiary.

Note: Figures in parentheses () in the voting rights column indicate voting rights held indirectly via subsidiaries and affiliates.

■ 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	Securities
Daiwa Securities SMBC Principal Investments Co. Ltd.	2,000	0 (100)	—	Sept. 4, 2001	Investments
Daiwa SB Investments Ltd.	2,000	43.96	—	April 1, 1999	Investment advisory and investment trust management
Sumitomo Mitsui Asset Management Company, Limited	2,000	0 (17.50)	17.50	Dec. 1, 2002	Investment advisory and investment trust management
Japan Pension Navigator Co., Ltd.	4,000	0 (30)	30	Sept. 21, 2000	Operation and administration of defined contribution pension plans
QUOQ Inc.	1,000	0 (39.85)	13.75 (10.20)	April 5, 1978	Credit card services
SMFC Holdings (Cayman) Limited	1.5	49	—	Feb. 13, 2003	Finance
SMFG Finance (Cayman) Limited	0.01	0 [100]	—	Feb. 13, 2003	Finance

Note: Figures in parentheses () in the voting rights column indicate voting rights held indirectly via subsidiaries and affiliates;
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, 2004)

Asia and Oceania

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Fax: 82 (2) 399-6330

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Fax: 65-6887-0220/0330

Labuan Branch

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Fax: 60 (87) 410959

Labuan Branch Kuala Lumpur Marketing Office

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Fax: 60 (3) 2026-8395

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Fax: 62 (21) 525-1770

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Yangon Representative Office

Room No. 717/718, Traders Hotel, 223 Sule Pagoda Road, Pabedan Township, Yangon, Myanmar
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Bangkok Branch

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Ayudhya Province, Thailand
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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/>

The screenshot shows the SMFG website homepage with a green header and navigation menu. The main content area includes sections for 'About SMFG', 'Financial Information', 'IR Library', and 'Stock Information'. A 'News Release' section lists several announcements from 2004, including strategic alliances and financial results. At the bottom, there are links to subsidiaries: Sumitomo Mitsui Banking Corporation (SMBC), Sumitomo Mitsui Card Company, SMBC Leasing Company, and Japan Research Institute.

● About SMFG

The 'About SMFG' page provides a detailed profile of the company, including its name, headquarters, and a list of directors. It also includes a 'Financial Information' section with a table of key metrics.

Item	2003	2002	2001	2000
Operating Income	6,689.2	5,759.1	6,824.4	1,022.4
Ordinary Profit & Loss	454.2	202.0	219.7	342.8
Net Income & Loss	122.4	162.0	195.4	202.9
Total Shareholders Equity	4,072.0	2,922.9	2,829.1	2,072.0
Total Assets	119,242.7	108,059.0	106,877.4	102,278.2
Total Liabilities & Shareholders Equity	69,897.1	62,644.0	61,882.9	60,262.9
Shareholders	27,912.0	20,000.0	20,178.9	17,248.0

● Financial Information

The 'Financial Information' page features a table of financial highlights for the years 2003, 2002, 2001, and 2000. The table includes metrics such as operating income, ordinary profit and loss, net income, and total assets.

● IR Library

The 'IR Library' page provides a list of presentations and reports available for download. It includes a section for 'Annual Presentation' and 'Annual Publications'.

● Stock Information

The 'Stock Information' page displays the current stock price and provides information for shareholders, including details on the next annual general meeting and the date for the determination of dividends.

● 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

Register here to automatically receive the latest SMFG news releases via email



SMFG SUMITOMO MITSUI
FINANCIAL GROUP