

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.