

# 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
<b>1. Cash flows from operating activities:</b>			
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
<b>Subtotal</b> .....	<b>3,546,782</b>	<b>5,579,686</b>	<b>33,558</b>
Income taxes paid .....	(24,664)	(136,485)	(233)
<b>Net cash provided by operating activities</b> .....	<b>3,522,118</b>	<b>5,443,200</b>	<b>33,325</b>

(Continued)

Year ended March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2004	2003	2004
<b>2. Cash flows from investing activities:</b>			
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	—
<b>Net cash used in investing activities .....</b>	<b>(3,028,346)</b>	<b>(4,623,917)</b>	<b>(28,653)</b>
<b>3. Cash flows from financing activities:</b>			
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
<b>Net cash provided by (used in) financing activities .....</b>	<b>137,134</b>	<b>(43,919)</b>	<b>1,298</b>
<b>4. Effect of exchange rate changes on cash and due from banks.....</b>	<b>(2,417)</b>	<b>(2,629)</b>	<b>(23)</b>
<b>5. Net change in cash and due from banks.....</b>	<b>628,488</b>	<b>772,734</b>	<b>5,947</b>
<b>6. Cash and due from banks at beginning of year.....</b>	<b>2,900,991</b>	<b>2,128,742</b>	<b>27,448</b>
<b>7. Change in cash and due from banks due to merger of consolidated subsidiaries .....</b>	<b>—</b>	<b>0</b>	<b>—</b>
<b>8. Change in cash and due from banks due to decrease of consolidated subsidiaries.....</b>	<b>(0)</b>	<b>(486)</b>	<b>(0)</b>
<b>9. Cash and due from banks at end of year .....</b>	<b>¥ 3,529,479</b>	<b>¥ 2,900,991</b>	<b>\$ 33,395</b>

See accompanying notes to consolidated financial statements.