



SMFG SUMITOMO MITSUI
FINANCIAL GROUP

FISCAL YEAR **2005** INTERIM FINANCIAL REPORT

APRIL 1 — SEPTEMBER 30, 2005

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 September 30, 2005)

Company Name:	Sumitomo Mitsui Financial Group, Inc.	Establishment:	December 2, 2002
Head Office:	1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-0006, Japan	Capital Stock:	¥1,352.6 billion
Chairman of the Board:	Masayuki Oku (Concurrent President at Sumitomo Mitsui Banking Corporation)	Business Description:	Management of the affairs of banking subsidiaries (under the stipulations of the Banking Law) and of non-bank subsidiaries, and ancillary functions
President:	Teisuke Kitayama (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)

Shares Issued and Outstanding:	Type 4 Preference Shares (2nd series):	4,175	Type 4 Preference Shares (8th series):	4,175
Ordinary Shares:	Type 4 Preference Shares (3rd series):	4,175	Type 4 Preference Shares (9th series):	4,175
Type 1 Preference Shares:	Type 4 Preference Shares (4th series):	4,175	Type 4 Preference Shares (10th series):	4,175
Type 2 Preference Shares:	Type 4 Preference Shares (5th series):	4,175	Type 4 Preference Shares (11th series):	4,175
Type 3 Preference Shares:	Type 4 Preference Shares (6th series):	4,175	Type 4 Preference Shares (12th series):	4,175
Type 4 Preference Shares (1st series):	Type 4 Preference Shares (7th series):	4,175	Type 6 Preference Shares (1st series):	70,001

Credit Ratings

Credit ratings for applicable companies within SMFG as of January 31, 2006 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	A1	P-1	JCR	A+	J-1+	R&I	A	a-1
S&P	A	A-1				JCR	A	J-1
Fitch	A-	F1						
R&I	A	a-1						
JCR	A+	J-1+						

CONTENTS

Foreword.....	1
President's Message	2
Group Companies.....	4
Business Overview	6
Financial Highlights.....	12
Financial Review.....	14
Asset Quality.....	23
Financial Section	29
SMFG Website	59

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.

Public Relations Department
1-2, Yurakucho 1-chome, Chiyoda-ku,
Tokyo 100-0006, Japan
TEL: +81-3-5512-3411

Sumitomo Mitsui Banking Corporation

Public Relations Department
1-2, Yurakucho 1-chome, Chiyoda-ku,
Tokyo 100-0006, Japan
TEL: +81-3-3501-1111

February 2006



We are pleased to present to you the Interim Report 2005, summarizing our activities and results in the first half of fiscal 2005 and our business policy for the second half of fiscal 2005 and onward.

Our primary mission is to continuously retain our customers' trust, and our shareholders' and the market's confidence in SMFG. In order to realize this mission, all of us at SMFG—directors, officers and employees—will continue to make every effort to quickly and accurately provide new solutions that meet the increasingly diversified and sophisticated needs of our customers, and to further solidify our financial base through greater profitability.

We look forward to your continued support and encouragement as we move forward into the next stage of our development.

February 2006

Masayuki Oku
Chairman of the Board

Teisuke Kitayama
President

| President's Message |

Fiscal 2005 First-Half Highlights

Looking at the financial and economic environment in the first half of fiscal 2005, amid rising oil and material prices, the U.S. economy remained firm and the Asian economies continued to grow, led by China, even though major EU economies just managed to stay on a gradual recovery track. Meanwhile, the Japanese economy continued to recover steadily as exports bounced back and corporate earnings and private capital investment continued to grow.

In order to secure a solid profit level in this environment, we further reinforced our Groupwide initiatives in high-profit, high-growth markets in which we have a competitive edge: housing loans and sales of investment trusts and pension-type insurance products in the consumer business; and new-type unsecured loans to small and medium-sized enterprises and investment banking businesses, including collaborations with Daiwa Securities SMBC Co., Ltd., in the corporate business. In addition, we entered into various strategic alliances with leading companies in order to create and strengthen strategic businesses. Last April, we launched a new consumer finance business jointly with Promise Co., Ltd., and entered into an alliance with NTT DoCoMo, Inc. in the credit card business. Moreover, our credit cost decreased substantially due to the “intensive improvement in asset quality” initiative, which was completed last fiscal year. As a result, we greatly exceeded our original earnings forecast for the first half of fiscal 2005, with consolidated ordinary profit of ¥463.7 billion and consolidated net income of ¥392.3 billion.

Fiscal 2005 Second-Half Business Policy

Groupwide initiatives will be implemented to further enhance businesses in the second half of fiscal 2005.

Consumer Business

We will aggressively allocate resources to further reinforce our competitive edge in the consulting business, which includes housing loans and sales of investment products such as investment trusts and pension-type insurance

products. Specifically, we will increase the number of SMBC Consulting Plazas and consultants, and expand and improve our product line-up. In the consumer loan business, which was launched under the strategic alliance with Promise, we will boost lending volume by increasing the number of automatic contract machines and promotion activities. The credit card business, which is being developed with Sumitomo Mitsui Card Company, Limited as the core player, will be further enhanced by quickly expanding new businesses under the alliances with NTT DoCoMo and East Japan Railway Company. Moreover, we will continue to improve customer convenience through initiatives such as installing more ATM machines in Tokyo Metro stations, and will strengthen security by enhancing IC cash card functions.

Corporate Business

We will continue to strengthen our highly profitable new-type unsecured loans—such as *Business Select Loans* and *SMBC Crecer Loans*—to small and medium-sized enterprises. We will also further reinforce our ability to provide solutions for corporate revitalization and reorganization, real estate finance and other business areas in which high growth can be expected, as well as in the Group's areas of strength, such as loan syndication and the securitization of monetary claims.

The Group companies will also implement initiatives to strengthen their solution-providing capabilities in their respective fields. SMBC Leasing Company, Limited will reinforce its focus on operating leases and other strategic businesses, and develop new profit opportunities in fields such as trust businesses utilizing lease assets. The Japan Research Institute, Limited will strengthen insourcing of development of core systems and consulting services. In addition, collaboration with Daiwa Securities SMBC will be further promoted to strengthen investment banking and asset management consulting.

International Business

As we expand our business volume in Asia, centering on China, we will simultaneously develop businesses in

emerging markets of Russia, new EU-member countries in Eastern Europe, and countries in Central and South America by establishing offices and leveraging businesses in which the Group is particularly strong, such as project finance. In the U.S. and European markets, we will build up highly liquid and profitable assets in order to improve our capital efficiency.

Treasury Operations

In our treasury operations, we will reinforce our Asset Liability Management, diversify our investment activities and increase the customer order flow to maintain and improve profitability, all underpinned by proper risk management.

Establishment of Solid Corporate Base

We will establish a more sophisticated Groupwide human resource management and compliance framework to support these initiatives.

Further, we will continue to prevent deterioration in our credit portfolio and further reduce our credit cost. Through these efforts, we will grow our bottom-line profit and thereby further reinforce our financial and capital base both in quality and quantity. As for the remaining ¥1.1 trillion in public funds, we aim to accelerate the repayment, earlier than the previous target of repaying by the end of fiscal 2007, subject to regulatory approval.

Sumitomo Mitsui Banking Corporation was issued a cease and desist order last December by the Fair Trade Commission of Japan ("JFTC") under the Antimonopoly Act with respect to the manner in which it marketed interest rate swaps. Interest rate swaps are widely used by corporate customers to hedge against rising interest rates. However, the JFTC objected to the manner in which they were marketed to certain small and medium-sized enterprises. We deeply regret and sincerely apologize for the incident. SMBC has accepted the order and is thoroughly reinforcing its compliance framework in order to prevent recurrence and regain the trust of its customers and the public.



Teisuke Kitayama
President

In Closing

Two key issues must be simultaneously addressed in order to realize an improvement in corporate value on a group basis over the medium-to-long term. The first is to seek high profitability and growth by steadily capturing growth opportunities, which are expected to further increase in the future. The second is to improve our capital base both in quality and quantity while quickly repaying the public funds. We will implement various corporate and capital strategies to achieve these goals. We believe that we will be able to meet the expectations of our stakeholders by steadily producing results, and ask for your continued understanding and support in our endeavors.



www.smbc.co.jp/global/

SUMITOMO MITSUI BANKING CORPORATION

Sumitomo Mitsui Banking Corporation (SMBC) was established in April 2001 through the merger of two leading banks, 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 holding company, under which SMBC became a wholly owned subsidiary. 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.



Company Name: Sumitomo Mitsui Banking Corporation
Business Profile: Banking
Establishment: June 6, 1996
Head Office: 1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo
 Masayuki Oku
President & CEO: Masayuki Oku
Number of Employees: 21,290
 (as of September 30, 2005)
Network:
 (as of September 30, 2005)
 Domestic: 1,402 locations*
 Branches 459 (including 28 specialized deposit account branches)
 Subbranches 140
 Offices handling nonbanking business 16
 Automated service centers 787
 Overseas: 34 locations
 Branches 17
 Subbranches 3
 Representative offices 14

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

Consolidated

	Billions of yen			
	Sept. 30, 2005	Mar. 31, 2005	Mar. 31, 2004	Mar. 31, 2003
For the Interim Term (Year):				
Ordinary income.....	¥ 1,305.0	¥ 2,691.3	¥ 2,717.0	¥ 3,549.9
Ordinary profit (loss)	422.9	(99.7)	282.1	(467.5)
Net income (loss)	310.7	(278.9)	301.6	(429.3)
At Interim Term- (Year-) End:				
Net assets	¥ 3,080.6	¥ 2,633.9	¥ 2,722.1	¥ 2,142.5
Total assets	99,841.4	97,478.3	99,843.2	102,394.6



www.smbc-card.com*

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.



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
Number of Employees: 1,758
 (as of September 30, 2005)

*Currently in Japanese only

	Billions of yen			
	Sept. 30, 2005	Mar. 31, 2005	Mar. 31, 2004	Mar. 31, 2003
For the Interim Term (Year):				
Revenues from credit card operations	¥2,013.6	¥3,598.7	¥3,258.4	¥3,035.5
Operating revenue	70.6	132.1	126.3	122.1
Operating profit	10.9	23.1	18.5	16.0
At Interim Term- (Year-) End:				
Number of cardholders (in thousands)	13,790	13,462	12,758	12,118
Number of merchant outlets (in thousands).....	3,254	3,089	2,892	2,699



www.smbcleasing.co.jp*

SMBC LEASING COMPANY, LIMITED

SMBC Leasing Company, Limited, and its subsidiaries specialize in providing tailor-made solutions for corporate customers' large-scale capital investment needs. The company and its subsidiaries combine a broad spectrum of leasing products such as energy-saving equipment, commercial real estate properties (shops, factories and warehouses), and overseas facilities for Japanese companies expanding abroad. In addition, we provide online leasing services, including support for the sales activities of manufacturers and dealers.

The company and its subsidiaries also lease motor vehicles (for personal as well as commercial use), measuring instruments, PCs, and other IT equipment.

In May 2005 we established the subsidiary SMLC Trust Company, Limited to engage in the trust business. This is the first instance in which the subsidiary of a company that is not a financial institution has entered the trust business. In this way we have further enhanced our lineup of services.



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, Minamisemba, Chuo-ku, Osaka
President & CEO: Youhei Shiraga
Number of Employees: 941
(as of September 30, 2005)
*Currently in Japanese only

Billions of yen

	Sept. 30, 2005	Mar. 31, 2005	Mar. 31, 2004	Mar. 31, 2003
For the Interim Term (Year):				
Revenues from leasing operations	¥300.9	¥580.0	¥555.7	¥466.4
Operating revenue	301.9	589.1	553.0	515.0
Operating profit	15.7	28.0	23.2	20.4



www.jri.co.jp/english/

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 the Japanese and overseas economies, formulates policy recommendations, and assists in the incubation of new businesses.



Company Name: The Japan Research Institute, Limited
Business Profile: Systems engineering, data processing, 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
Number of Employees: 2,966
(as of September 30, 2005)

Billions of yen

	Sept. 30, 2005	Mar. 31, 2005	Mar. 31, 2004	Mar. 31, 2003
For the Interim Term (Year):				
Operating revenue	¥53.6	¥111.2	¥105.1	¥70.2
Operating profit	2.1	6.3	7.6	7.6

The member companies of the SMFG are working together to enhance their consumer financial services.

At SMBC, we offer 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 creating services that address specific customer needs, we are working to make SMFG into the 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 staff with high level expertise—and our area marketing approach to provide superior financial services to our customers. Pension-type insurance sales in the first half of fiscal 2005 amounted to ¥323.3 billion, for a cumulative total of ¥1,386.8 billion. Sales of foreign bonds came to ¥38.3 billion. As of September 30, 2005 the outstanding balance of investment trusts under management was ¥2,505.7 billion, and that of housing loans was ¥13,454.6 billion. These achievements underscore the popularity of our services.

Consulting Business

In the first half of fiscal 2005, SMBC’s Consumer Banking Unit introduced new investment trusts and pension-type insurance products, as well as a securities intermediary service, to bolster its lineup of financial products and services to address the asset management needs of our individual customers.

In October 2005, we introduced a housing loan with insurance which covers the outstanding loan balance in the case that the borrower is diagnosed with cancer, a stroke, or a heart attack (the three major causes of death in Japan). In this and other ways, we are working to meet our customers’ wide-ranging needs.

The bank currently operates 66 SMBC Consulting Plazas (as of the end of December 2005). These immensely popular, dedicated service outlets—open until late on weekdays, and also open on weekends and national holidays—offer consultation on asset management and loans. Since September 2005, we have been opening small-scale offices that provide the same consulting services as SMBC Consulting Plazas in areas not served by a regular SMBC branch.



Advertisement for SMBC Consulting Plazas



Housing loan with loan repayment insurance in the case of cancer, stroke or heart attack

Topics



◆ Project Team Targets Female Customers

SMBC set up a department in October 2005 to enable the bank to more effectively satisfy the rapidly diversifying requirements of our female customers through targeted marketing based on women’s perspectives.

The first product developed by this team is on offer from November 22 (Happy Couples’ Day in Japan), 2005 to March 31, 2006. Couples choose from a variety of deposits and investment trusts to design a “set” of asset management products that satisfies their financial objectives and preferences, enabling them to cooperate in building up their assets.

◆ Start-Up of Mitsui Sumitomo Card iD®

As part of a strategic business alliance with NTT DoCoMo, Sumitomo Mitsui Card began handling applications for membership of the “Mitsui Sumitomo Card iD” service from December 2005. This service allows users of NTT DoCoMo’s Mobile Wallet® electronic card service to use their mobile phones as electronic credit cards.

Sumitomo Mitsui Card aims to leverage its expertise as a comprehensive credit card company to swiftly achieve the installation of dedicated reader devices (for payment via this system) at retail outlets across Japan. This system, by contributing to the creation of an infrastructure that enables easy payment for inexpensive as well as expensive items, raises service convenience still further.

Settlement and Finance Business

In October 2005, SMBC and Sumitomo Mitsui Card reached an agreement with East Japan Railway Company to form a strategic business alliance. This will involve the development of a new-type ATM card that combines the functions of an ordinary bank ATM card, with East Japan Railway's "Suica," an electronic money card, and "View Card" credit card. Further features will successively be added to the service, including a bonus points sharing function. In this way, by effectively leveraging the synergy generated from the combination of the three companies' individual strengths, we will strive to maximize customer convenience while offering more sophisticated services.

In another move to improve service quality, from August 2005 we began installing SMBC ATMs within the stations of the Tokyo Metro subway network. Our plans for the immediate future involve the installation of ATMs at 20 stations operated by the Tokyo Metro system, through each of which at least 50,000 passengers pass every day.

We are continuously working to upgrade the features of our popular online service "One's Direct" by expanding the service menu, thus enhancing customer convenience. This remote banking service was ranked as the industry leader for four consecutive years in the Internet Banking Services ranking by Gomez, Inc., a leading Internet performance rating company. The number of subscribers to "One's Direct" as of September 30, 2005 was 6.18 million, an increase of 410,000 from March 31, 2005.

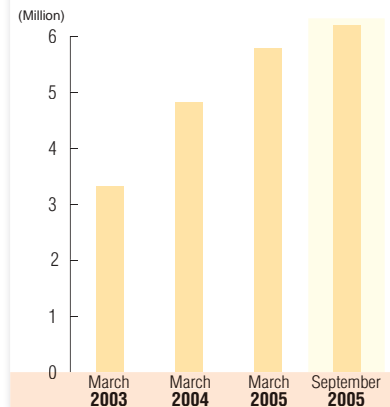
Consumer Finance Business

In September 2004, SMFG formed a business alliance with Promise Co., Ltd. As the first concrete step in this new business relationship, in April 2005 SMBC, Promise, and At-Loan Co., Ltd. (a joint venture between the two companies) began providing an all new consumer finance service. As of the end of the six-month reporting period, 521 automatic contract machines (ACMs) had been installed in offices in the nationwide networks of the three companies involved, and the combined balance of loans reached approximately ¥43 billion.

Tokyo Metro Stations at which SMBC ATMs are available 15 stations as of the end of December 2005

- Marunouchi Line (Awajicho, Shinjuku)
- Hibiya Line (Higashi-ginza, Roppongi)
- Tozai Line (Gyotoku, Kudanshita)
- Chiyoda Line (Omote-sando, Kita-senju, Meiji-jingumae)
- Yurakucho Line (Kojimachi, Kotake-mukaihara, Nagatacho)
- Hanzomon Line (Suitengumae, Mitsukoshimae)
- Namboku Line (Korakuen)

Cumulative Number of Accounts for "One's Direct" Online Transactions



三井住友銀行へ、ようこそ。

おトクも便利も安心も、こんなに充実。いろいろなサービスを組み合わせれば、毎日の暮らしがもっとスマートに、もっと楽しくなります。

おトクゾーン

- One's Direct: インターネットモバイルバンキング
- One's Style: 金利アップ!
- One's plus: 金利+0.2%上昇せ!

安心ゾーン

- ICキャッシュカード
- ATMオートロックサービス
- 電子メールお知らせサービス

便利ゾーン

- 住宅ローン
- 投資信託
- 個人学費
- Web通帳

SMBCコンサルティングプラザ
03-3433-3143
www.smbc.co.jp

三井住友銀行
SMFG 三井住友フィナンシャルグループ

SMBC Begins Offering Crecer Loan

SMFG, principally through SMBC's Middle Market Banking Unit, places top priority on loans to small and medium-sized enterprises (SMEs), in full recognition of the crucial importance of the sound development of such corporate customers to the growth of the Japanese economy.

For companies with annual revenues of less than ¥1 billion, we have been offering unsecured loans under the name *Business Select Loan*, while for those with revenues of ¥1 billion or more, *N-Fund Loans* are available. We have been making efforts to increase the amount of our loans to SMEs, and as a further step in the process of designing financial products that more precisely match our customers' requirements, we have developed a third type of loan product—the *SMBC Crecer Loan*—especially designed for customers with annual revenues of under ¥3 billion. Our nationwide network of corporate business offices under the Middle Market Banking Unit began offering this product from April 2005.

Our lineup of new-type unsecured loans such as the *Business Select Loan*, the *SMBC Crecer Loan*, and the *N-Fund Loan*, which basically require neither collateral nor a third-party guarantee, are employed to provide customers with the best financing services available, allowing them to expand their operational scale to the next level.

In designing the *SMBC Crecer Loan*, we have made optimal use of the know-how we amassed in creating, selling and managing the *Business Select Loan*. As a result, we have been able to realize a faster credit screening process, allowing us to speedily meet customers' financing needs. This shortening of the credit screening process gives our marketing staff more time to provide consultations to customers regarding their business issues.

As in the case of our *Business Select Loan*, with the *SMBC Crecer Loan* we are able to considerably increase the effectiveness of our marketing system by fully utilizing the Business Promotion Office, which is a call center dedicated to corporate clients.

The aggregate value of new-type unsecured loans made by SMBC in the first half of fiscal 2005 was ¥1.9 trillion. SMBC will continue to put maximum effort into providing financing to SMEs.

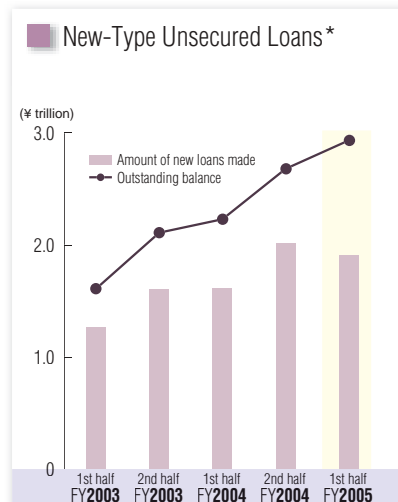
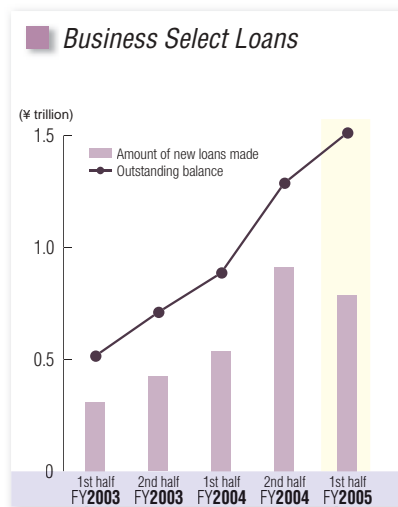
Expanding Services for Publicly Traded Companies

To provide services that meet the diverse range of our customers' needs even more precisely, principally through the Middle Market Banking Unit of SMBC, we have established a "Double-Front" customer response system. This involves providing a unified response to customer needs on two fronts, i.e., at both front-line offices and the head office of SMBC. In this way, we are able to effectively combine the intimate knowledge of individual customers possessed by the staff of our front-line offices for SMBC's middle market banking business with the specialist know-how of the staff at the head office departments. To further enhance our capabilities in meeting the increasingly advanced and complex needs of publicly traded companies, in April 2005 we set up a new Corporate Business Office within SMBC's Middle Market Banking Unit, dedicated to marketing services for such companies.

The new office proposes business strategies that raise customers' corporate value. Such proposals are carefully crafted, based on the formulation and confirmation of hypotheses. In this way, the customers' potential needs become apparent, leading the way to the selection of the ideal solution from among: mergers and/or acquisitions (M&As); strategic capital or business alliances; restructuring-driven spin-offs of divisions or subsidiaries; securitization of real estate holdings; capital increase measures; and, consultations relating to business succession.



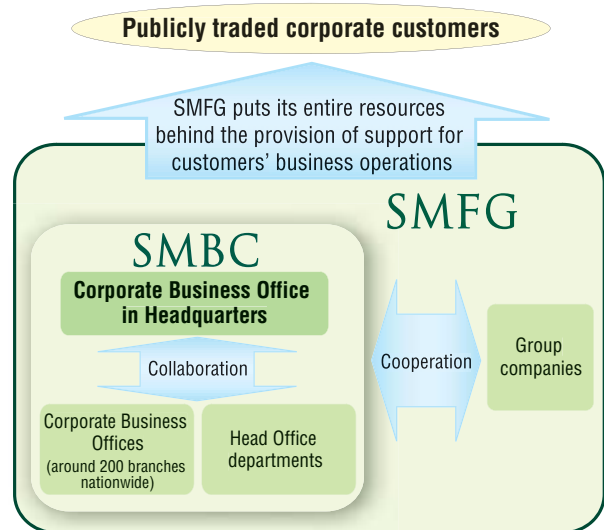
Announcing the new SMBC Crecer Loan



*Business Select Loans, SMBC Crecer Loans, N-Fund Loans, SMBC-CLO, V-Fund Loans, etc.

To respond to customer needs amid the radical reorganizations taking place across a wide spectrum of industries, we are also putting in place a system that enables us to provide well-timed financing for large-scale takeovers. In this respect, we have had considerable success in arranging a number of major syndicated loans of ¥10 billion or more per loan.

As a result of the current rapidly changing business environment, characterized by intensifying competition among companies operating on a global scale, and the growing role being played by investment funds, the financial requirements of publicly traded companies are becoming increasingly diverse and ever more sophisticated. At SMFG, principally through the newly established Corporate Business Office of SMBC, we are working to acquire a constantly expanding store of the specialist know-how indispensable to publicly traded companies. By fully leveraging the expertise in specialized areas of business possessed by SMFG members such as Daiwa Securities SMBC Co., Ltd., we are confident of being able to offer such companies the optimal solutions to their business issues, and we are sure that this will be highly effective in raising their corporate value.



Topics



◆ NIF SMBC Ventures Established

In October 2005, through a merger of SMBC Capital Co., Ltd. and NIF Ventures Co., Ltd., NIF SMBC Ventures Co., Ltd. was established as Japan's only private equity house formed through a merger of venture capital firms affiliated with a bank and a securities company. NIF SMBC Ventures aims to achieve the No. 1 position in the Japanese venture capital market by making full use of its two outstanding advantages: (1) it is able to tap the extensive customer bases of SMBC and SMBC Capital, thus being assured of an ample source of new targets for venture capital investment; and (2) it is able to utilize the expert staff of NIF Ventures and their accumulated expertise, enabling it to effectively engage in investments in venture businesses that involve a higher degree of risk.

◆ Business-Matching Meetings Held

SMBC Consulting Co., Ltd. sponsored business-matching meetings in April and June of 2005 on the theme of the solutions business for customers in the medical care field, and in September it sponsored a meeting on opportunities in the agribusiness field. Another meeting on the agribusiness theme is to be held in February, with a meeting on environmental issues scheduled for March.

SMBC Consulting will continue to hold such meetings on a wide variety of themes, creating opportunities for the incubation of businesses that meet specific customer needs.



A scene at the agribusiness meeting held on Sept. 2, 2005

Corporate Banking

SMFG utilizes all the resources of Group companies to provide sophisticated financial services, primarily through SMBC's Corporate Banking Unit, to top-tier Japanese corporations operating on a global scale.

In the first half of fiscal 2005, many of our major corporate customers engaged in aggressive expansion, buoyed by their good business performances. To support such activities, we discussed their concerns relating to business issues and endeavored to provide optimal solutions.

Additionally, in response to the growing trend toward the reorganization of industries, we have been providing our corporate customers with a wide range of invaluable advice on business strategies, including the restructuring of their business portfolios.

We will continue to draw on our extensive Groupwide expertise to provide sophisticated solutions that meet the exacting needs of our major corporate customers on a broad range of management issues.



Topics

◆ Diverse Array of Financing Operations, and Active Risk-Taking

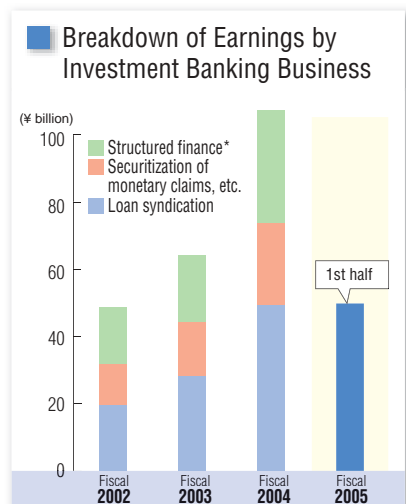
SMBC's Corporate Banking Unit meets the wide-ranging financing needs of its customers through the employment of cutting-edge financial programs, such as non-recourse loans, and by active use of risk-taking financing methods, including mezzanine loans featuring an enhanced flexibility in the setting of terms and conditions, and equity investments in real estate funds.

Investment Banking

Our corporate customers' management needs are becoming more and more complex—encompassing fund procurement, asset management, risk hedging and M&A, among many others—and these needs are changing at an increasingly fast pace. Drawing on the resources of the Investment Banking Unit of SMBC and other members of the Group, we offer optimal solutions to such customers' needs, thus making an invaluable contribution to raising our customers' corporate value.

As a result, SMFG ranks among the leaders in Japan in the major business lines of investment banking. Specifically, SMBC's Investment Banking Unit leads the industry in management buyout (MBO) and leveraged buyout (LBO) finance, loan syndication, securitization of monetary claims, and structured finance. In addition, Daiwa Securities SMBC Co., Ltd. is a leading player in stock and bond underwriting services.

We will continue working to hone our skills in the design and proposal of comprehensive and optimal solutions to customers' investment banking needs.



*Including MBO, LBO and real estate financing

Topics

◆ MBO and LBO Finance

In the first half of fiscal 2005, the volume of MBO and LBO finance in Japan posted remarkable growth. Responding swiftly to our customers' needs, SMBC's Investment Banking Unit secured financing for a considerable number of high-profile MBO and LBO deals, thereby giving SMFG a much-enhanced presence in this field.

◆ Greenhouse Gas Emissions Trading

SMBC has launched a new business in which the bank arranges purchases by Japanese companies of carbon dioxide emission credits under the Clean Development Mechanism provided by the Kyoto Protocol, as a method of reducing emissions of greenhouse gases.

International Banking

Primarily through SMBC's overseas network, SMFG serves corporate clients with global operations, working in close cooperation with other Group companies and alliance partners to accommodate specific requirements without being limited by geographic restrictions. We have also drawn up a strategy for proactively capitalizing on business opportunities in emerging markets.

In Asia, we are working to provide even more closely tailored services to support Japanese corporate customers expanding their operations in growing economies such as China and Vietnam. In North America, we are strengthening our business relationships with major players in the U.S., while acquiring greater expertise in cutting-edge financial technology. In addition to the longstanding member countries of the EU in Western Europe, we are extending our business operations into Central and Eastern Europe, not to mention Russia, as well as in neighboring regions such as the Middle East. In this way, we aim to provide services globally in order to fully satisfy our customers' requirements.



Topics

◆ Expanding Our Network

To enhance the bank's information collecting and liaison functions in Russia and the New Independent States, which are attracting great attention for their growth potential, Sumitomo Mitsui Banking Corporation Europe opened a representative office in Moscow in August 2005.

◆ More Effort into Developing Business in Latin America

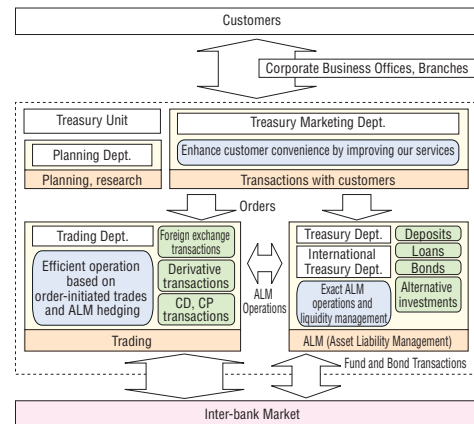
SMFG has been strengthening its business in Latin America by deploying various products and services and scoring several firsts among Japanese banks. In April 2005, SMBC became a

founding partner bank of the Trade Finance Facilitation Program (TFFP) promoted by the Inter-American Development Bank. It also became the first Japanese bank to engage in the securitization of various receivables, such as exports and remittances held by Brazilian banks, and arranged a large-scale syndicated loan for a government-run oil company in Latin America, utilizing a political risk insurance program provided by the Japanese semi-governmental body Nippon Export and Investment Insurance. SMBC's International Banking Unit has also begun an intermediary service in greenhouse gas emissions credit trading in Latin America.

Treasury Markets

SMFG meets customers' market transaction needs through the operations of SMBC's Treasury Unit in the fields of fund procurement, foreign exchange, bonds and derivatives. By these means, SMFG is able to offer customers high-value-added services. Additionally, through its asset liability management (ALM) and trading operations, the Treasury Unit strives to maximize earnings by investing in diversified portfolios and conducting well-timed arbitrage operations while efficiently managing market risk and liquidity risk.

During the first half of fiscal 2005, the Treasury Unit worked closely with SMBC's marketing units to provide various services and products to customers to meet their diversifying needs. We promoted NDF (non-deliverable forward) transactions and deposits with foreign exchange forward contracts for individuals. We further increased the number of features offered by our *i-Deal* Internet-based dealing system, and expanded our service network for market transactions in Asia. The Treasury Unit will continue to offer high-level support services for all our customers' market transaction needs.



Topics

◆ Expansion of Service Menu to Meet Customer Needs

The Treasury Unit continues to design and implement new products and services that effectively meet the diversifying needs of our customers amid today's constantly changing business environment. During the reporting period, we introduced foreign exchange hedging plans in support of M&A deals and other large-scale capital transactions; arranged seminars by specialists on currency options, the Chinese *renminbi*, and other issues; upgraded the functions of our *i-Deal* system (relating to

limit-order transactions); and expanded the range of services provided by our offices in Hong Kong and Shanghai, as well as in ASEAN countries.

◆ Diversified Investment and Efficient Use of ALM

The Treasury Unit has been utilizing alternative investments, in addition to derivatives linked to interest rate and foreign exchange movements, thereby diversifying and expanding our menu of investment options. The Treasury Unit also effectively employs ALM operations in response to market movements.

Financial Highlights

Sumitomo Mitsui Financial Group

Six months ended September 30, 2005 and 2004, and year ended March 31, 2005

Consolidated

	Millions of yen		
	September 30		March 31
	2005	2004	2005
For the Interim Term (Year):			
Total income	¥ 1,819,276	¥ 1,780,844	¥ 3,589,871
Total expenses	1,307,983	1,684,128	3,698,406
Net income (loss)	392,327	53,372	(234,201)
At Interim Term- (Year-) End:			
Total stockholders' equity	¥ 3,262,340	¥ 3,020,911	¥ 2,775,728
Total assets	102,233,832	101,054,242	99,731,858
Risk-monitored loans	1,788,499	2,868,696	2,227,445
Reserve for possible loan losses	1,037,217	1,222,391	1,273,560
Net unrealized gains on other securities	897,653	484,076	696,339
Capital ratio	11.00%	10.93%	9.94%
Number of employees	41,490	42,339	40,683
Per Share (Yen):			
Stockholders' equity	¥261,250.37	¥230,491.11	¥164,821.08
Net income (loss)	57,635.50	9,119.40	(44,388.07)
Net income — diluted	44,223.65	5,245.69	—

Notes: 1. Unrealized gains 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 average market prices during the final month of the respective reporting period. For details, please refer to page 16.

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

	Millions of yen		
	September 30		March 31
	2005	2004	2005
For the Interim Term (Year):			
Operating income	¥ 16,206	¥ 205,265	¥ 258,866
Operating expenses	1,737	1,312	2,644
Net income	38,435	202,194	252,228
At Interim Term- (Year-) End:			
Total stockholders' equity	¥3,312,686	¥3,328,039	¥3,319,615
Total assets	3,653,155	3,558,800	3,795,110
Capital stock	1,352,651	1,247,650	1,352,651
Number of shares issued			
Preferred stock	950,101	994,302	1,057,188
Common stock	7,303,472	6,205,379	6,273,792
Number of employees	122	99	115
Per Share (Yen):			
Stockholders' equity	¥268,549.24	¥279,738.68	¥257,487.78
Dividends:			
Common stock	—	—	3,000
Preferred stock (Type 1)	—	—	10,500
Preferred stock (Type 2)	—	—	28,500
Preferred stock (Type 3)	—	—	13,700
Preferred stock (1st series Type 4)	—	—	135,000
Preferred stock (2nd series Type 4)	—	—	135,000
Preferred stock (3rd series Type 4)	—	—	135,000
Preferred stock (4th series Type 4)	—	—	135,000
Preferred stock (5th series Type 4)	—	—	135,000
Preferred stock (6th series Type 4)	—	—	135,000
Preferred stock (7th series Type 4)	—	—	135,000
Preferred stock (8th series Type 4)	—	—	135,000
Preferred stock (9th series Type 4)	—	—	135,000
Preferred stock (10th series Type 4)	—	—	135,000
Preferred stock (11th series Type 4)	—	—	135,000
Preferred stock (12th series Type 4)	—	—	135,000
Preferred stock (13th series Type 4)	/	—	67,500
Preferred stock (1st series Type 6)	—	/	728
Net income	5,646.36	34,489.13	38,302.88

Note: All SMFG employees are on secondment assignment from SMBC and another Group company.

Sumitomo Mitsui Banking Corporation

Six months ended September 30, 2005 and 2004, and year ended March 31, 2005

Consolidated

	Millions of yen		
	September 30		March 31
	2005	2004	2005
For the Interim Term (Year):			
Total income	¥ 1,308,406	¥ 1,355,055	¥ 2,699,202
Total expenses.....	894,129	1,289,905	2,875,897
Net income (loss).....	310,772	31,379	(278,995)
At Interim Term- (Year-) End:			
Total stockholders' equity	¥ 3,080,642	¥ 2,695,749	¥ 2,633,912
Total assets.....	99,841,434	98,632,829	97,478,308
Risk-monitored loans.....	1,755,763	2,808,404	2,186,739
Reserve for possible loan losses.....	1,003,154	1,183,025	1,239,882
Net unrealized gains on other securities	876,146	474,107	678,527
Capital ratio	11.19%	11.03%	10.60%
Number of employees	33,717	34,284	32,868
Per Share (Yen):			
Stockholders' equity	¥32,069.28	¥28,901.73	¥23,977.62
Net income (loss).....	5,628.61	571.79	(5,300.46)
Net income — diluted	5,479.30	544.38	—

- Notes: 1. Unrealized gains 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 average market prices during the final month of the respective reporting period.
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

	Millions of yen		
	September 30		March 31
	2005	2004	2005
For the Interim Term (Year):			
Total income	¥ 1,094,146	¥ 1,140,745	¥ 2,290,935
Total expenses.....	739,030	1,027,674	2,391,014
Net income (loss).....	298,766	118,554	(136,854)
(Appendix)			
Gross banking profit (A).....	766,648	762,716	1,522,861
Banking profit.....	498,568	821,314	1,291,972
Banking profit (before provision for general reserve for possible loan losses)	474,233	471,580	940,495
Expenses (excluding nonrecurring losses) (B)	292,415	291,136	582,365
Expense ratio (B) / (A)	38.1%	38.2%	38.2%
Return on Equity.....	36.07%	14.65%	—%
At Interim Term- (Year-) End:			
Total stockholders' equity	¥ 3,171,235	¥ 2,756,776	¥ 2,752,735
Total assets.....	93,293,761	92,742,940	91,129,776
Deposits.....	65,983,526	65,250,782	65,591,627
Loans and bills discounted	50,949,158	50,723,607	50,067,586
Securities.....	23,039,486	23,524,899	23,676,696
Risk-monitored loans.....	1,351,621	2,390,768	1,735,863
Problem assets based on the Financial Reconstruction Law	1,406,027	2,484,350	1,824,622
Reserve for possible loan losses.....	772,141	962,583	989,121
Net unrealized gains on other securities	851,571	457,372	651,385
Capital stock	664,986	559,985	664,986
Capital ratio	12.00%	11.35%	11.32%
Number of employees	16,806	17,658	16,338
Per Share (Yen):			
Stockholders' equity	¥33,710.06	¥30,007.03	¥26,129.71
Dividends:			
Common stock.....	280	683	683
Preferred stock (Type 1)	10,500	10,500	10,500
Preferred stock (Type 2)	28,500	28,500	28,500
Preferred stock (Type 3)	13,700	13,700	13,700
Preferred stock (1st series Type 6).....	88,500	/	485
Net income (loss)	5,411.16	2,160.29	(2,718.23)

- Notes: 1. Please refer to page 58 for the definitions of risk-monitored loans and problem assets based on the Financial Reconstruction Law.
2. Unrealized gains on other securities represent the difference between the market prices and acquisition costs (or amortized costs) of "other securities." The values of stocks are calculated using average market prices during the final month of the respective reporting period. For details, please refer to page 20.
3. Interim dividends for fiscal 2005 will be paid to stockholders and registered pledgees as of December 31, 2005. The maximum payable amounts are shown in the table above. The actual amounts and other details will be decided at a meeting of Board of Directors to be held after January 2006.
4. 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, temporary staff, and executive officers who are not also Board members.

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 the first half of fiscal 2005, the six-month period ended September 30, 2005.

1. Operating Results

Business results for the first half of fiscal 2005 include the results of 166 consolidated subsidiaries (120 in Japan and 46 overseas) and 59 subsidiaries and affiliates accounted for by the equity method (31 in Japan and 28 overseas).

Consolidated gross profit increased ¥1.9 billion year on year to ¥1,021.9 billion. Net interest income declined by ¥42.0 billion as a result of an increase in interest paid on deposits and other fund procurement expenses incurred during the six-month reporting period. This was offset by growth in income from fees and commissions, an increase of ¥43.3 billion, attributable to growth in the sale of investment trusts and similar products.

After factoring in general and administrative expenses, total credit cost and gains on stocks, ordinary profit increased ¥349.6 billion year on year to ¥463.7 billion, principally owing to a major decrease in total credit cost.

Net income increased ¥338.9 billion to ¥392.3 billion, due in part to the posting of net extraordinary gains of ¥47.5 billion.

Deposits (excluding negotiable certificates of deposit) as of September 30, 2005 stood at ¥69,242.5 billion, a ¥767.6 billion increase compared with the previous fiscal year-end. Negotiable certificates of deposit stood at ¥2,529.7 billion, a decrease of ¥183.4 billion over the same period.

Loans and bills discounted increased ¥1,295.2 billion to ¥56,095.0 billion, while securities decreased ¥654.1 billion to ¥23,579.5 billion.

Stockholders' equity increased ¥486.6 billion during the reporting period to ¥3,262.3 billion, due mainly to the posting of net income as well as an increase in the net unrealized gains on other securities (available-for-sale securities).

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

September 30, 2005 and 2004, and March 31, 2005

	September 30, 2005	September 30, 2004	March 31, 2005
Consolidated subsidiaries.....	166	166	167
Subsidiaries and affiliates accounted for by the equity method.....	59	50	53

Income Summary

Six months ended September 30, 2005 and 2004, and year ended March 31, 2005

	Millions of yen		
	Six months ended September 30, 2005	Six months ended September 30, 2004	Year ended March 31, 2005
Consolidated gross profit	¥1,021,916	¥1,019,955	¥2,024,990
Net interest income	553,715	595,790	1,171,342
Trust fees	4,285	729	2,609
Net fees and commissions	278,707	235,379	516,109
Net trading income	12,259	30,322	144,387
Net other operating income	172,948	157,732	190,540
General and administrative expenses	(421,626)	(423,612)	(852,715)
Total credit cost	(176,525)	(612,826)	(1,196,797)
Write-off of loans	(42,681)	(391,236)	(759,399)
Provision for specific reserve	(143,816)	(408,321)	(493,947)
Provision for general reserve for possible loan losses	39,495	240,215	201,216
Others	(29,522)	(53,482)	(144,666)
Gains (losses) on stocks	35,265	48,817	(101,918)
Equity in earnings of affiliates	14,081	12,893	27,142
Other income (expenses)	(9,342)	68,873	69,005
Ordinary profit (loss)	463,768	114,100	(30,293)
Extraordinary gains (losses)	47,524	(17,385)	(78,242)
Losses on impairment of fixed assets	(10,580)	/	/
Income (loss) before income taxes and minority interests	511,293	96,715	(108,535)
Income taxes:			
Current	(32,367)	(17,079)	(30,638)
Refund	—	8,104	8,869
Deferred	(60,672)	(5,277)	(52,912)
Minority interests in net income	(25,925)	(29,090)	(50,983)
Net income (loss)	¥ 392,327	¥ 53,372	¥ (234,201)
[Reference]			
Consolidated banking profit (Billions of yen)	¥ 579.6	¥ 544.9	¥ 1,014.4

- 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 (before provision for 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

September 30, 2005 and 2004, and March 31, 2005

	Millions of yen		
	September 30, 2005	September 30, 2004	March 31, 2005
Assets	¥102,233,832	¥101,054,242	¥99,731,858
Loans and bills discounted	56,095,034	55,422,034	54,799,805
Securities	23,579,596	24,073,122	24,233,701
Liabilities	97,896,973	97,015,765	95,934,927
Deposits	69,242,541	67,619,961	68,474,861
Negotiable certificates of deposit	2,529,775	3,038,333	2,713,270
Minority interests	1,074,517	1,017,565	1,021,203
Stockholders' equity	3,262,340	3,020,911	2,775,728

2. Unrealized Gains (Losses) on Securities

Net unrealized gains on securities as of September 30, 2005 amounted to ¥890.4 billion, which was an increase of ¥195.7 billion from the previous fiscal year-end. Net unrealized gains on other securities (including “other money held in trust”), changes in which are recorded in stockholders’ equity, increased by ¥201.3 billion over the same period, to ¥897.8 billion.

The increase in unrealized gains on other securities resulted from an increase in unrealized gains on stocks in the amount of ¥287.6 billion due to higher stock prices.

Unrealized Gains (Losses) on Securities

September 30, 2005 and March 31, 2005

	September 30, 2005				March 31, 2005		
	Net unrealized gains (losses) (A)	(A) – (B)	Unrealized gains	Unrealized losses	Net unrealized gains (losses) (B)	Unrealized gains	Unrealized losses
Held-to-maturity securities.....	¥ (7,411)	¥ (5,593)	¥ 1,390	¥ 8,802	¥ (1,818)	¥ 2,114	¥ 3,933
Other securities	897,653	201,314	1,070,345	172,691	696,339	801,356	105,017
Stocks.....	992,730	287,677	1,031,519	38,788	705,053	750,480	45,426
Bonds	(83,132)	(98,093)	4,822	87,955	14,961	34,971	20,010
Others.....	(11,944)	11,731	34,002	45,947	(23,675)	15,903	39,579
Other money held in trust	209	5	209	—	204	300	95
Total	890,450	195,726	1,071,944	181,493	694,724	803,771	109,046
Stocks.....	992,730	287,677	1,031,519	38,788	705,053	750,480	45,426
Bonds	(90,986)	(103,607)	5,771	96,757	12,621	36,554	23,932
Others.....	(11,293)	11,657	34,654	45,947	(22,950)	16,735	39,686

- Notes: 1. The figures above include unrealized gains (losses) on negotiable certificates of deposit in “Deposits with banks” and beneficiary claims on trust such as receivables in “Commercial paper and other debt purchased.”
2. Unrealized gains (losses) on stocks are mainly calculated using average market prices during the final month of the reporting period. The rest of the securities are valued at market prices as of the balance sheet date.
3. “Other securities” and “Other money held in trust” are valued and recorded on the consolidated balance sheet at market prices. The figures in the table above indicate the differences between the acquisition costs (or amortized costs) and the balance sheet amounts.
- “Unrealized gains (losses) on other securities” as of September 30, 2005 include losses of ¥557 million that were recognized in the income statement by applying fair value hedge accounting and valuation losses of ¥400 million on embedded financial instruments in their entirety that were recorded in the income statement because their embedded derivatives are not measured separately. Therefore, ¥957 million was added to the amount to be directly included in stockholders’ equity. “Unrealized gains (losses) on other securities” as of March 31, 2005 include gains of ¥469 million that were recognized as income by applying fair value hedge accounting and valuation gains of ¥82 million on embedded financial instruments in their entirety that were recorded as income because their embedded derivatives are not measured separately. Therefore, ¥551 million was excluded from the amount to be directly included in stockholders’ equity.

3. Consolidated Capital Ratio

SMFG’s consolidated capital ratio as of September 30, 2005 was 11.00%.

Total capital, which constitutes the numerator in the capital ratio calculation equation, was ¥6,944.1 billion, representing a ¥924.0 billion increase from the previous fiscal year-end. This was due mainly to the posting of net income and an increase in subordinated debt.

On the other hand, risk-adjusted assets, the denominator in the equation, increased ¥2,575.2 billion to ¥63,127.8 billion from the previous fiscal year-end. This is principally attributable to increases in loans made overseas, a growth in the value of assets denominated in foreign currencies (as a result of the depreciation of the yen on the foreign exchange market), and the active marketing of housing loans and unsecured loans to small and medium-sized enterprises.

Consolidated Capital Ratio

September 30, 2005 and 2004, and March 31, 2005

	Millions of yen		
	September 30, 2005	September 30, 2004	March 31, 2005
Tier I capital (A)	¥ 3,746,083	¥ 3,645,613	¥ 3,262,250
Tier II capital included as qualifying capital (B).....	3,746,083	3,419,442	3,262,250
Deductions (C).....	548,006	443,633	504,430
Total capital (D) = (A) + (B) – (C).....	6,944,161	6,621,422	6,020,069
Risk-adjusted assets (E).....	63,127,899	60,539,127	60,552,620
Capital ratio = (D) / (E) × 100.....	11.00%	10.93%	9.94%

Sumitomo Mitsui Banking Corporation (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

The following is a summary of SMBC's nonconsolidated financial results for the first half of fiscal 2005, the six-month period ended September 30, 2005.

1. Operating Results

Banking profit (before provision for general reserve for possible loan losses) in the first half of fiscal 2005 increased ¥2.6 billion year on year to ¥474.2 billion, as a result of a ¥3.9 billion increase in gross banking profit to ¥766.6 billion. Meanwhile, expenses (excluding nonrecurring losses) increased ¥1.2 billion to ¥292.4 billion.

Ordinary profit, calculated by adjusting banking profit (before provision for general reserve for possible loan losses) for nonrecurring items such as total credit cost and net gains on stocks, increased ¥234.5 billion to ¥359.7 billion.

After adjusting ordinary profit for extraordinary gains (losses) and income taxes, net income increased ¥180.2 billion to ¥298.7 billion.

2. Income Analysis

Gross Banking Profit

Gross banking profit in the first half of fiscal 2005 increased ¥3.9 billion year on year to stand at ¥766.6 billion. This occurred in spite of a ¥36.5 billion decline in interest income owing to a fall in earnings by the Treasury Unit resulting from a rise in dollar-denominated interest rates. The primary factors in the increase in gross banking profit were a ¥36.4 billion growth in income from fees and commissions generated by the consulting business, which includes sales of investment trusts and pension-type insurance products, and a ¥3.5 billion increase in income from trust fees.

Expenses

Expenses (excluding nonrecurring losses) increased ¥1.2 billion year on year to ¥292.4 billion. Reductions in personnel expenses achieved through workforce downsizing were not sufficient to offset the costs incurred in the purchase of premises and equipment as part of our policy of aggressive investment in priority business fields.

Banking Profit

Six months ended September 30, 2005 and 2004, and year ended March 31, 2005

	Millions of yen		
	Six months ended September 30, 2005	Six months ended September 30, 2004	Year ended March 31, 2005
Gross banking profit	¥766,648	¥762,716	¥1,522,861
[Gross domestic banking profit]	[626,576]	[590,117]	[1,182,811]
[Gross international banking profit]	[140,071]	[172,598]	[340,049]
Net interest income	454,350	490,868	972,506
Trust fees	4,284	729	2,609
Net fees and commissions	163,433	127,021	298,076
Net trading income	3,570	21,150	131,579
Net other operating income	141,009	122,946	118,088
[Gross banking profit (excluding gains (losses) on bonds)]	[738,282]	[736,053]	[1,544,452]
Expenses (excluding nonrecurring losses)	(292,415)	(291,136)	(582,365)
Personnel expenses	(98,888)	(104,320)	(204,146)
Nonpersonnel expenses	(177,046)	(168,549)	(341,534)
Taxes	(16,480)	(18,266)	(36,684)
Banking profit (before provision for general reserve for possible loan losses)	474,233	471,580	940,495
[Banking profit (before provision for general reserve for possible loan losses and gains (losses) on bonds)]	[445,867]	[444,917]	[962,086]
Provision for general reserve for possible loan losses	24,335	349,734	351,477
Banking profit	498,568	821,314	1,291,972

<Reference>

Banking Profit by Business Unit

Six months ended September 30, 2005

	Billions of yen						
	Consumer Banking Unit	Middle Market Banking Unit	Corporate Banking Unit	International Banking Unit	Treasury Unit	Others	Total
Banking profit (losses) (before provision for general reserve for possible loan losses)	¥69.0	¥238.3	¥80.3	¥28.0	¥114.5	¥(55.9)	¥474.2
Year-on-year increase (decrease)	15.8	10.6	(2.6)	6.3	(27.6)	0.1	2.6

Notes: 1. Year-on-year comparisons are those used for internal reporting and exclude changes due to interest rate and foreign exchange rate fluctuations.

2. "Others" consists of (1) financing costs on preferred securities and subordinated debt, (2) profit earned on investing the Bank's own capital, and (3) adjustment of inter-unit transactions, etc.

Banking Profit

Banking profit (before provision for general reserve for possible loan losses) increased ¥2.6 billion year on year to ¥474.2 billion.

Nonrecurring Losses (Credit Costs, etc.)

Nonrecurring losses decreased significantly to ¥138.7 billion due to a ¥651.5 billion decrease in nonperforming loan write-offs and gains on sale of stocks. The nonperforming loan write-offs declined as a result of measures we had taken to strengthen our loan asset portfolio, including additional provisions for general reserve for possible loan losses.

Total credit cost was ¥129.7 billion, net of a reversal of general reserve for possible loan losses, in the amount of ¥24.3 billion. (Please refer to the “Asset Quality” section beginning on page 23 for more information on credit cost and problem assets.)

Ordinary Profit

As a result of the foregoing, ordinary profit increased ¥234.5 billion year on year to ¥359.7 billion.

Extraordinary Gains and Losses

Net extraordinary losses amounted to ¥4.6 billion, a significant improvement compared with the ¥12.1 billion in losses recorded in the corresponding period of the previous year.

Net Income

Income taxes prior to the application of tax-effect accounting amounted to ¥5.0 billion, and deferred income taxes under tax-effect accounting amounted to ¥51.2 billion. As a result of the various factors described above, net income increased ¥180.2 billion to ¥298.7 billion year on year.

Ordinary Profit and Net Income

Six months ended September 30, 2005 and 2004, and year ended March 31, 2005

	Millions of yen		
	Six months ended September 30, 2005	Six months ended September 30, 2004	Year ended March 31, 2005
Banking profit (before provision for general reserve for possible loan losses)....	¥ 474,233	¥ 471,580	¥ 940,495
Provision for general reserve for possible loan losses (A)	24,335	349,734	351,477
Banking profit.....	¥ 498,568	¥ 821,314	¥1,291,972
Nonrecurring gains (losses).....	(138,790)	(696,116)	(1,363,653)
Credit cost (B).....	(153,994)	(805,505)	(1,306,320)
Write-off of loans	16,804	(348,769)	(697,941)
Provision for specific reserve	(122,647)	(403,866)	(474,155)
Losses on sale of delinquent loans	(14,746)	(55,707)	(138,052)
Provision for loan loss reserve for specific overseas countries.....	202	2,838	3,828
Gains (losses) on stocks	24,942	44,819	(118,727)
Gains on sale of stocks	34,137	60,005	113,059
Losses on sale of stocks	(360)	(434)	(4,206)
Losses on devaluation of stocks	(8,833)	(14,751)	(227,580)
Others.....	(9,738)	64,570	61,394
Ordinary profit (loss)	359,778	125,198	(71,680)
Extraordinary gains (losses)	(4,662)	(12,127)	(28,398)
Gains (losses) on disposal of premises and equipment.....	665	(3,991)	(12,495)
Losses on impairment of fixed assets	(5,288)	/	/
Amortization of net transition obligation from initial application of the new accounting standard for employee retirement benefits	—	(8,000)	(16,001)
Income taxes:			
Current.....	(5,081)	(1,645)	(6,379)
Refund.....	—	7,405	8,184
Deferred.....	(51,267)	(276)	(38,579)
Net income (loss).....	¥ 298,766	¥ 118,554	¥ (136,854)
Total credit cost (A) + (B)	¥(129,659)	¥(455,771)	¥ (954,843)

3. Assets, Liabilities and Stockholders' Equity

Assets

SMBC's total assets as of September 30, 2005 stood at ¥93,293.7 billion, a ¥2,163.9 billion increase compared with the previous fiscal year-end. This is due mainly to increases in receivables under securities borrowing transactions, call loans, and loans and bills discounted. Receivables under securities borrowing transactions and call loans increased ¥1,597.4 billion and ¥233.9 billion, respectively, resulting from ALM operations based on interest rate movements. Loans and bills discounted increased ¥881.5 billion on the continued aggressive expansion of our financial product lineup, including products targeted at overseas customers with high credit ratings, as well as housing loans for individuals and new-type unsecured loans for SMEs in the domestic market.

Liabilities

Liabilities as of September 30, 2005 increased ¥1,745.4 billion to ¥90,122.5 billion from the previous fiscal year-end. This was the result of an increase of ¥592.5 billion in deposits, spurred by an increase in the liquid deposit balance, and by an increase of ¥1,217.1 billion in bills sold as part of our strategy of seeking more efficient means of procuring funds.

Stockholders' Equity

Stockholders' equity increased by ¥418.5 billion to ¥3,171.2 billion as of September 30, 2005. This is mainly attributable to the posting of net income and an increase in net unrealized gains on available-for-sale securities.

During the six-month reporting period, we reduced the amount of the capital reserve that was in excess of capital stock by ¥344.9 billion and transferred the amount to the "other capital surplus" account.

Assets, Liabilities and Stockholders' Equity

September 30, 2005 and 2004, and March 31, 2005

	Millions of yen		
	September 30, 2005	September 30, 2004	March 31, 2005
Assets	¥93,293,761	¥92,742,940	¥91,129,776
Loans and bills discounted	50,949,158	50,723,607	50,067,586
Securities	23,039,486	23,524,899	23,676,696
Liabilities	90,122,526	89,986,163	88,377,041
Deposits	63,380,886	62,011,605	62,788,328
Negotiable certificates of deposit	2,602,639	3,239,176	2,803,299
Stockholders' equity	3,171,235	2,756,776	2,752,735

4. Unrealized Gains (Losses) on Securities

Net unrealized gains on securities as of September 30, 2005 amounted to ¥961.2 billion, which was an increase of ¥251.1 billion from the previous fiscal year-end. Net unrealized gains on other securities (including “other money held in trust”), changes in which are recorded in stockholders’

equity, increased by ¥200.1 billion over the same period, to ¥851.7 billion.

The increase in unrealized gains on other securities was attributable to an unrealized gain on stockholdings in the amount of ¥278.0 billion.

Unrealized Gains (Losses) on Securities

September 30, 2005 and March 31, 2005

Millions of yen

	September 30, 2005				March 31, 2005		
	Net unrealized gains (losses) (A)	(A) – (B)	Unrealized gains	Unrealized losses	Net unrealized gains (losses) (B)	Unrealized gains	Unrealized losses
Held-to-maturity securities.....	¥ (7,434)	¥ (5,590)	¥ 1,367	¥ 8,801	¥ (1,844)	¥ 2,089	¥ 3,933
Stocks of subsidiaries and affiliates	116,899	56,556	116,899	—	60,343	60,690	347
Other securities	851,571	200,186	1,013,885	162,314	651,385	750,143	98,757
Stocks	945,387	278,061	980,079	34,692	667,326	708,643	41,317
Bonds	(80,253)	(87,953)	2,917	83,171	7,700	27,343	19,642
Others	(13,562)	10,079	30,888	44,450	(23,641)	14,155	37,797
Other money held in trust.....	209	5	209	—	204	300	95
Total	961,246	251,158	1,132,362	171,115	710,088	813,222	103,133
Stocks	1,062,286	334,617	1,096,979	34,692	727,669	769,333	41,664
Bonds	(88,106)	(93,466)	3,866	91,972	5,360	28,925	23,565
Others	(12,933)	10,008	31,517	44,450	(22,941)	14,963	37,904

Notes: 1. The figures above include unrealized gains (losses) on negotiable certificates of deposit in “Deposits with banks.”

2. Unrealized gains (losses) on stocks (excluding stocks of subsidiaries and affiliates) are calculated using average market prices during the final month of the reporting period. The rest of the securities are valued at market prices as of the balance sheet date.

3. “Other securities” and “Other money held in trust” are valued and recorded on the balance sheet at market prices. The figures in the table above indicate the differences between the acquisition costs (or amortized costs) and the balance sheet amounts.

“Unrealized gains (losses) on other securities” as of September 30, 2005 include losses of ¥557 million that were recognized in the income statement by applying fair value hedge accounting and valuation losses of ¥400 million on embedded financial instruments in their entirety that were recorded in the income statement because their embedded derivatives are not measured separately. Therefore, ¥957 million was added to the amount to be directly included in stockholders’ equity. “Unrealized gains (losses) on other securities” as of March 31, 2005 include gains of ¥469 million that were recognized as income by applying fair value hedge accounting and valuation gains of ¥82 million on embedded financial instruments in their entirety that were recorded as income because their embedded derivatives are not measured separately. Therefore, ¥551 million was excluded from the amount to be directly included in stockholders’ equity.

5. Deferred Tax Assets

Deferred Tax Assets on the Balance Sheet

SMBC computes deferred tax assets based on a reasonable estimate of tax benefits that are expected to be realized in the future in accordance with the Accounting Standards for Tax Effect Accounting (issued by the Business Accounting Deliberation Council dated October 30, 1998) and related practical guidelines. Moreover, SMBC continues to take a conservative stance on the recognition of deferred tax assets in order to maintain 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) on February 24, 2003.

As of September 30, 2005, net deferred tax assets amounted to ¥1,328.5 billion on a nonconsolidated basis, a ¥173.7 billion decrease from the previous fiscal year-end. This is mainly attributable to the posting of net income and a substantial increase in unrealized gains on stockholdings.

The valuation allowance (which was not included in the scope of outstanding deferred tax assets due to conservative estimation) amounted to ¥491.4 billion as of September 30, 2005.

		Billions of yen			(Reference)
		September 30, 2005	Change from March 31, 2005	Change from September 30, 2004	Temporary differences September 30, 2005
(A) Total deferred tax assets (B) – (C)	1	¥1,732.2	¥ (93.6)	¥(134.1)	
(B) Subtotal of deferred tax assets	2	2,223.6	(155.5)	(68.7)	¥5,452.9
Reserve for possible loan losses	3	233.3	(82.1)	(71.4)	574.2
Write-off of loans	4	368.5	(193.6)	(142.8)	907.0
Write-off of securities	5	444.5	(88.5)	(21.7)	1,094.1
Reserve for employee retirement benefits	6	71.7	(5.2)	(8.2)	176.4
Depreciation	7	6.8	0.7	0.1	16.7
Net unrealized losses on other securities	8	—	—	—	—
Net operating loss carryforwards	9	1,056.1	233.3	193.8	2,579.5
Other	10	42.7	(20.1)	(18.5)	105.0
(C) Valuation allowance	11	491.4	(61.9)	65.4	
(D) Total deferred tax liabilities	12	¥ 403.7	¥ 80.1	¥ 169.0	¥ 993.7
Gains on securities contributed to employee retirement benefits trust	13	51.7	—	(1.3)	127.2
Net unrealized gains on other securities	14	346.5	82.0	169.6	852.8
Other	15	5.5	(1.9)	0.7	13.7
Net deferred tax assets (balance sheet amount) (A) – (D)	16	¥1,328.5	¥(173.7)	¥(303.1)	
Amount corresponding to the deferred tax liabilities shown in 14 above (Note)	17	(346.5)	(82.0)	(169.6)	(852.8)
Net deferred tax assets excluding the amount shown in 17 above	18	1,675.0	(91.7)	(133.5)	4,125.6
Effective income tax rate	19	40.63%	—	—	

Note: 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 of Other Securities and Losses on Impairment of Fixed Assets")

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 tax loss carryforwards resulting from taking the measures described below 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 guidelines on assessing the collectability of deferred tax assets issued by the JICPA (“Practical Guidelines”)(*).
- (a) Disposal of Non-performing Loans
SMBC established internal standards for write-offs and provisions 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 of non-performing loans and bolstering provisions against the risk of asset deterioration under the severe business environment of a prolonged sluggish economy.
In addition, pursuant to the government’s “Program for Financial Revival” of October 2002, SMBC accelerated the disposal of non-performing loans in order to reduce the problem asset ratio to half by the end of fiscal 2004. As a result, SMBC achieved this target 6 months ahead of schedule, in the first half of fiscal 2004. In the process, taxable disposals that were made in the past were realized, while taxable disposals (**) were newly recognized (taxable disposal of non-performing loans as of September 30, 2005 amounted to approximately ¥1.48 trillion).
- (b) Write-down of Stocks
SMBC has been accelerating its effort to reduce stockholdings in order to lower the risk of stock price fluctuations, and to comply, at an early date, with the regulation limiting stockholdings that was adopted in fiscal 2001.
During fiscal 2002, SMBC sold stocks and reduced the balance by approximately ¥1.1 trillion, and also disposed in lump sum unrealized losses on stocks of approximately ¥1.2 trillion by writing off impaired stocks and using the gains on the March 2003 merger. Consequently, SMBC complied with the regulation limiting stockholdings at the end of fiscal 2002, before the deadline.
As a result, the outstanding balance of taxable write-offs on securities (**) increased temporarily (from approximately ¥0.1 trillion as of March 31, 1999 to approximately ¥1.5 trillion as of March 31, 2003). On the other hand, taxable write-offs of securities carried out in the past are now being realized through accelerated selling of stocks (the balance of taxable write-offs on securities as of September 30, 2005 amounted to approximately ¥1.1 trillion).
- (2) Consequently, tax loss carryforwards (**) amounted to approximately ¥2.58 trillion as of September 30, 2005, but they are certain to be offset by the end of their carry-over period by the taxable income that will be generated in the future. No material tax loss carryforwards have expired in the past.

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

(**) Corresponds to “Temporary differences” in the table on the previous page.

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

When a company has material tax loss carryforwards 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 tax 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) Period for Future Taxable Income to be Estimated: 5 years

(c) Basic Policy on Estimation of Future Taxable Income

- (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 projections for up to the first half of fiscal 2010 based on the “Plan for strengthening the financial base (up to fiscal 2008)”
 - (b) Reduce by an amount reflecting the uncertainty of the projected amount from 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 tax loss carryforwards) for the last 5 years

	Billions of yen					
	1st half FY 2005	FY 2004	FY 2003	FY 2002	FY 2001	FY 2000
Income of final return (before deducting tax loss carryforwards)	¥(571.0)	¥317.2	¥(1,437.8)	¥(745.5)	¥241.9	¥(176.0)

- Notes: 1. Income of final return (before deducting tax loss carryforwards) = Taxable income before adjustments for each fiscal year – Temporary differences to be reversed for each fiscal year
2. The figures above include amounts arising from “extraordinary factors” that are specified in the Practical Guideline. Taxable income has been reported each year when these amounts are excluded.
3. The figures for the first half of fiscal 2005 were estimated in interim closing.

Asset Quality

Current Status of Problem Assets

In fiscal 2005, the first year of SMBC's current medium-term management plan, we have been working to secure a solid profit level.

With regard to credit cost, the bank completed its initiative for the intensive improvement of its asset quality in fiscal 2004, and credit cost is expected to return to a more normalized level from the current term onward. Total credit cost for the six-month reporting period, ended September 2005, declined by ¥326.1 billion from the corresponding period of the previous year, to ¥129.7 billion.

As of the end of September 2005, the balance of non-performing loans (NPLs)—referred to as “problem assets” under the Financial Reconstruction Law—stood at ¥1,406.0 billion, and the NPL ratio (the ratio of problem assets to total assets) was 2.5%. We will continue to leverage the know-how we have accumulated in the course of implementing NPL workouts to actively develop business opportunities in corporate revitalization support services and new business areas.

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. 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-asset 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's write-off and reserve criteria for each self-assessment borrower category are shown in the table below. 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.

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.
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. In addition, SMBC applies the discounted cash flow (DCF) method to large-scale claims for calculating individual amounts on the condition of rational estimates of future cash flows.
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)

Discounted Cash Flow Method

SMBC utilizes the discounted cash flow (DCF) method to calculate the amount of reserves required to cover possible losses on large-scale claims to substandard borrowers and potentially bankrupt borrowers. The DCF method is applied in cases where it is reasonable to estimate the future cash inflow of the borrower that can be used for repayment of the principal and the payment of interest on the debt. SMBC then makes provisions equivalent to the excess of the book value of the claims over the said cash inflow, discounted by the initial contractual interest rate or the effective interest rate at the time of origination. In this way, we provide sufficient reserves against the risk of a future deterioration in asset quality.

One of the major advantages of the DCF method over conventional methods of calculating the amount of reserves required to cover possible loan losses is that it enables effective evaluation of each individual borrower. In the case of this method, the required amount of reserves may vary according to the basic data used in applying the DCF method, such as estimated future cash flow based on the borrower's business reconstruction plan, the applied discount rate, and the probability of the borrower going into bankruptcy. Thus, SMBC makes every effort to utilize timely and appropriate data to realize the most accurate estimates possible.

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 the first half of fiscal 2005 is shown in the table below.

■ Credit Cost (SMBC Nonconsolidated; six months ended September 30, 2005)

(Billions of yen)

Credit cost	¥ 154.0
Write-off of loans	16.8
Provision for specific reserve	122.7
Losses on sale of loans	14.7
Provision for loan loss reserve for specific overseas countries	(0.2)
Provision for general reserve for possible loan losses	(24.3)
Total credit cost	¥ 129.7
Reserve for possible loan losses	¥ 772.1
Amount of direct reduction	¥1,113.0

■ Credit Cost (SMFG Consolidated; six months ended September 30, 2005)

(Billions of yen)

Total credit cost	¥ 176.5
Reserve for possible loan losses	¥1,037.2
Amount of direct reduction	¥1,367.6

■ Reserve for Possible Loan Losses (September 30, 2005)

(Billions of yen)

	SMBC (Nonconsolidated)	SMFG (Consolidated)
Reserve for possible loan losses	¥772.1	¥1,037.2
General reserve	393.2	597.4
Specific reserve	375.2	436.1
Loan loss reserve for specific overseas countries	3.7	3.7

With the objective of ensuring that credit cost returns to a more normalized level in fiscal 2005 and after, we made continued active efforts to reduce the NPL balance up to and including fiscal 2004. In addition, we took a number of steps to prepare ourselves for the possible materialization of risk in the future, such as

bolstering our reserves for possible loan losses. In this way, the bank has taken all necessary measures to put the NPL issue behind it. As a result, total credit cost for the six-month reporting period, ended September 2005, declined by ¥326.1 billion year on year, to ¥129.7 billion.

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 23 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 assets)		
Normal Borrowers				
	(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

As of September 30, 2005, the amounts of problem assets (as defined in the Financial Reconstruction Law) and risk-monitored loans are shown on the following page. Our minimum targets are to reduce the balance of problem assets to approximately ¥1,000 billion and the NPL ratio to approximately 2% by the end

of March 2006. As a result of our efforts during the first half of fiscal 2005, the balance of problem assets held by SMBC as of the end of September stood at ¥1,406 billion, a reduction of ¥418.6 billion from the end of March, and the NPL ratio improved to 2.5% from 3.3%.

■ Problem Assets Based on the Financial Reconstruction Law (September 30, 2005)

(Billions of yen)

	SMBC (Nonconsolidated)	Compared with March 31, 2005	SMFG (Consolidated)
Bankrupt and quasi-bankrupt assets	¥ 301.7	¥ (146.6)	¥ 394.1
Doubtful assets	723.8	(200.6)	830.1
Substandard loans	380.5	(71.4)	622.1
Subtotal	¥ 1,406.0	¥ (418.6)	¥ 1,846.3
Normal assets	54,970.7	1,518.2	59,145.1
Total	¥56,376.7	¥1,099.6	¥60,991.4
Amount of direct reduction	¥ 1,113.0		¥ 1,367.6

■ Risk-Monitored Loans (September 30, 2005)

(Billions of yen)

	SMBC (Nonconsolidated)	Compared with March 31, 2005	SMFG (Consolidated)
Bankrupt loans	¥ 72.2	¥ 26.3	¥ 89.7
Non-accrual loans	898.9	(339.2)	1,084.7
Past due loans (3 months or more)	51.3	24.4	53.8
Restructured loans	329.2	(95.7)	560.3
Total	¥1,351.6	¥(384.2)	¥1,788.5
Amount of direct reduction	¥1,091.6		¥1,316.9

■ Classification under Self-Assessment, Disclosure of Problem Assets, and Write-Offs/Reserves (SMBC Nonconsolidated; September 30, 2005)

(Billions of yen)

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) ¥301.7	Portion of claims secured by collateral or guarantees, etc. (5) ¥286.1	Fully reserved ¥15.6	Direct write-offs (Note 1)	Specific reserve ¥21.3 (Note 2)	100% (Note 3)	
Effectively Bankrupt Borrowers							
Potentially Bankrupt Borrowers	Doubtful assets (2) ¥723.8	Portion of claims secured by collateral or guarantees, etc. (6) ¥329.5	Necessary amount reserved ¥394.3		General reserve ¥353.9 (Note 2)	89.8% (Note 3)	
Borrowers Requiring Caution	Substandard loans (3) ¥380.5	Portion of substandard loans secured by collateral or guarantees, etc. (7) ¥158.3			General reserve for substandard loans ¥118.7	52.6% (Note 3)	
	(Claims to substandard borrowers)	Claims to borrowers requiring caution, excluding claims to substandard borrowers				4.7% [10.1%] (Note 4)	19.0% (Note 3)
Normal Borrowers	Normal assets ¥54,970.7	Claims to normal borrowers			General reserve ¥393.2	0.2% (Note 4)	
					Loan loss reserve for specific overseas countries ¥3.7		
	Total (4) ¥56,376.7	NPL ratio (A) / (4) 2.5% (Note 5)	Total reserve for possible loan losses (B) Specific reserve + General reserve for substandard loans ¥772.1		¥493.9	Reserve ratio (B) / (D) 78.1% (Note 6)	
	(A) = (1) + (2) + (3) ¥1,406.0	Portion secured by collateral or guarantees, etc. (C) = (5) + (6) + (7) ¥773.9	Unsecured portion (D) = (A) - (C) ¥632.1				
			Coverage ratio [(B) + (C)] / (A)			90.2%	

Notes: 1. Includes amount of direct reduction totaling ¥1,113.0 billion.

2. Includes reserves for assets that are not subject to disclosure under the Financial Reconstruction Law. (Bankrupt/Effectively Bankrupt Borrowers: ¥5.7 billion; Potentially Bankrupt Borrowers: ¥8.0 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

The off-balancing (also known as “final disposal”) of problem assets refers to the removal of such assets from the bank’s balance sheet by way of sale, direct write-off or other means.

SMBC has continued to focus efforts on the off-balancing of problem assets, and as a result, ¥662.3 billion in problem assets were off-balanced during the six-month period under review.

■ Breakdown of Off-Balancing (SMBC Nonconsolidated; September 30, 2005)

	March 31, 2004 ①	Fiscal 2004		March 31, 2005 ②	First half of fiscal 2005		September 30, 2005 ③
		New occurrences	Off-balanced		New occurrences	Off-balanced	
Bankrupt and quasi-bankrupt assets	¥ 361.6	¥ 311.9	¥ (225.2)	¥ 448.3	¥ 38.7	¥(185.3)	¥ 301.7
Doubtful assets	1,202.7	1,258.9	(1,537.2)	924.4	276.4	(477.0)	723.8
Total	¥1,564.3	¥1,570.8	¥(1,762.4)	¥1,372.7	¥315.1	¥(662.3)	¥1,025.5
				Increase/Decrease (②-①)			Increase/Decrease (③-②)
Bankrupt and quasi-bankrupt assets				¥ 86.7			¥ (146.6)
Doubtful assets				(278.3)			(200.6)
Total				¥ (191.6)			¥ (347.2)

4. Problem Assets by Region and Industry

■ Problem Assets by Domicile of Borrowers (SMBC Nonconsolidated; September 30, 2005)

	Financial Reconstruction Law Basis (Excluding normal assets)		Risk-Monitored Loans	
	Percentage		Percentage	
Domestic	97.7%	¥1,374.0	98.0%	¥1,324.9
Overseas	2.3	32.0	2.0	26.7
Asia	0.9	12.3	0.7	9.6
Indonesia	0.4	5.0	0.4	5.0
Hong Kong	0.0	0.1	0.0	0.1
India	0.0	0.2	0.0	0.2
China	—	—	—	—
Others	0.5	7.0	0.3	4.3
North America	1.3	18.8	1.2	16.2
Central and South America	0.0	0.4	0.0	0.4
Western Europe	0.1	0.5	0.1	0.5
Eastern Europe	—	—	—	—
Total	100.0%	¥1,406.0	100.0%	¥1,351.6

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; September 30, 2005)

	Financial Reconstruction Law Basis (Excluding normal assets)		Risk-Monitored Loans	
	Percentage		Percentage	
Domestic	97.7%	¥1,374.0	98.0%	¥1,324.9
Manufacturing	5.6	79.0	5.6	75.4
Agriculture, forestry, fishery and mining	0.2	3.2	0.2	3.2
Construction	10.6	149.1	8.8	119.3
Transportation, communications, and other public enterprises	2.7	38.2	2.6	35.6
Wholesale and retail	10.0	139.9	10.1	136.8
Finance and insurance	3.2	45.2	3.3	43.9
Real estate	32.5	456.8	33.4	451.8
Services	25.5	358.4	26.4	356.7
Municipalities	—	—	—	—
Others	7.4	104.2	7.6	102.2
Overseas	2.3%	¥ 32.0	2.0%	¥ 26.7
Public sector	0.0	0.1	0.0	0.1
Financial institutions	—	—	—	—
Commerce and industry	2.3	31.9	2.0	26.6
Others	—	—	—	—
Total	100.0%	¥1,406.0	100.0%	¥1,351.6

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.

Financial Section

Consolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries
September 30, 2005 and 2004, and March 31, 2005

	Millions of yen			Millions of U.S. dollars
	September 30		March 31	September 30
	2005	2004	2005	2005
Assets				
Cash and due from banks	¥ 3,039,507	¥ 3,327,694	¥ 2,930,645	\$ 26,848
Deposits with banks	2,037,189	2,518,706	2,059,168	17,995
Call loans and bills bought	789,440	406,571	1,004,512	6,973
Receivables under resale agreements	138,675	125,306	124,856	1,225
Receivables under securities borrowing transactions	2,165,749	1,621,384	568,340	19,130
Commercial paper and other debt purchased	612,330	521,454	606,032	5,409
Trading assets	3,627,610	3,274,740	3,769,073	32,043
Money held in trust	811	3,783	3,832	7
Securities	23,579,596	24,073,122	24,233,701	208,282
Loans and bills discounted	56,095,034	55,422,034	54,799,805	495,496
Foreign exchanges	892,413	964,066	895,586	7,883
Other assets	3,348,723	2,919,297	3,110,454	29,580
Premises and equipment	807,079	946,685	836,053	7,129
Lease assets	1,005,761	991,190	1,007,015	8,884
Deferred tax assets	1,414,656	1,743,246	1,598,158	12,496
Deferred tax assets for land revaluation	—	75	—	—
Goodwill	9,408	17,544	13,381	83
Customers' liabilities for acceptances and guarantees	3,707,061	3,399,727	3,444,799	32,745
Reserve for possible loan losses	(1,037,217)	(1,222,391)	(1,273,560)	(9,162)
Total assets	¥102,233,832	¥101,054,242	¥99,731,858	\$903,046
Liabilities, minority interests and stockholders' equity				
Liabilities				
Deposits	¥ 71,772,317	¥ 70,658,295	¥71,188,131	\$633,975
Call money and bills sold	6,137,278	4,823,293	4,971,462	54,211
Payables under repurchase agreements	508,598	720,461	405,671	4,493
Payables under securities lending transactions	3,651,048	4,602,167	3,868,001	32,250
Commercial paper	7,500	352,000	374,100	66
Trading liabilities	1,786,166	1,780,073	2,110,473	15,777
Borrowed money	2,087,187	2,213,432	2,142,873	18,436
Foreign exchanges	433,654	533,545	478,482	3,831
Short-term bonds	460,500	—	1,000	4,068
Bonds	4,329,026	4,480,668	4,339,497	38,239
Due to trust account	42,260	42,202	50,457	373
Other liabilities	2,817,197	3,250,878	2,363,786	24,885
Reserve for employee bonuses	22,018	21,548	23,816	194
Reserve for employee retirement benefits	35,893	31,282	34,792	317
Reserve for expenses related to EXPO 2005 Japan	284	172	231	3
Other reserves	1,092	1,093	1,093	10
Deferred tax liabilities	47,422	46,821	45,259	419
Deferred tax liabilities for land revaluation	50,466	58,100	90,994	446
Acceptances and guarantees	3,707,061	3,399,727	3,444,799	32,745
Total liabilities	97,896,973	97,015,765	95,934,927	864,738
Minority interests	1,074,517	1,017,565	1,021,203	9,491
Stockholders' equity				
Capital stock	1,352,651	1,247,650	1,352,651	11,948
Capital surplus	974,349	866,870	974,346	8,606
Retained earnings	697,905	612,438	329,963	6,165
Land revaluation excess	37,839	99,514	57,853	334
Net unrealized gains on other securities	533,070	270,252	410,653	4,709
Foreign currency translation adjustments	(62,640)	(73,509)	(79,883)	(553)
Treasury stock	(270,834)	(2,303)	(269,857)	(2,392)
Total stockholders' equity	3,262,340	3,020,911	2,775,728	28,817
Total liabilities, minority interests and stockholders' equity	¥102,233,832	¥101,054,242	¥99,731,858	\$903,046

See accompanying notes to interim consolidated financial statements.

Consolidated Statements of Operations (Unaudited)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Six months ended September 30, 2005 and 2004, and year ended March 31, 2005

	Millions of yen			Millions of U.S. dollars																												
	Six months ended September 30		Year ended March 31	Six months ended September 30																												
	2005	2004	2005	2005																												
Income																																
Interest income:	¥ 769,316	¥ 752,495	¥1,521,728	\$ 6,795																												
Interest on loans and discounts.....	593,689	569,704	1,152,749	5,244																												
Interest and dividends on securities.....	120,932	121,740	256,396	1,068																												
Trust fees	4,285	729	2,609	38																												
Fees and commissions	327,875	281,955	596,086	2,896																												
Trading profits	12,448	30,927	144,587	110																												
Other operating income	576,540	551,794	1,058,289	5,093																												
Other income	128,809	162,942	266,569	1,138																												
Total income	1,819,276	1,780,844	3,589,871	16,070																												
Expenses																																
Interest expenses:	215,601	156,704	350,385	1,905																												
Interest on deposits.....	117,904	54,555	135,212	1,041																												
Fees and commissions	49,167	46,575	79,976	434																												
Trading losses.....	189	605	199	2																												
Other operating expenses.....	403,592	394,061	867,748	3,565																												
General and administrative expenses.....	421,626	423,612	852,715	3,724																												
Provision for reserve for possible loan losses.....	104,118	165,267	288,902	920																												
Other expenses.....	113,687	497,301	1,258,478	1,004																												
Total expenses	1,307,983	1,684,128	3,698,406	11,554																												
Income (loss) before income taxes and minority interests	511,293	96,715	(108,535)	4,516																												
Income taxes:																																
Current	32,367	17,079	30,638	286																												
Refund.....	—	(8,104)	(8,869)	—																												
Deferred	60,672	5,277	52,912	536																												
Minority interests in net income.....	25,925	29,090	50,983	229																												
Net income (loss)	¥ 392,327	¥ 53,372	¥ (234,201)	\$ 3,465																												
<table border="1"> <thead> <tr> <th rowspan="3"></th> <th colspan="3">Yen</th> <th>U.S. dollars</th> </tr> <tr> <th colspan="2">Six months ended September 30</th> <th>Year ended March 31</th> <th>Six months ended September 30</th> </tr> <tr> <th>2005</th> <th>2004</th> <th>2005</th> <th>2005</th> </tr> </thead> <tbody> <tr> <td colspan="5">Per share data:</td> </tr> <tr> <td>Net income (loss)</td> <td>¥57,635.50</td> <td>¥9,119.40</td> <td>¥(44,388.07)</td> <td>\$509.10</td> </tr> <tr> <td>Net income — diluted.....</td> <td>44,223.65</td> <td>5,245.69</td> <td>—</td> <td>390.63</td> </tr> </tbody> </table>						Yen			U.S. dollars	Six months ended September 30		Year ended March 31	Six months ended September 30	2005	2004	2005	2005	Per share data:					Net income (loss)	¥57,635.50	¥9,119.40	¥(44,388.07)	\$509.10	Net income — diluted.....	44,223.65	5,245.69	—	390.63
	Yen			U.S. dollars																												
	Six months ended September 30		Year ended March 31	Six months ended September 30																												
	2005	2004	2005	2005																												
Per share data:																																
Net income (loss)	¥57,635.50	¥9,119.40	¥(44,388.07)	\$509.10																												
Net income — diluted.....	44,223.65	5,245.69	—	390.63																												

See accompanying notes to interim consolidated financial statements.

Consolidated Statements of Stockholders' Equity (Unaudited)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Six months ended September 30, 2005 and year ended March 31, 2005

	Millions of yen							
	Capital stock	Capital surplus	Retained earnings	Land revaluation excess	Net unrealized gains on other securities	Foreign currency translation adjustments	Treasury stock	Total
Balance at March 31, 2004	¥1,247,650	¥865,282	¥611,189	¥96,527	¥325,013	¥(71,764)	¥ (2,956)	¥3,070,942
Issuance of preferred stocks	105,001	105,001						210,003
Change due to decrease of consolidated subsidiaries			3					3
Change due to decrease of affiliates			(2,719)					(2,719)
Gains on disposal of treasury stock.....		4,063						4,063
Transfer of land revaluation excess.....			2,111	(2,111)				—
Transfer to deferred tax liabilities for land revaluation and others				(36,562)				(36,562)
Cash dividends paid			(46,421)					(46,421)
Net loss.....			(234,201)					(234,201)
Change in net unrealized gains on other securities.....					85,639			85,639
Change in foreign currency translation adjustments						(8,119)		(8,119)
Change in treasury stock.....							(266,900)	(266,900)
Balance at March 31, 2005	1,352,651	974,346	329,963	57,853	410,653	(79,883)	(269,857)	2,775,728
Change due to increase of consolidated subsidiaries			(0)					(0)
Change due to decrease of consolidated subsidiaries			1					1
Gains on disposal of treasury stock.....		2						2
Transfer of land revaluation excess.....			20,001	(20,001)				—
Change in tax rate and others				(12)				(12)
Cash dividends paid			(44,389)					(44,389)
Net income			392,327					392,327
Change in net unrealized gains on other securities.....					122,416			122,416
Change in foreign currency translation adjustments						17,243		17,243
Change in treasury stock.....							(977)	(977)
Balance at September 30, 2005	¥1,352,651	¥974,349	¥697,905	¥37,839	¥533,070	¥(62,640)	¥(270,834)	¥3,262,340

	Millions of U.S. dollars							
	Capital stock	Capital surplus	Retained earnings	Land revaluation excess	Net unrealized gains on other securities	Foreign currency translation adjustments	Treasury stock	Total
Balance at March 31, 2005	\$11,948	\$8,606	\$2,915	\$511	\$3,627	\$(705)	\$(2,384)	\$24,518
Change due to increase of consolidated subsidiaries			(0)					(0)
Change due to decrease of consolidated subsidiaries			0					0
Gains on disposal of treasury stock.....		0						0
Transfer of land revaluation excess.....			177	(177)				—
Change in tax rate and others				(0)				(0)
Cash dividends paid			(392)					(392)
Net income			3,465					3,465
Change in net unrealized gains on other securities.....					1,082			1,082
Change in foreign currency translation adjustments						152		152
Change in treasury stock.....							(8)	(8)
Balance at September 30, 2005	\$11,948	\$8,606	\$6,165	\$334	\$4,709	\$(553)	\$(2,392)	\$28,817

See accompanying notes to interim consolidated financial statements.

Consolidated Statements of Cash Flows (Unaudited)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Six months ended September 30, 2005 and 2004, and year ended March 31, 2005

	Millions of yen			Millions of U.S. dollars
	Six months ended September 30	2004	Year ended March 31 2005	Six months ended September 30 2005
1. Cash flows from operating activities:				
Income (loss) before income taxes and minority interests.....	¥ 511,293	¥ 96,715	¥ (108,535)	\$ 4,516
Depreciation of premises, equipment and others	40,218	41,082	84,120	355
Depreciation of lease assets.....	166,592	168,782	340,777	1,472
Losses on impairment of fixed assets.....	10,580	—	—	93
Amortization of goodwill.....	3,469	4,280	10,017	31
Equity in earnings of affiliates	(14,081)	(12,893)	(27,142)	(124)
Gains on sale of subsidiaries' shares and gains on change in equity of subsidiary.....	(60,192)	—	—	(532)
Net change in reserve for possible loan losses	(238,154)	(200,035)	(140,104)	(2,104)
Net change in reserve for employee bonuses	(1,857)	(855)	1,497	(16)
Net change in reserve for employee retirement benefits	1,101	131,309	134,819	10
Net change in reserve for expenses related to EXPO 2005 Japan	53	55	114	0
Interest income	(769,316)	(752,495)	(1,521,728)	(6,796)
Interest expenses	215,601	156,704	350,385	1,904
Net (gains) losses on securities	(64,257)	(74,018)	102,784	(568)
Net (gains) losses from money held in trust	(13)	—	(0)	(0)
Net exchange gains	(62,513)	(172,849)	(105,603)	(552)
Net (gains) losses from disposal of premises and equipment	(275)	8,716	63,973	(2)
Net gains from disposal of lease assets	(666)	(1,143)	(3,345)	(6)
Net change in trading assets	163,674	37,897	(468,577)	1,446
Net change in trading liabilities	(347,755)	(98,289)	246,434	(3,072)
Net change in loans and bills discounted	(1,213,748)	(18,373)	468,339	(10,721)
Net change in deposits	688,527	2,245,859	3,137,797	6,082
Net change in negotiable certificates of deposit	(186,912)	(478,870)	(806,192)	(1,651)
Net change in borrowed money (excluding subordinated debt) ...	(13,469)	(142,894)	(180,888)	(119)
Net change in deposits with banks	55,542	(683,001)	(245,726)	491
Net change in call loans, bills bought, receivables under resale agreements, and commercial paper and other debt purchased ...	200,494	(59,546)	(743,218)	1,771
Net change in receivables under securities borrowing transactions.....	(1,597,409)	(612,055)	440,987	(14,110)
Net change in call money, bills sold and payables under repurchase agreements	1,262,966	(1,845,325)	(2,013,905)	11,156
Net change in commercial paper	(366,600)	69,300	91,400	(3,238)
Net change in payables under securities lending transactions....	(216,953)	(1,344,179)	(2,078,345)	(1,916)
Net change in foreign exchanges (assets)	6,635	(219,887)	(151,254)	59
Net change in foreign exchanges (liabilities)	(45,233)	(39,119)	(94,405)	(400)
Net change in short-term bonds (liabilities).....	459,500	—	1,000	4,059
Issuance and redemption of bonds (excluding subordinated bonds).....	(269,880)	279,933	130,498	(2,384)
Net change in due to trust account	(8,196)	6,169	14,424	(72)
Interest received	803,273	797,421	1,553,995	7,095
Interest paid	(208,281)	(158,410)	(336,234)	(1,840)
Net change in payable on trading and securities contracts	—	—	(1,020,879)	—
Other, net	129,264	(332,096)	(350,488)	1,142
Subtotal	(966,978)	(3,202,113)	(3,223,208)	(8,541)
Income taxes paid.....	14,248	(28,614)	(56,914)	125
Net cash used in operating activities	(952,729)	(3,230,728)	(3,280,122)	(8,416)

(Continued)

	Millions of yen			Millions of U.S. dollars
	Six months ended September 30	2004	Year ended March 31 2005	Six months ended September 30 2005
2. Cash flows from investing activities:				
Purchases of securities.....	¥(29,777,298)	¥(21,283,083)	¥(46,309,832)	\$(263,027)
Proceeds from sale of securities.....	24,077,266	16,679,189	36,134,383	212,678
Proceeds from maturity of securities	6,696,817	7,674,230	13,118,211	59,154
Purchases of money held in trust	(750)	—	—	(7)
Proceeds from sale of money held in trust	3,789	0	0	34
Purchases of premises and equipment	(13,389)	(22,183)	(56,945)	(118)
Proceeds from sale of premises and equipment	11,107	28,080	93,474	98
Purchases of lease assets.....	(192,899)	(185,819)	(396,497)	(1,704)
Proceeds from sale of lease assets.....	28,661	18,991	43,702	253
Proceeds from sale of stocks of subsidiaries.....	54,937	—	—	485
Purchases of stocks of subsidiaries.....	—	(2,970)	(2,970)	—
Net cash provided by investing activities	888,242	2,906,435	2,623,525	7,846
3. Cash flows from financing activities:				
Proceeds from issuance of subordinated debt	33,000	20,000	36,000	292
Repayment of subordinated debt.....	(82,343)	(22,240)	(72,212)	(727)
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights	408,038	237,275	440,237	3,604
Repayment of subordinated bonds and bonds with stock acquisition rights	(162,800)	(48,000)	(234,983)	(1,438)
Proceeds from issuance of stocks	—	—	210,003	—
Dividends paid	(44,355)	(46,447)	(46,463)	(392)
Proceeds from minority stockholders.....	48,025	—	21,024	424
Dividends paid to minority stockholders	(27,034)	(26,171)	(39,457)	(239)
Purchases of treasury stock	(1,001)	(502)	(269,012)	(9)
Proceeds from sale of treasury stock	26	3,936	9,063	0
Net cash provided by financing activities	171,555	117,850	54,199	1,515
4. Effect of exchange rate changes on cash and due from banks ...	1,794	716	(378)	16
5. Net change in cash and due from banks	108,861	(205,726)	(602,776)	961
6. Cash and due from banks at beginning of period	2,930,645	3,529,479	3,529,479	25,887
7. Change in cash and due from banks due to merger of consolidated subsidiaries	—	3,941	3,941	—
8. Cash and due from banks at end of period.....	¥ 3,039,507	¥ 3,327,694	¥ 2,930,645	\$ 26,848

See accompanying notes to interim consolidated financial statements.

Notes to Interim Consolidated Financial Statements (Unaudited)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries
Six months ended September 30, 2005

I. Significant Accounting Policies

1. Scope of consolidation

- (1) Consolidated subsidiaries: 166 companies

Principal companies:

Sumitomo Mitsui Banking Corporation (SMBC)
THE MINATO BANK, LTD.
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 six months ended September 30, 2005 are as follows:

Nine companies including NS Capital Co., Ltd. were newly consolidated due to establishment and other reason.

Four companies including WAKASHIO OFFICE SERVICE Co., Ltd. were excluded from the scope of consolidation because they were no longer subsidiaries due to liquidation and other reason. Six companies including SMLC CENTAURUS CO., LTD. became unconsolidated subsidiaries that are not accounted for by the equity method because they became silent partnerships for lease transactions.

- (2) Unconsolidated subsidiaries

Principal company:

SBCS Co., Ltd.

One hundred and twenty-one 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, they were excluded from the scope of consolidation pursuant to Article 5 Paragraph 1 Item 2 of Interim Consolidated Financial Statements Regulations.

Total assets, ordinary income, net income and retained earnings of other unconsolidated subsidiaries have no material impact on the interim consolidated financial statements.

2. Application of the equity method

- (1) Unconsolidated subsidiaries accounted for by the equity method: 3 companies

Principal company:

SBCS Co., Ltd.

In the six months ended September 30, 2005, SBL Holdings Limited was excluded from the scope of unconsolidated subsidiaries accounted for by the equity method because it was no longer a subsidiary due to liquidation.

- (2) Affiliates accounted for by the equity method: 56 companies

Principal companies:

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

Changes in affiliates in the six months ended September 30, 2005 are as follows:

Eight companies including NIF Ventures Co., Ltd. newly became affiliated companies accounted for by the equity method due to acquirement of shares.

P.T. Perjahl Leasing Indonesia was excluded from the scope of affiliated companies accounted for by the equity method because it was no longer an affiliated company due to sale of shares.

- (3) Unconsolidated subsidiaries that are not accounted for by the equity method

One hundred and twenty-one 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, they are not treated as affiliated companies accounted for by the equity method pursuant to Article 7 Paragraph 1 Item 2 of Interim Consolidated Financial Statements Regulations.

- (4) Affiliates that are not accounted for by the equity method

Principal company:

Daiwa SB Investments (USA) Ltd.

Net income and retained earnings of other unconsolidated subsidiaries and affiliates that are not accounted for by the equity method have no material impact on the interim consolidated financial statements.

3. The interim balance sheet dates of consolidated subsidiaries

- (1) The interim balance sheet dates of the consolidated subsidiaries are as follows:

March 31:	5 Companies
April 30:	1 Company
June 30:	68 Companies
July 31:	3 Companies
September 30:	89 Companies

- (2) As for the companies whose interim balance sheet dates are March 31 and April 30, the accounts are provisionally closed for the purpose of consolidation as of September 30 and July 31, respectively. The other companies are consolidated on the basis of their respective interim balance sheet dates.

Appropriate adjustments were made for material transactions during the periods from their respective interim balance sheet dates to the interim consolidated closing date.

4. Accounting methods

- (1) Standards for recognition and measurement of 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 interim consolidated balance sheet on a trade date basis. Profits and losses on trading-purpose transactions are recognized on a trade date basis, and recorded as "Trading profits" and "Trading losses."

Securities and monetary claims purchased for trading purposes are stated at the interim term-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 interim consolidated balance sheet date.

“Trading profits” and “Trading losses” include interest received or paid during the interim term. The valuation differences of securities and money claims between the previous fiscal year-end and this interim term-end are also recorded in the above-mentioned accounts. As for the derivatives, assuming that the settlement will be made in cash, the valuation differences between the previous fiscal year-end and this interim term-end are also recorded in the above-mentioned accounts.

(2) Standards for recognition and measurement of securities

(a) Debt securities that consolidated subsidiaries have the positive intent and ability to hold to maturity are classified as held-to-maturity securities and are carried at amortized cost (straight-line method) using the moving-average method.

Investments in unconsolidated 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 unconsolidated subsidiaries and affiliates are classified as “other securities” (available-for-sale securities). Stocks in other securities that have market prices are carried at their average market prices during the final month of the interim term, and bonds and others that have market prices are carried at their interim term-end market prices (cost of securities sold is calculated using primarily the moving-average method). Other securities with no available 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 interim term’s earnings by applying fair value hedge accounting.

(b) Securities included in money held in trust are carried in the same method as in Notes I. 4. (1) and (2) (a).

(3) Standards for recognition and measurement of 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.

(4) Depreciation

(a) Depreciation of premises, equipment and lease assets
Premises and equipment owned by Sumitomo Mitsui Financial Group, Inc. (SMFG) and SMBC are depreciated using the straight-line method for premises and the declining-balance method for equipment. They calculated the depreciation cost for the interim term by proportionally allocating the estimated annual cost to the interim term. The estimated useful lives of major items are as follows:

Buildings:	7 to 50 years
Equipment:	2 to 20 years

Other consolidated subsidiaries depreciate premises and equipment, and lease assets primarily using the straight-line method over the estimated useful lives of the respective assets and the straight-line method over the lease term based on the residual value of assets at the end of the lease term, respectively.

(b) Depreciation of capitalized software
Capitalized software for internal use owned by SMFG and its consolidated domestic subsidiaries is depreciated using the straight-line method over its estimated useful life (basically five years).

(5) Reserve for possible loan losses

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

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 perceived to have a high risk of falling into bankruptcy (“potentially bankrupt borrowers”), 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.

Discounted Cash Flows (DCF) method is used for claims on borrowers whose cash flows from collection of principals and interest can be rationally estimated and SMBC applies it to claims on large potentially bankrupt borrowers and claims on large borrowers requiring close monitoring that have been classified as “Past due loans (3 months or more)” or “Restructured loans,” whose total loans from SMBC 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 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 rules 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 written off against the total outstanding amount of the claims. The amount of write-off was ¥1,367,602 million (\$12,080 million).

(6) 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 this interim term.

(7) 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 interim term-end, based on the projected retirement benefit obligation and the fair value of plan assets at this fiscal year-end.

Unrecognized prior service cost is amortized using the straight-line method, primarily over 10 years within the employees' average remaining service period at incurrence.

Unrecognized net actuarial gain (loss) is amortized using the straight-line method, primarily over 10 years within the employees' average remaining service period, commencing from the next fiscal year of incurrence.

(8) Reserve for expenses related to EXPO 2005 Japan

SMBC accounts for the exhibition expenses related to "The 2005 World Exposition, Aichi, Japan" as "Reserve for expenses related to EXPO 2005 Japan." This reserve is stipulated in Article 43 of the Ordinance of the Commercial Code and includes the reserve that is stipulated in Article 57-2 of the Specific Taxation Measures Law.

(9) Other reserves required by special laws

Other reserves required by special laws are reserve for contingent liabilities from financial futures transactions in accordance with Article 81 of the Financial Futures Transaction Law of ¥18 million (\$0 million), and reserve for contingent liabilities from securities transactions in accordance with Article 51 of the Securities and Exchange Law of ¥1,074 million (\$9 million).

(10) Translation of foreign currency assets and liabilities

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 interim consolidated balance sheet date, with the exception of stocks of subsidiaries and affiliates translated at rates prevailing at the time of acquisition.

Other consolidated subsidiaries' assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at their respective interim balance sheet dates.

(11) Accounting method for lease transactions

Financing leases of SMFG and its consolidated domestic subsidiaries, excluding those in which the ownership of the property is transferred to the lessee, are accounted for in the same method as operating leases.

Standards for recognizing lease-related income on lease transactions and income/expenses on installment sales are as follows:

- (a) Recognition of lease-related income on lease transactions
Primarily, 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.
- (b) Recognition of income and expenses on installment sales
Primarily, installment-sales-related income and installment-sales-related expenses are recognized on a due-date basis over the full term of the installment sales.

(12) 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.

SMBC applies deferred hedge accounting stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24) to portfolio hedges on groups of large-volume, small-value monetary claims and debts.

As for the portfolio hedges to offset market fluctuation, SMBC assesses the effectiveness of such hedges by classifying the hedged items (such as deposits and loans) and the hedging instruments (such as interest rate swaps) by their maturity. As for the portfolio hedges to fix cash flows, SMBC assesses the effectiveness of such hedges by verifying the correlation between the hedged items and the hedging instruments.

As for the individual hedges, SMBC also basically applies deferred hedge accounting. But, SMBC applies fair value hedge accounting to hedging transactions for reducing the market volatility of bonds classified as other securities that are held for the purpose of Asset and Liability Management.

As a result of the application of JICPA Industry Audit Committee Report No. 24, SMBC discontinued the application of hedge accounting or applied fair value hedge accounting to a portion of the hedging instruments using “macro hedge,” which had been applied in order to manage 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 pursuant to “Temporary Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry” (JICPA Industry Audit Committee Report No. 15). The deferred hedge losses and gains related to such a portion of hedging instruments are charged to “Interest income” or “Interest expenses” over a 12-year period (maximum) according to their maturity from the fiscal year ended March 31, 2004. At this interim term-end, gross amounts of deferred hedge losses and gains on “macro hedge” were ¥146,070 million (\$1,290 million) and ¥119,788 million (\$1,058 million), respectively.

(b) Hedging against currency fluctuations

SMBC applies deferred hedge accounting stipulated in “Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry” (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.

Certain other consolidated subsidiaries use the deferred hedge accounting or the special treatment for interest rate swaps. A consolidated domestic subsidiary (a leasing company) partly applies the accounting method that is permitted by “Temporary Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Leasing Industry” (JICPA Industry Audit Committee Report No. 19).

(13) Consumption tax

National and local consumption taxes of SMFG and its consolidated domestic subsidiaries are accounted for using the tax-excluded method.

(14) Tax effect accounting

On the premise that transfer to and from the reserve for losses on overseas investments will be conducted through appropriation of retained earnings (deficit) at the end of this fiscal year of SMFG and its consolidated domestic subsidiaries, current and deferred income taxes are recorded in the amount corresponding to the interim consolidated term.

(15) Application of new accounting standard for impairment of fixed assets

Effective on April 1, 2005, SMFG applied “Accounting Standards for Impairment of Fixed Assets” (“Opinion Concerning Establishment of Accounting Standard for Impairment on Fixed Assets,” issued by Business Accounting Deliberation Council on August 9, 2002) and “Guidelines on Implementation of Accounting Standard for Impairment of Fixed Assets” (Guidelines on Implementation of Business Accounting Standard No. 6 issued by the Accounting Standards Board of Japan on October 31, 2003). As a result, net income before income taxes and minority interests decreased by ¥9,997 million (\$88 million). In the banking industry, fixed assets are stated at cost less accumulated depreciation pursuant to the Enforcement Ordinance of the Banking Law and the accumulated impairment loss is also deducted from the book value of each asset.

5. Statements of cash flows

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

II. Notes to Consolidated Balance Sheet

1. Securities include ¥425,992 million (\$3,763 million) of stocks of unconsolidated subsidiaries and affiliates and ¥1,475 million (\$13 million) of investments.

2. Japanese government bonds as a sub-account of Securities include ¥9,921 million (\$88 million) of unsecured loaned securities for which borrowers have the right to sell or pledge.

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, ¥2,002,583 million (\$17,689 million) of securities are pledged, and ¥217,437 million (\$1,921 million) of securities are held in hand as of the interim consolidated balance sheet date.

3. Bankrupt loans and Non-accrual loans were ¥89,680 million (\$792 million) and ¥1,084,678 million (\$9,581 million), respectively.

“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. “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.

4. Past due loans (3 months or more) totaled ¥53,845 million (\$476 million).

“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.”

5. Restructured loans totaled ¥560,295 million (\$4,949 million).

“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).”

6. The total amount of Bankrupt loans, Non-accrual loans, Past due loans (3 months or more) and Restructured loans was ¥1,788,499 million (\$15,798 million).

The amounts of loans presented in 3. to 6. above are the amounts before deduction of reserve for possible loan losses.

7. Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24. SMFG’s 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 was ¥863,193 million (\$7,625 million), and bank acceptance bought, commercial bills discounted, documentary

bills and foreign exchanges bought that were rediscounted by the banking subsidiaries accounted for ¥881 million (\$8 million) of the total amount.

8. Assets pledged as collateral were as follows:

September 30, 2005	Millions of yen	Millions of U.S. dollars
Assets pledged as collateral		
Cash and due from banks and		
Deposits with banks.....	¥ 85,183	\$ 752
Trading assets	326,547	2,884
Securities	8,202,692	72,456
Loans and bills discounted	1,707,149	15,079
Other assets (installment account		
receivable, etc.)	1,206	11
Liabilities corresponding to		
assets pledged as collateral		
Deposits.....	¥ 13,599	\$ 120
Call money and bills sold	5,279,499	46,635
Payables under repurchase		
agreements.....	498,622	4,404
Payables under securities		
lending transactions.....	3,443,828	30,420
Trading liabilities	190,640	1,684
Borrowed money.....	14,675	130
Other liabilities	20,808	184
Acceptances and guarantees	151,927	1,342

In addition, Cash and due from banks and Deposits with banks of ¥5,919 million (\$52 million), Trading assets of ¥495,451 million (\$4,376 million), and Securities of ¥4,107,162 million (\$36,279 million) were pledged as collateral for cash settlements, variation margins of futures markets and certain other purposes.

Premises and equipment included surety deposits and intangible of ¥98,602 million (\$871 million), and Other assets included initial margins of futures markets of ¥8,099 million (\$72 million).

9. 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 was ¥37,859,678 million (\$334,420 million), and the amount of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time was ¥33,042,642 million (\$291,870 million).

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 contracts are made.

10. 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 "Other assets." Gross deferred unrealized losses and gains on hedging instruments were ¥465,676 million (\$4,113 million) and ¥351,915 million (\$3,109 million), respectively.

11. 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 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."

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 (stipulated 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 stipulated 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 stipulated in Article 2-3 and 2-5 of the Enforcement Ordinance No. 119.

12. Accumulated depreciation on premises and equipment and accumulated depreciation on lease assets amounted to ¥537,597 million (\$4,749 million) and ¥1,553,475 million (\$13,722 million), respectively.

13. Deferred gain on real property deductible for tax purposes amounted to ¥66,094 million (\$584 million).

14. The balance of subordinated debt included in "Borrowed money" was ¥685,500 million (\$6,055 million).

15. The balance of subordinated bonds included in "Bonds" was ¥2,125,016 million (\$18,771 million).

III. Notes to Consolidated Statement of Operations

1. "Other income" includes gains on sales of stocks and other securities of ¥46,383 million (\$410 million), gains on sale of a subsidiary's shares and change in equity of the subsidiary of ¥57,509 million (\$508 million) and gains on disposal of fixed assets of ¥3,514 million (\$31 million).

2. "Other expenses" includes write-off of loans of ¥42,681 million (\$377 million), losses on delinquent loans sold of ¥29,725 million (\$263 million), losses on impairment of fixed assets of ¥10,580 million (\$93 million) and losses on disposal of premises and equipment of ¥3,239 million (\$29 million).

3. The difference between the recoverable amount and the book value of the following assets is recognized as "Losses on impairment of fixed assets" and included in "Other expenses" in this interim term.

Six months ended September 30, 2005

Area	Purpose of use	Type	Millions of yen	Millions of U.S. dollars
Tokyo metropolitan area...	Idle assets (41 items)	Land and premises etc.	¥4,388	\$39
Kinki area.....	Branches (12 branches)	Land and premises etc.	3,985	35
	Idle assets (23 items)		1,966	17
Other.....	Idle assets (13 items)	Land and premises etc.	240	2

At the consolidated subsidiary, SMBC, every branch, which continuously manages and determines income and expenses, is the smallest unit of asset group for recognition and measurement of impairment loss. Fixed assets which do not have identifiable cash flows (such as corporate headquarters facilities, training institutes, business and system centers, and health and recreational facilities) are grouped with other assets. As for idle assets, impairment loss on each asset is measured individually. At other consolidated subsidiaries, a branch is generally considered as the smallest grouping unit.

On assets which investments are not expected to be recovered, SMBC and other consolidated subsidiaries reduced the carrying amounts of idle assets, in the case of SMBC, and those of idle assets and branches, in the case of SMFG and other consolidated subsidiaries, to their recoverable amounts and recognized the relevant losses as "losses on impairment of fixed assets," which is included in "Other expenses." Recoverable amounts of some of the branches are calculated based on future cash flows using a discount rate of 5–6%. Recoverable amounts of other assets are calculated using net realizable value which is based on appraisal value in accordance with the Real Estate Appraisal Standard less the expected sale costs.

IV. 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 September 30, 2005 was as follows:

(1) Lessee side

September 30, 2005	Millions of yen		
	Equipment	Other	Total
Acquisition cost	¥4,974	¥312	¥5,287
Accumulated depreciation	2,462	165	2,627
Net book value	¥2,512	¥146	¥2,659

September 30, 2005	Millions of U.S. dollars		
	Equipment	Other	Total
Acquisition cost	\$44	\$3	\$47
Accumulated depreciation	22	1	23
Net book value	\$22	\$2	\$24

Future minimum lease payments excluding interests at September 30, 2005 were as follows:

September 30, 2005	Millions of yen	Millions of U.S. dollars
Due within one year	¥ 936	\$ 8
Due after one year	1,812	16
Total	¥2,749	\$24

Total lease expenses for this interim term were ¥587 million (\$5 million).

Assumed depreciation for this interim term amounted to ¥526 million (\$5 million).

Assumed depreciation 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 calculated using the effective interest method. Interest expenses for this interim term amounted to ¥59 million (\$1 million).

(2) Lessor side

September 30, 2005	Millions of yen		
	Equipment	Other	Total
Acquisition cost	¥1,861,808	¥649,657	¥2,511,465
Accumulated depreciation	1,176,193	365,318	1,541,512
Net book value	¥ 685,614	¥284,338	¥ 969,953

September 30, 2005	Millions of U.S. dollars		
	Equipment	Other	Total
Acquisition cost	\$16,445	\$5,739	\$22,184
Accumulated depreciation	10,389	3,227	13,616
Net book value	\$ 6,056	\$2,512	\$ 8,568

Future lease payments receivable excluding interests at September 30, 2005 were as follows:

September 30, 2005	Millions of yen	Millions of U.S. dollars
Due within one year	¥308,553	\$2,725
Due after one year	673,573	5,950
Total	¥982,126	\$8,675

Total lease income for this interim term was ¥207,237 million (\$1,831 million).

Depreciation for this interim term amounted to ¥162,262 million (\$1,433 million).

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 calculated using the effective interest method. Interest income for this interim term amounted to ¥30,002 million (\$265 million).

2. Operating leases

(1) Lessee side

Future minimum lease payments at September 30, 2005 were as follows:

September 30, 2005	Millions of yen	Millions of U.S. dollars
Due within one year	¥17,752	\$157
Due after one year	74,436	657
Total	¥92,188	\$814

(2) Lessor side

Future lease payments receivable at September 30, 2005 were as follows:

September 30, 2005	Millions of yen	Millions of U.S. dollars
Due within one year	¥ 9,259	\$ 82
Due after one year	21,100	186
Total	¥30,359	\$268

Future lease payments receivable amounting to ¥67,727 million (\$598 million) on the lessor side referred to above 1. and 2. were pledged as collateral for borrowings.

V. Per Share Data

September 30, 2005	Yen	U.S. dollars
Stockholders' equity per share	¥261,250.37	\$2,307.66
Net income per share	57,635.50	509.10
Net income per share — diluted	44,223.65	390.63

1. Stockholders' equity per share is calculated by deducting from stockholders' equity the number of preferred stocks issued as of the end of the interim term multiplied by the issue price, divided by the number of common stocks issued at the interim term-end (excluding "treasury stock").
2. Net income per share is calculated by deducting dividends for preferred stock from net income, divided by the weighted average number of shares of common stock, excluding treasury stock outstanding during the interim term.
3. Net income per share (diluted) reflects the potential dilution that could occur if preferred stocks and other contracts to issue common stocks were exercised.

VI. Others

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 September 30, 2005, which was ¥113.21 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.

VII. Market Value Information

1. Securities

Note: The amounts shown in the following tables include trading securities, commercial paper and short-term corporate bonds classified as “Trading assets,” negotiable certificates of deposit bought classified as “Deposits with banks,” and beneficiary claims on loan trusts classified as “Commercial paper and other debt purchased,” in addition to “Securities” stated in the interim consolidated balance sheet.

(1) Securities classified as trading purposes

September 30, 2005	Millions of yen	Millions of U.S. dollars
Consolidated balance sheet amount	¥1,589,914	\$14,044
Valuation losses included in the earnings for the interim term	1,296	11

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

September 30, 2005	Millions of yen				
	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds	¥659,835	¥653,970	¥(5,865)	¥ 948	¥6,813
Japanese local government bonds	58,545	57,397	(1,148)	—	1,148
Japanese corporate bonds	69,747	68,907	(840)	—	840
Other	27,678	28,120	441	441	—
Total	¥815,806	¥808,394	¥(7,411)	¥1,390	¥8,802

September 30, 2005	Millions of U.S. dollars				
	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds	\$5,829	\$5,777	\$(52)	\$ 8	\$60
Japanese local government bonds	517	507	(10)	—	10
Japanese corporate bonds	616	609	(7)	—	7
Other	244	248	4	4	—
Total	\$7,206	\$7,141	\$(65)	\$12	\$77

Note: Market value is calculated using market prices at the interim term-end.

(3) Other securities with market value

September 30, 2005	Millions of yen				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	¥ 1,904,528	¥ 2,897,259	¥992,730	¥1,031,519	¥ 38,788
Bonds	12,400,547	12,317,414	(83,132)	4,822	87,955
Japanese government bonds	10,723,139	10,649,794	(73,345)	1,207	74,552
Japanese local government bonds	540,423	534,633	(5,790)	939	6,729
Japanese corporate bonds	1,136,983	1,132,986	(3,997)	2,676	6,673
Other	3,878,943	3,866,998	(11,944)	34,002	45,947
Total	¥18,184,018	¥19,081,672	¥897,653	¥1,070,345	¥172,691

September 30, 2005	Millions of U.S. dollars				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	\$ 16,823	\$ 25,592	\$8,769	\$9,112	\$ 343
Bonds	109,535	108,801	(734)	43	777
Japanese government bonds	94,719	94,071	(648)	11	659
Japanese local government bonds	4,773	4,722	(51)	8	59
Japanese corporate bonds	10,043	10,008	(35)	24	59
Other	34,264	34,158	(106)	300	406
Total	\$160,622	\$168,551	\$7,929	\$9,455	\$1,526

Notes: 1. Net unrealized gains include losses of ¥557 million (\$5 million) that is recognized in the interim term's earnings by applying fair value hedge accounting and losses of ¥400 million (\$4 million) on embedded financial instruments in their entirety that are recognized in the earnings because their embedded derivatives are not measured separately.

2. Consolidated balance sheet amount is calculated as follows:

Stocks	Average market prices during one month before the interim term-end
Bonds and other	Market prices at the interim term-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 interim consolidated balance sheet amount and the amount of write-down is accounted for as valuation loss for this interim term. Valuation loss for this interim term was ¥212 million (\$2 million). 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 not bankrupt now, but 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.

(4) Held-to-maturity bonds sold during the interim term

There are no corresponding transactions.

(5) Other securities sold during the interim term

Six months ended September 30, 2005	Millions of yen	Millions of U.S. dollars
Sales amount	¥24,077,266	\$212,678
Gains on sales	88,639	783
Losses on sales	13,991	124

(6) Securities with no available market value

September 30, 2005	Millions of yen Consolidated balance sheet amount	Millions of U.S. dollars Consolidated balance sheet amount
Bonds classified as held-to-maturity		
Unlisted foreign securities.....	¥ 2,531	\$ 22
Other	5,271	47
Other securities		
Unlisted stocks (excluding OTC stocks).....	417,028	3,684
Unlisted bonds.....	2,264,800	20,005
Unlisted foreign securities.....	425,527	3,759
Other	267,941	2,367

(7) Change of classification of securities

There are no corresponding transactions.

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

September 30, 2005	Millions of yen			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Bonds	¥2,338,479	¥7,357,651	¥2,618,161	¥3,056,053
Japanese government bonds	1,968,207	4,729,637	1,621,591	2,990,192
Japanese local government bonds	26,564	277,662	288,476	475
Japanese corporate bonds.....	343,707	2,350,350	708,093	65,385
Other	453,001	2,087,818	565,488	802,079
Total	¥2,791,480	¥9,445,469	¥3,183,649	¥3,858,132
	Millions of U.S. dollars			
September 30, 2005	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Bonds	\$20,656	\$64,991	\$23,127	\$26,994
Japanese government bonds	17,385	41,777	14,324	26,413
Japanese local government bonds	235	2,453	2,548	4
Japanese corporate bonds.....	3,036	20,761	6,255	577
Other	4,002	18,442	4,995	7,085
Total	\$24,658	\$83,433	\$28,122	\$34,079

2. Money held in trust

(1) Money held in trust classified as trading purposes

There are no corresponding transactions.

(2) Money held in trust classified as held-to-maturity

There are no corresponding transactions.

(3) Other money held in trust

September 30, 2005	Millions of yen				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Other money held in trust	¥602	¥811	¥209	¥209	¥—

September 30, 2005	Millions of U.S. dollars				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Other money held in trust	\$5	\$7	\$2	\$2	\$—

Note: Interim consolidated balance sheet amount is calculated using market prices at the interim term-end.

3. Net unrealized gains on other securities and other money held in trust

September 30, 2005	Millions of yen	Millions of U.S. dollars
Net unrealized gains	¥898,836	\$7,940
Other securities	898,626	7,938
Other money held in trust	209	2
(-) Deferred tax liabilities	364,380	3,219
Net unrealized gains on other securities (before following adjustment)	534,455	4,721
(-) Minority interests	10,029	88
(+) SMFG's interest in net unrealized gains on valuation of other securities held by affiliates accounted for by the equity method	8,645	76
Net unrealized gains on other securities	¥533,070	\$4,709

Notes: 1. Net unrealized gains on other securities include losses of ¥557 million (\$5 million) that is recognized in the interim term's earnings by applying fair value hedge accounting and valuation losses of ¥400 million (\$4 million) on embedded financial instruments in their entirety that are recognized in the earnings because their embedded derivatives are not measured separately.

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

4. Derivative transactions

(1) Interest rate derivatives

September 30, 2005	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
Transactions listed on exchange:						
Interest rate futures	¥116,138,624	¥ (6,184)	¥ (6,184)	\$1,025,869	\$ (55)	\$ (55)
Interest rate options	1,082,176	20	20	9,559	0	0
Over-the-counter transactions:						
Forward rate agreements	6,215,118	111	111	54,899	1	1
Interest rate swaps	411,106,356	151,231	151,231	3,631,361	1,336	1,336
Interest rate swaptions	5,201,157	17,173	17,173	45,943	152	152
Caps	24,906,956	(4,840)	(4,840)	220,007	(43)	(43)
Floors	726,587	650	650	6,418	6	6
Other	930,361	5,305	5,305	8,218	47	47
Total	/	¥163,467	¥163,467	/	\$1,444	\$1,444

Note: 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 losses amounted to ¥243 million (\$2 million).

(2) Currency derivatives

September 30, 2005	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
Over-the-counter transactions:						
Currency swaps.....	¥19,821,747	¥158,980	¥110,433	\$175,088	\$1,404	\$976
Currency swaptions	2,271,416	13,409	13,409	20,064	118	118
Forward foreign exchange	45,519,103	(64,545)	(64,545)	402,077	(570)	(570)
Currency options	5,989,932	(20,629)	(20,629)	52,910	(182)	(182)
Other	—	—	—	—	—	—
Total	/	¥ 87,214	¥ 38,668	/	\$ 770	\$342

Note: 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 ¥347 million (\$3 million).

(3) Equity derivatives

September 30, 2005	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
Transactions listed on exchange:						
Equity price index futures	¥148,101	¥ 23	¥ 23	\$1,308	\$ 0	\$ 0
Equity price index options.....	1,370	2	2	12	0	0
Over-the-counter transactions:						
Equity options.....	37,365	152	152	330	2	2
Equity price index swaps	—	—	—	—	—	—
Total	/	¥178	¥178	/	\$ 2	\$ 2

Note: 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.

(4) Bond derivatives

September 30, 2005	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
Transactions listed on exchange:						
Bond futures.....	¥1,141,471	¥(4,279)	¥(4,279)	\$10,083	\$(38)	\$(38)
Bond futures options	51,012	40	40	451	1	1
Over-the-counter transactions:						
Forward bond agreements.....	269,191	1,393	1,393	2,378	12	12
Bond options.....	1,131,734	3,265	3,265	9,997	29	29
Total	/	¥ 420	¥ 420	/	\$ 4	\$ 4

Note: 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.

(5) Commodity derivatives

September 30, 2005	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
Over-the-counter transactions:						
Commodity swaps	¥356,081	¥12,781	¥12,781	\$3,145	\$113	\$113
Commodity options.....	10,240	(117)	(117)	90	(1)	(1)
Total	/	¥12,664	¥12,664	/	\$112	\$112

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. Commodity derivatives are transactions on fuel and metal.

(6) Credit derivative transactions

September 30, 2005	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
Over-the-counter transactions:						
Credit default options.....	¥192,332	¥871	¥871	\$1,699	\$8	\$8
Other	1,944	(4)	(4)	17	(0)	(0)
Total	/	¥866	¥866	/	\$8	\$8

Note: 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.

VIII. Segment Information

1. Business segment information

Six months ended September 30, 2005	Millions of yen					
	Banking business	Leasing business	Other business	Total	Elimination	Consolidated
Ordinary income						
(1) External customers	¥1,183,343	¥367,078	¥207,456	¥1,757,879	¥ —	¥1,757,879
(2) Intersegment	20,798	9,443	97,699	127,940	(127,940)	—
Total.....	1,204,141	376,522	305,155	1,885,819	(127,940)	1,757,879
Ordinary expenses.....	824,108	355,085	228,575	1,407,770	(113,658)	1,294,111
Ordinary profit	¥ 380,033	¥ 21,436	¥ 76,579	¥ 478,049	¥ (14,281)	¥ 463,768

Six months ended September 30, 2005	Millions of U.S. dollars					
	Banking business	Leasing business	Other business	Total	Elimination	Consolidated
Ordinary income						
(1) External customers	\$10,453	\$3,242	\$1,833	\$15,528	\$ —	\$15,528
(2) Intersegment	183	84	863	1,130	(1,130)	—
Total.....	10,636	3,326	2,696	16,658	(1,130)	15,528
Ordinary expenses.....	7,279	3,137	2,019	12,435	(1,004)	11,431
Ordinary profit	\$ 3,357	\$ 189	\$ 677	\$ 4,223	\$ (126)	\$ 4,097

Notes: 1. The business segmentation is classified based on SMFG's internal administrative purpose.

Ordinary income and ordinary profit are presented as counterparts of sales and operating profit of companies in other industries.

- "Other business" includes securities, credit card, investment banking, loans, venture capital, system development and information processing.
- 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.

2. Geographic segment information

Six months ended September 30, 2005	Millions of yen						
	Japan	The Americas	Europe	Asia and Oceania	Total	Elimination	Consolidated
Ordinary income							
(1) External customers	¥1,579,894	¥77,007	¥46,224	¥54,752	¥1,757,879	¥ —	¥1,757,879
(2) Intersegment	29,904	20,784	1,724	16,207	68,621	(68,621)	—
Total.....	1,609,798	97,792	47,949	70,960	1,826,501	(68,621)	1,757,879
Ordinary expenses.....	1,208,124	68,063	40,756	38,992	1,355,936	(61,825)	1,294,111
Ordinary profit	¥ 401,674	¥29,728	¥ 7,192	¥31,968	¥ 470,564	¥ (6,795)	¥ 463,768

Six months ended September 30, 2005	Millions of U.S. dollars						
	Japan	The Americas	Europe	Asia and Oceania	Total	Elimination	Consolidated
Ordinary income							
(1) External customers	\$13,955	\$680	\$409	\$484	\$15,528	\$ —	\$15,528
(2) Intersegment	264	184	15	143	606	(606)	—
Total.....	14,219	864	424	627	16,134	(606)	15,528
Ordinary expenses.....	10,671	601	360	345	11,977	(546)	11,431
Ordinary profit	\$ 3,548	\$263	\$ 64	\$282	\$ 4,157	\$ (60)	\$ 4,097

- 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. 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.

3. Ordinary income from overseas operations

Six months ended September 30, 2005	Millions of yen	Millions of U.S. dollars
Consolidated ordinary income from overseas operations (A).....	¥ 177,984	\$ 1,572
Consolidated ordinary income (B)	1,757,879	15,528
(A) / (B)	10.1%	10.1%

- Notes: 1. Consolidated ordinary income from overseas operations are presented as counterparts of overseas sales of companies in other industries.
2. The above table shows ordinary income from transactions of overseas branches of SMBC and transactions of overseas consolidated subsidiaries, excluding internal income. These extensive transactions are not categorized by transaction party and the geographic segment information is not presented because such information is not available.

IX. Parent Company

1. Nonconsolidated balance sheets (unaudited)

Sumitomo Mitsui Financial Group, Inc.

September 30, 2005 and 2004, and March 31, 2005

	Millions of yen			Millions of U.S. dollars
	September 30		March 31	September 30
	2005	2004	2005	2005
Assets				
Current assets	¥ 65,176	¥ 108,191	¥ 134,989	\$ 576
Cash and due from banks	54,252	27,259	44,021	479
Current portion of long-term loans to subsidiaries and affiliates...	—	40,000	40,000	—
Other current assets	10,923	40,931	50,968	97
Fixed assets	3,587,526	3,449,854	3,659,517	31,689
Premises and equipment	2	3	2	0
Intangible assets	34	48	41	0
Investments and other assets	3,587,489	3,449,803	3,659,472	31,689
Investments in subsidiaries and affiliates	3,586,045	3,446,462	3,656,465	31,676
Other	1,443	3,340	3,007	13
Deferred charges	452	754	603	4
Total assets	¥3,653,155	¥3,558,800	¥3,795,110	\$32,269
Liabilities				
Current liabilities	¥ 340,469	¥ 230,761	¥ 475,494	\$ 3,007
Short-term borrowings	340,000	230,000	475,000	3,003
Reserve for employees bonuses	61	54	66	0
Other current liabilities	407	706	428	4
Total liabilities	340,469	230,761	475,494	3,007
Stockholders' equity				
Capital stock	1,352,651	1,247,650	1,352,651	11,948
Capital surplus	1,852,296	1,747,286	1,852,293	16,362
Capital reserve	1,352,764	1,247,762	1,352,764	11,949
Other capital surplus	499,532	499,524	499,529	4,413
Retained earnings	378,572	334,493	384,527	3,344
Voluntary reserve	30,420	30,420	30,420	269
Unappropriated retained earnings	348,152	304,073	354,107	3,075
Treasury stock	(270,834)	(1,390)	(269,857)	(2,392)
Total stockholders' equity	3,312,686	3,328,039	3,319,615	29,262
Total liabilities and stockholders' equity	¥3,653,155	¥3,558,800	¥3,795,110	\$32,269

2. Nonconsolidated statements of income (unaudited)

Sumitomo Mitsui Financial Group, Inc.

Six months ended September 30, 2005 and 2004,
and year ended March 31, 2005

	Millions of yen			Millions of U.S. dollars
	Six months ended		Year ended	Six months ended
	Six months ended September 30	2004	March 31	September 30
	2005	2004	2005	2005
Operating income	¥16,206	¥205,265	¥258,866	\$143
Dividends on investments in subsidiaries and affiliates	12,039	201,285	251,735	106
Fees and commissions received from subsidiaries	4,155	3,558	6,289	37
Interest income on loans to subsidiaries and affiliates	11	420	841	0
Operating expenses	1,737	1,312	2,644	15
General and administrative expenses	1,737	1,312	2,644	15
Operating profit	14,468	203,953	256,222	128
Nonoperating income	66	113	134	1
Nonoperating expenses	2,111	947	2,908	19
Ordinary profit	12,424	203,119	253,448	110
Extraordinary profit	27,579	—	—	244
Income before income taxes	40,004	203,119	253,448	354
Income taxes:				
Current	1	1	3	0
Refund	—	(329)	(329)	—
Deferred	1,567	1,252	1,545	14
Net income	¥38,435	¥202,194	¥252,228	\$340

Supplemental Information

Nonconsolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Banking Corporation

September 30, 2005 and 2004, and March 31, 2005

	Millions of yen			Millions of U.S. dollars
	September 30		March 31	September 30
	2005	2004	2005	2005
Assets				
Cash and due from banks	¥ 2,767,847	¥ 3,106,175	¥ 2,689,806	\$ 24,449
Deposits with banks	1,893,890	2,174,307	1,835,023	16,729
Call loans and bills bought	707,319	296,119	946,397	6,248
Receivables under resale agreements	80,057	106,419	88,021	707
Receivables under securities borrowing transactions	2,165,749	1,621,384	568,340	19,130
Commercial paper and other debt purchased	138,907	120,322	126,682	1,227
Trading assets	3,368,665	2,986,863	3,363,376	29,756
Money held in trust	811	3,783	3,832	7
Securities	23,039,486	23,524,899	23,676,696	203,511
Loans and bills discounted	50,949,158	50,723,607	50,067,586	450,041
Foreign exchanges	823,751	910,803	840,923	7,276
Other assets	1,647,867	1,365,753	1,446,439	14,556
Premises and equipment	640,700	671,495	660,469	5,659
Deferred tax assets	1,328,517	1,631,561	1,502,153	11,735
Customers' liabilities for acceptances and guarantees	4,513,173	4,462,028	4,303,148	39,866
Reserve for possible loan losses	(772,141)	(962,583)	(989,121)	(6,820)
Total assets	¥93,293,761	¥92,742,940	¥91,129,776	\$824,077
Liabilities and stockholders' equity				
Liabilities				
Deposits	¥65,983,526	¥65,250,782	¥65,591,627	\$582,842
Call money and bills sold	5,968,256	4,631,578	4,811,207	52,718
Payables under repurchase agreements	469,130	704,384	365,127	4,144
Payables under securities lending transactions	3,612,024	4,571,110	3,838,031	31,906
Trading liabilities	1,533,711	1,505,855	1,711,030	13,547
Borrowed money	2,067,062	2,441,850	2,267,602	18,259
Foreign exchanges	431,622	534,408	477,845	3,813
Bonds	3,872,570	3,699,055	3,718,372	34,207
Due to trust account	42,260	42,202	50,457	373
Other liabilities	1,571,010	2,076,868	1,143,206	13,877
Reserve for employee bonuses	8,239	8,598	9,092	73
Reserve for expenses related to EXPO 2005 Japan	284	172	231	3
Other reserves	18	18	18	0
Deferred tax liabilities for land revaluation	49,637	57,250	90,043	438
Acceptances and guarantees	4,513,173	4,462,028	4,303,148	39,865
Total liabilities	90,122,526	89,986,163	88,377,041	796,065
Stockholders' equity				
Capital stock	664,986	559,985	664,986	5,874
Capital surplus	1,367,548	1,262,546	1,367,548	12,080
Retained earnings	607,900	592,112	291,311	5,370
Land revaluation excess	24,488	83,656	42,345	216
Net unrealized gains on other securities	506,310	258,476	386,543	4,472
Total stockholders' equity	3,171,235	2,756,776	2,752,735	28,012
Total liabilities and stockholders' equity	¥93,293,761	¥92,742,940	¥91,129,776	\$824,077

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 ¥113.21 to US\$1, the exchange rate prevailing at September 30, 2005.

Nonconsolidated Statements of Operations (Unaudited)

Sumitomo Mitsui Banking Corporation

Six months ended September 30, 2005 and 2004, and year ended March 31, 2005

	Millions of yen			Millions of U.S. dollars
	Six months ended September 30	2004	Year ended March 31 2005	Six months ended September 30 2005
Income				
Interest income	¥ 663,008	¥ 646,974	¥1,318,698	\$5,856
Trust fees	4,284	729	2,609	38
Fees and commissions	220,503	181,243	399,434	1,948
Trading profits	5,055	21,755	131,779	45
Other operating income	158,767	150,886	228,005	1,402
Other income	42,526	139,155	210,408	376
Total income	1,094,146	1,140,745	2,290,935	9,665
Expenses				
Interest expenses	208,658	156,108	346,195	1,843
Fees and commissions	57,070	54,221	101,358	504
Trading losses	1,485	605	199	13
Other operating expenses	17,757	27,939	109,916	157
General and administrative expenses	301,739	300,276	603,477	2,665
Provision for reserve for possible loan losses	96,119	49,489	117,688	849
Other expenses	56,200	439,034	1,112,179	497
Total expenses	739,030	1,027,674	2,391,014	6,528
Income (loss) before income taxes	355,115	113,070	(100,079)	3,137
Income taxes:				
Current	5,081	1,645	6,379	45
Refund	—	(7,405)	(8,184)	—
Deferred	51,267	276	38,579	453
Net income (loss)	¥ 298,766	¥ 118,554	¥ (136,854)	\$2,639

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 ¥113.21 to US\$1, the exchange rate prevailing at September 30, 2005.

Income Analysis (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Operating Income, Classified by Domestic and Overseas Operations

Six months ended September 30, 2005 and 2004

Millions of yen

	September 30, 2005				September 30, 2004			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Interest income	¥631,258	¥154,401	¥(16,344)	¥769,316	¥668,794	¥104,023	¥(20,323)	¥752,495
Interest expenses	137,623	90,309	(12,333)	215,600	124,791	47,536	(15,625)	156,702
Net interest income.....	493,635	64,092	(4,011)	553,716	544,003	56,487	(4,697)	595,792
Trust fees.....	¥ 4,285	¥ —	¥ —	¥ 4,285	¥ 729	¥ —	¥ —	¥ 729
Fees and commissions (income)	¥304,609	¥ 24,148	¥ (882)	¥327,875	¥262,498	¥ 19,534	¥ (77)	¥281,955
Fees and commissions (expenses)	46,736	2,603	(173)	49,167	44,441	2,228	(93)	46,575
Net fees and commissions	257,872	21,544	(709)	278,707	218,057	17,306	16	235,379
Trading profits.....	¥ 11,742	¥ 4,053	¥ (3,346)	¥ 12,448	¥ 27,282	¥ 7,739	¥ (4,094)	¥ 30,927
Trading losses	—	3,536	(3,346)	189	2,112	2,587	(4,094)	605
Net trading income	11,742	516	—	12,259	25,170	5,151	—	30,322
Other operating income	¥571,179	¥ 7,423	¥ (2,061)	¥576,540	¥544,292	¥ 8,048	¥ (546)	¥551,794
Other operating expenses	396,799	7,008	(215)	403,592	392,639	1,867	(444)	394,061
Net other operating income	174,379	415	(1,846)	172,948	151,652	6,181	(101)	157,732

- 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 income" and "Other expenses." Therefore, "Interest expenses" are shown after deduction of expenses (first half of fiscal 2005, ¥0 million; first half of fiscal 2004, ¥1 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

Six months ended September 30, 2005 and 2004

Domestic Operations

Millions of yen

	September 30, 2005			September 30, 2004		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥76,076,980	¥631,258	1.66%	¥78,638,471	¥668,794	1.70%
Loans and bills discounted.....	49,890,257	480,432	1.93	51,278,263	506,829	1.98
Securities	22,112,147	109,928	0.99	23,794,963	113,132	0.95
Call loans and bills bought	605,070	3,256	1.08	656,016	1,470	0.45
Receivables under resale agreements	65,285	2	0.01	96,652	3	0.01
Receivables under securities borrowing transactions	1,148,611	207	0.04	779,344	77	0.02
Deposits with banks	1,224,919	11,973	1.95	1,090,730	8,261	1.51
Interest-bearing liabilities	¥82,787,012	¥137,623	0.33%	¥83,832,839	¥124,791	0.30%
Deposits	63,733,558	46,305	0.15	62,347,109	28,001	0.09
Negotiable certificates of deposit	3,428,020	427	0.02	3,526,673	383	0.02
Call money and bills sold	4,813,255	748	0.03	5,368,095	540	0.02
Payables under repurchase agreements	200,598	3	0.00	744,310	12	0.00
Payables under securities lending transactions	3,219,715	23,207	1.44	4,557,841	22,096	0.97
Commercial paper.....	199,001	67	0.07	286,656	99	0.07
Borrowed money.....	2,657,775	25,624	1.93	2,991,227	33,338	2.23
Short-term bonds	187,464	127	0.14	—	—	—
Bonds.....	3,834,664	30,065	1.57	3,438,848	26,610	1.55

- 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 calculated 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 (first half of fiscal 2005, ¥2,023,585 million; first half of fiscal 2004, ¥1,934,432 million).
4. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (first half of fiscal 2005, ¥2,364 million; first half of fiscal 2004, ¥3,628 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (first half of fiscal 2005, ¥2,364 million; first half of fiscal 2004, ¥3,628 million) and corresponding interest (first half of fiscal 2005, ¥0 million; first half of fiscal 2004, ¥1 million).

Overseas Operations

	Millions of yen					
	September 30, 2005			September 30, 2004		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥8,833,196	¥154,401	3.50%	¥7,553,574	¥104,023	2.75%
Loans and bills discounted.....	6,100,115	119,521	3.92	4,999,903	74,743	2.99
Securities	852,271	14,729	3.46	931,760	13,271	2.85
Call loans and bills bought	137,836	2,281	3.31	133,816	1,151	1.72
Receivables under resale agreements	167,835	2,763	3.29	148,035	1,277	1.73
Receivables under securities borrowing transactions.....	—	—	—	—	—	—
Deposits with banks	1,156,040	16,220	2.81	913,247	6,454	1.41
Interest-bearing liabilities	¥6,476,571	¥ 90,309	2.79%	¥5,276,218	¥ 47,536	1.80%
Deposits	5,255,170	68,455	2.61	3,832,756	26,040	1.36
Negotiable certificates of deposit	208,146	3,240	3.11	109,785	1,298	2.37
Call money and bills sold	128,007	1,650	2.58	137,739	748	1.09
Payables under repurchase agreements ...	162,156	2,431	3.00	247,421	1,545	1.25
Payables under securities lending transactions	—	—	—	—	—	—
Commercial paper.....	—	—	—	—	—	—
Borrowed money	99,384	998	2.01	104,414	1,399	2.68
Short-term bonds	—	—	—	—	—	—
Bonds	613,716	11,639	3.79	828,954	15,355	3.70

- 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 calculated 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 (first half of fiscal 2005, ¥31,734 million; first half of fiscal 2004, ¥37,164 million).

Total of Domestic and Overseas Operations

	Millions of yen					
	September 30, 2005			September 30, 2004		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥84,429,825	¥769,316	1.82%	¥85,419,596	¥752,495	1.76%
Loans and bills discounted.....	55,345,610	588,151	2.13	55,497,980	567,082	2.04
Securities	23,158,688	120,932	1.04	24,897,108	121,740	0.98
Call loans and bills bought	742,907	5,538	1.49	789,832	2,621	0.66
Receivables under resale agreements	233,121	2,765	2.37	244,687	1,280	1.05
Receivables under securities borrowing transactions.....	1,148,611	207	0.04	779,344	77	0.02
Deposits with banks	2,353,178	27,378	2.33	1,841,541	13,547	1.47
Interest-bearing liabilities	¥88,588,722	¥215,600	0.49%	¥88,166,118	¥156,702	0.36%
Deposits	68,960,713	114,236	0.33	66,017,335	52,872	0.16
Negotiable certificates of deposit	3,636,166	3,667	0.20	3,636,459	1,682	0.09
Call money and bills sold	4,941,263	2,399	0.10	5,505,835	1,289	0.05
Payables under repurchase agreements ...	362,755	2,434	1.34	991,732	1,558	0.31
Payables under securities lending transactions	3,219,715	23,207	1.44	4,557,841	22,096	0.97
Commercial paper.....	199,001	67	0.07	286,656	99	0.07
Borrowed money	2,112,393	14,813	1.40	2,315,441	20,278	1.75
Short-term bonds	187,464	127	0.14	—	—	—
Bonds	4,448,381	41,705	1.88	4,267,803	41,965	1.97

- Notes: 1. The figures above comprise totals for domestic and overseas operations after intersegment eliminations.
2. In principle, average balances are calculated 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 (first half of fiscal 2005, ¥2,055,831 million; first half of fiscal 2004, ¥1,971,503 million).
4. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (first half of fiscal 2005, ¥2,364 million; first half of fiscal 2004, ¥3,628 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (first half of fiscal 2005, ¥2,364 million; first half of fiscal 2004, ¥3,628 million) and corresponding interest (first half of fiscal 2005, ¥0 million; first half of fiscal 2004, ¥1 million).

Fees and Commissions

Six months ended September 30, 2005 and 2004

	Millions of yen							
	September 30, 2005				September 30, 2004			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Fees and commissions (income)	¥304,609	¥24,148	¥(882)	¥327,875	¥262,498	¥19,534	¥(77)	¥281,955
Deposits and loans	11,692	14,818	(640)	25,870	11,383	11,450	(11)	22,822
Remittances and transfers	60,910	4,055	(0)	64,965	57,154	3,465	(0)	60,620
Securities-related business	26,052	0	—	26,052	24,736	0	—	24,736
Agency	9,623	—	—	9,623	9,655	—	—	9,655
Safe deposits	3,903	1	—	3,905	3,181	1	—	3,183
Guarantees	20,057	2,048	(224)	21,882	19,439	1,728	(8)	21,159
Credit card	52,183	—	—	52,183	45,835	—	—	45,835
Fees and commissions (expenses).....	¥ 46,736	¥ 2,603	¥(173)	¥ 49,167	¥ 44,441	¥ 2,228	¥(93)	¥ 46,575
Remittances and transfers	11,956	884	(5)	12,835	11,208	765	(21)	11,952

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" column.

Trading Income

Six months ended September 30, 2005 and 2004

	Millions of yen							
	September 30, 2005				September 30, 2004			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading profits	¥11,742	¥4,053	¥(3,346)	¥12,448	¥27,282	¥7,739	¥(4,094)	¥30,927
Gains on trading securities	4,335	0	—	4,335	5,047	—	—	5,047
Gains on securities related to trading transactions.....	361	—	—	361	—	—	—	—
Gains on trading-related financial derivatives.....	7,045	4,053	(3,346)	7,751	22,042	7,460	(4,094)	25,408
Others	—	—	—	—	192	279	—	471
Trading losses.....	¥ —	¥3,536	¥(3,346)	¥ 189	¥ 2,112	¥2,587	¥(4,094)	¥ 605
Losses on trading securities	—	—	—	—	—	—	—	—
Losses on securities related to trading transactions.....	—	—	—	—	605	—	—	605
Losses on trading-related financial derivatives.....	—	3,346	(3,346)	—	1,507	2,587	(4,094)	—
Others	—	189	—	189	—	—	—	—

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" column.

Loans (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Loan Portfolio, Classified by Industry

September 30, 2005 and 2004, and March 31, 2005

	Millions of yen		
	September 30, 2005	September 30, 2004	March 31, 2005
Domestic operations:			
Manufacturing.....	¥ 5,494,629	¥ 5,931,430	¥ 5,659,954
Agriculture, forestry, fisheries and mining	143,375	128,678	134,289
Construction	1,548,234	1,869,468	1,829,895
Transportation, communications and public enterprises	2,813,341	3,219,370	2,872,776
Wholesale and retail	5,665,232	5,799,267	5,692,582
Finance and insurance	3,986,024	4,506,569	4,089,586
Real estate	7,608,900	7,303,589	6,948,475
Services.....	6,332,184	5,658,426	6,271,962
Municipalities	546,297	500,797	656,386
Others.....	16,309,585	16,071,190	15,895,492
Subtotal	¥50,447,805	¥50,988,790	¥50,051,402
Overseas operations:			
Public sector	¥ 90,458	¥ 52,751	¥ 83,325
Financial institutions	433,335	381,632	406,015
Commerce and industry	4,807,319	3,793,835	4,060,708
Others.....	316,116	205,024	198,353
Subtotal	¥ 5,647,229	¥ 4,433,243	¥ 4,748,403
Total	¥56,095,034	¥55,422,034	¥54,799,805

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.

Risk-Monitored Loans

September 30, 2005 and 2004, and March 31, 2005

	Millions of yen		
	September 30, 2005	September 30, 2004	March 31, 2005
Bankrupt loans.....	¥ 89,680	¥ 86,972	¥ 68,337
Non-accrual loans.....	1,084,678	1,844,061	1,398,964
Past due loans (3 months or more)	53,845	52,918	29,441
Restructured loans	560,295	884,745	730,701
Total	¥1,788,499	¥2,868,696	¥2,227,445

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.

Income Analysis (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Gross Banking Profit, Classified by Domestic and International Operations

Six months ended September 30, 2005 and 2004

	Millions of yen					
	September 30, 2005			September 30, 2004		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Interest income	¥487,349	¥178,253	¥663,008	¥496,311	¥150,957	¥646,974
			[2,593]			[294]
Interest expenses	28,302	182,948	208,657	33,878	122,522	156,106
			[2,593]			[294]
Net interest income	459,046	(4,695)	454,350	462,433	28,435	490,868
Trust fees	¥ 4,284	¥ —	¥ 4,284	¥ 728	¥ 0	¥ 729
Fees and commissions (income)	¥181,361	¥ 39,142	¥220,503	¥148,535	¥ 32,707	¥181,243
Fees and commissions (expenses)	50,678	6,391	57,070	47,984	6,237	54,221
Net fees and commissions	130,683	32,750	163,433	100,551	26,470	127,021
Trading profits	¥ 446	¥ 4,608	¥ 5,055	¥ 725	¥ 21,029	¥ 21,755
Trading losses	1,485	—	1,485	—	605	605
Net trading income	(1,038)	4,608	3,570	725	20,424	21,150
Other operating income	¥ 38,819	¥120,911	¥158,767	¥ 49,324	¥104,525	¥150,886
Other operating expenses	5,218	13,502	17,757	23,645	7,257	27,939
Net other operating income	33,600	107,408	141,009	25,678	97,268	122,946
Gross banking profit	¥626,576	¥140,071	¥766,648	¥590,117	¥172,598	¥762,716

- 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 (first half of fiscal 2005, ¥0 million; first half of fiscal 2004, ¥1 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. "Total" column for "Other operating income" and "Other operating expenses" are lower than the corresponding combined sums under "Domestic operations" and "International operations" (first half of fiscal 2005, by ¥963 million; first half of fiscal 2004, by ¥2,963 million). This is because income figures for financial derivatives are given net.

Average Balance, Interest and Earnings Yield of Interest-Earning Assets and Interest-Bearing Liabilities

Six months ended September 30, 2005 and 2004

Domestic Operations

	Millions of yen					
	September 30, 2005			September 30, 2004		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets	¥65,948,363	¥487,349	1.47%	¥67,599,892	¥496,311	1.46%
		[2,483]				
Loans and bills discounted	45,561,055	397,868	1.74	46,817,969	418,172	1.78
Securities	18,847,219	73,317	0.77	19,493,550	63,621	0.65
Call loans	254,249	17	0.01	135,227	11	0.01
Receivables under resale agreements	53,750	0	0.00	58,866	0	0.00
Receivables under securities borrowing transactions	1,148,611	207	0.03	775,358	75	0.01
Bills bought	78,698	4	0.01	315,379	2	0.00
Deposits with banks	3,914	0	0.00	3,186	0	0.00
Interest-bearing liabilities	¥69,746,652	¥ 28,302	0.08%	¥70,639,721	¥ 33,878	0.09%
	[520,580]	[109]		[1,404,957]	[294]	
Deposits	55,876,909	5,834	0.02	53,988,209	6,023	0.02
Negotiable certificates of deposit	3,633,934	410	0.02	3,716,009	387	0.02
Call money	1,749,195	22	0.00	2,216,245	29	0.00
Payables under repurchase agreements	203,079	3	0.00	759,173	13	0.00
Payables under securities lending transactions	1,502,523	77	0.01	1,856,085	96	0.01
Bills sold	2,849,263	19	0.00	2,958,134	90	0.00
Commercial paper	—	—	—	4,098	0	0.00
Borrowed money	809,814	8,669	2.13	890,541	12,204	2.73
Bonds	2,531,896	12,882	1.01	2,572,858	14,469	1.12

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (first half of fiscal 2005, ¥1,824,825 million; first half of fiscal 2004, ¥1,860,644 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (first half of fiscal 2005, ¥2,364 million; first half of fiscal 2004, ¥3,628 million) and corresponding interest (first half of fiscal 2005, ¥0 million; first half of fiscal 2004, ¥1 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

	Millions of yen					
	September 30, 2005			September 30, 2004		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥12,319,327	¥178,253	2.88%	¥12,813,914	¥150,957	2.34%
	[520,580]	[109]		[1,404,957]	[294]	
Loans and bills discounted.....	4,619,437	84,973	3.66	3,809,705	45,990	2.40
Securities	3,703,483	47,424	2.55	4,564,595	56,295	2.45
Call loans	283,922	4,280	3.00	227,675	1,717	1.50
Receivables under resale agreements	126,225	1,788	2.82	118,792	754	1.26
Receivables under securities borrowing transactions	—	—	—	—	—	—
Bills bought	—	—	—	—	—	—
Deposits with banks	2,099,957	23,793	2.25	1,663,321	12,589	1.50
Interest-bearing liabilities	¥12,241,977	¥182,948	2.98%	¥12,799,717	¥122,522	1.90%
	[2,483]					
Deposits	7,108,107	90,479	2.53	6,678,460	36,389	1.08
Negotiable certificates of deposit	99,495	1,982	3.97	63,675	1,117	3.49
Call money	156,334	2,114	2.69	176,653	1,031	1.16
Payables under repurchase agreements ...	127,881	1,940	3.02	203,405	1,175	1.15
Payables under securities lending transactions	1,651,035	23,066	2.78	2,673,475	21,996	1.64
Bills sold	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—
Borrowed money	1,377,247	30,072	4.35	1,641,627	33,067	4.01
Bonds	1,242,961	19,756	3.17	820,162	14,654	3.56

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (first half of fiscal 2005, ¥28,259 million; first half of fiscal 2004, ¥29,042 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

	Millions of yen					
	September 30, 2005			September 30, 2004		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥77,747,109	¥663,008	1.70%	¥79,008,849	¥646,974	1.63%
Loans and bills discounted.....	50,180,493	482,842	1.91	50,627,674	464,162	1.82
Securities	22,550,703	120,742	1.06	24,058,145	119,916	0.99
Call loans	538,172	4,298	1.59	362,903	1,728	0.95
Receivables under resale agreements	179,975	1,788	1.98	177,659	754	0.84
Receivables under securities borrowing transactions	1,148,611	207	0.03	775,358	75	0.01
Bills bought	78,698	4	0.01	315,379	2	0.00
Deposits with banks	2,103,872	23,793	2.25	1,666,507	12,589	1.50
Interest-bearing liabilities	¥81,468,049	¥208,657	0.51%	¥82,034,482	¥156,106	0.37%
Deposits	62,985,016	96,313	0.30	60,666,670	42,412	0.13
Negotiable certificates of deposit	3,733,430	2,392	0.12	3,779,685	1,504	0.07
Call money	1,905,530	2,137	0.22	2,392,898	1,061	0.08
Payables under repurchase agreements ...	330,960	1,943	1.17	962,579	1,188	0.24
Payables under securities lending transactions	3,153,559	23,144	1.46	4,529,561	22,092	0.97
Bills sold	2,849,263	19	0.00	2,958,134	90	0.00
Commercial paper	—	—	—	4,098	0	0.00
Borrowed money	2,187,062	38,741	3.53	2,532,168	45,271	3.56
Bonds	3,774,857	32,638	1.72	3,393,021	29,124	1.71

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (first half of fiscal 2005, ¥1,853,084 million; first half of fiscal 2004, ¥1,889,686 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (first half of fiscal 2005, ¥2,364 million; first half of fiscal 2004, ¥3,628 million) and corresponding interest (first half of fiscal 2005, ¥0 million; first half of fiscal 2004, ¥1 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.

Fees and Commissions

Six months ended September 30, 2005 and 2004

	Millions of yen					
	September 30, 2005			September 30, 2004		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Fees and commissions (income)	¥181,361	¥39,142	¥220,503	¥148,535	¥32,707	¥181,243
Deposits and loans	5,435	13,942	19,377	5,463	11,838	17,302
Remittances and transfers	48,426	12,252	60,678	45,592	11,536	57,129
Securities-related business	10,471	343	10,815	8,666	341	9,007
Agency	8,291	—	8,291	8,254	—	8,254
Safe deposits	3,503	—	3,503	2,790	—	2,790
Guarantees	9,296	3,176	12,473	7,199	2,768	9,968
Fees and commissions (expenses).....	¥ 50,678	¥ 6,391	¥ 57,070	¥ 47,984	¥ 6,237	¥ 54,221
Remittances and transfers	9,368	2,161	11,530	8,819	2,382	11,202

Trading Income

Six months ended September 30, 2005 and 2004

	Millions of yen					
	September 30, 2005			September 30, 2004		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Trading profits	¥ 446	¥4,608	¥5,055	¥725	¥21,029	¥21,755
Gains on trading securities	—	—	—	533	—	533
Gains on securities related to trading transactions.....	—	361	361	—	—	—
Gains on trading-related financial derivatives.....	—	4,247	4,247	—	21,029	21,029
Others	446	—	446	192	—	192
Trading losses.....	¥1,485	¥ —	¥1,485	¥ —	¥ 605	¥ 605
Losses on trading securities	1,485	—	1,485	—	—	—
Losses on securities related to trading transactions.....	—	—	—	—	605	605
Losses on trading-related financial derivatives.....	—	—	—	—	—	—
Others	—	—	—	—	—	—

Note: Figures represent net gains (losses) after offsetting income against expenses.

Net Other Operating Income

Six months ended September 30, 2005 and 2004

	Millions of yen					
	September 30, 2005			September 30, 2004		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Net other operating income.....	¥33,600	¥107,408	¥141,009	¥25,678	¥97,268	¥122,946
Gains (losses) on bonds	17,689	10,675	28,365	19,899	6,764	26,663
Gains (losses) on trading-related financial derivatives.....	963	(6,647)	(5,683)	(4,905)	2,963	(1,941)
Gains (losses) on foreign exchange transactions	—	103,426	103,426	—	87,518	87,518

Loans (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Loan Portfolio, Classified by Industry

September 30, 2005 and 2004, and March 31, 2005

	Millions of yen		
	September 30, 2005	September 30, 2004	March 31, 2005
Domestic offices:			
Manufacturing	¥ 5,154,015	¥ 5,582,342	¥ 5,321,715
Agriculture, forestry, fisheries and mining	136,050	120,620	125,574
Construction	1,351,155	1,654,954	1,618,372
Transportation, communications and public enterprises	2,671,461	3,080,967	2,737,386
Wholesale and retail	5,301,410	5,423,608	5,310,881
Finance and insurance	4,855,505	5,065,594	5,158,754
Real estate	6,597,016	6,340,604	5,982,960
Services	5,797,297	5,541,499	5,705,901
Municipalities	483,328	438,500	583,515
Others	14,517,921	14,271,284	14,128,584
Subtotal	¥46,865,161	¥47,519,976	¥46,673,647
Overseas offices:			
Public sector	¥ 82,923	¥ 38,221	¥ 75,824
Financial institutions	248,563	257,118	237,276
Commerce and industry	3,581,686	2,803,980	2,994,018
Others	170,822	104,310	86,819
Subtotal	¥ 4,083,996	¥ 3,203,631	¥ 3,393,938
Total	¥50,949,158	¥50,723,607	¥50,067,586

Note: Japan offshore banking accounts are included in overseas offices' accounts.

Loans to Individuals/Small and Medium-Sized Corporations

September 30, 2005 and 2004, and March 31, 2005

	Millions of yen		
	September 30, 2005	September 30, 2004	March 31, 2005
Loans to individuals, and small and medium-sized corporations	¥34,859,483	¥34,893,305	¥35,291,150
Ratio to total loans	74.4%	73.4%	75.6%

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

September 30, 2005 and 2004, and March 31, 2005

	Millions of yen		
	September 30, 2005	September 30, 2004	March 31, 2005
Consumer loans	¥14,426,158	¥13,908,345	¥14,230,648
Housing loans	13,454,572	12,842,232	13,240,449
Residential purpose	9,663,175	9,015,628	9,451,330
Others	971,585	1,066,113	990,198

Note: Housing loans include general-purpose loans used for housing purposes, as well as housing loans and apartment house acquisition loans.

Risk-Monitored Loans

September 30, 2005 and 2004, and March 31, 2005

	Millions of yen		
	September 30, 2005	September 30, 2004	March 31, 2005
Bankrupt loans	¥ 72,184	¥ 59,229	¥ 45,931
Non-accrual loans	898,868	1,552,410	1,238,022
Past due loans (3 months or more)	51,310	46,812	26,902
Restructured loans	329,258	732,317	425,006
Total	¥1,351,621	¥2,390,768	¥1,735,863

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

September 30, 2005 and 2004, and March 31, 2005

	Billions of yen		
	September 30, 2005	September 30, 2004	March 31, 2005
Bankrupt and quasi-bankrupt assets	¥ 301.7	¥ 581.1	¥ 448.3
Doubtful assets	723.8	1,124.1	924.4
Substandard loans	380.5	779.2	451.9
Total of problem assets	1,406.0	2,484.4	1,824.6
Normal assets	54,970.7	53,673.4	53,452.6
Total	¥56,376.7	¥56,157.8	¥55,277.2

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

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/>



● 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

● Basic Information



● IR Materials



● Strengths and Challenges



● FAQ



www.smfg.co.jp/english



SMFG SUMITOMO MITSUI
FINANCIAL GROUP