

## Sumitomo Mitsui Financial Group, Inc. (SMFG)

### Consolidated Financial Results for the Six Months ended September 30, 2005

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Stock Exchange Listings: Tokyo, Osaka, Nagoya (code: 8316)

 URL: <http://www.smfg.co.jp>

President: Teisuke Kitayama

Date of Approval of Financial Results by the Board of Directors: November 22, 2005

#### 1. Financial Results (for the six months ended September 30, 2005)

##### (1) Operating Results

Amounts less than one million yen have been omitted.

	Ordinary Income		Ordinary Profit (Loss)		Net Income (Loss)		Net Income (Loss) per Share	Net Income per Share (Diluted)
	¥ million	%	¥ million	%	¥ million	%	¥	¥
Six Months ended September 30, 2005	1,757,879	(1.1)	463,768	306.5	392,327	635.1	57,635.51	44,223.66
ended September 30, 2004	1,778,173	1.0	114,100	(31.1)	53,372	(62.8)	9,119.40	5,245.69
Fiscal Year ended March 31, 2005	3,580,796		(30,293)		(234,201)		(44,388.07)	-

Notes: 1. Equity in earnings of affiliates

 (a) for the six months ended September 30, 2005 : 14,081 million yen (b) for the six months ended September 30, 2004 : 12,893 million yen  
 (c) for the fiscal year ended March 31, 2005 : 27,142 million yen

2. Average number of common stocks outstanding (consolidated)

(a) for the six months ended September 30, 2005 : 6,807,052 shares (b) for the six months ended September 30, 2004 : 5,852,626 shares

(c) for the fiscal year ended March 31, 2005 : 5,879,572 shares

3. There is no change in accounting methods.

4. Percentages shown in Ordinary Income, Ordinary Profit (Loss) and Net Income (Loss) are the increase (decrease) from the previous interim term.

##### (2) Financial Position

	Total Assets	Stockholders' Equity	Stockholders' Equity to Total Assets	Stockholders' Equity per Share	Capital Ratio
	¥ million	¥ million	%	¥	%
September 30, 2005	102,233,832	3,262,340	3.2	261,250.37	(Preliminary) 11.00
September 30, 2004	101,054,242	3,020,911	3.0	230,491.11	10.93
March 31, 2005	99,731,858	2,775,728	2.8	164,821.09	9.94

Note: Number of common stocks outstanding (consolidated)

(a) as of September 30, 2005: 6,897,741 shares (b) as of September 30, 2004: 6,195,492 shares (c) as of March 31, 2005: 5,869,288 shares

##### (3) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at term-end
	¥ million	¥ million	¥ million	¥ million
Six Months ended September 30, 2005	(952,729)	888,242	171,555	3,039,507
ended September 30, 2004	(3,230,728)	2,906,435	117,850	3,327,694
Fiscal Year ended March 31, 2005	(3,280,122)	2,623,525	54,199	2,930,645

##### (4) Scope of Consolidation and Application of the Equity Method

(a) Number of consolidated subsidiaries : 166

(b) Number of unconsolidated subsidiaries accounted for by the equity method: 3

(c) Number of affiliated companies accounted for by the equity method : 56

##### (5) Changes in Scope of Consolidation and Application of the Equity Method (change from March 2005)

Consolidation: Newly consolidated	9	Equity method: Newly applied	8
Excluded	10	Excluded	2

#### 2. Earnings Forecast (for the fiscal year ending March 31, 2006)

(Millions of yen)

	Ordinary Income	Ordinary Profit	Net Income
Fiscal year ending March 31, 2006	3,500,000	850,000	550,000

(Reference) Forecasted net income per share for the fiscal year ending March 31, 2006 is 76,010.74 yen.

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

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

## Average number of shares outstanding during the term (year) (consolidated)

	For the Six Months ended September 30, 2005	For the Six Months ended September 30, 2004	For the Fiscal Year ended March 31, 2005
Common stock	6,807,052	5,852,626	5,879,572
Preferred stock (type 1)	35,000	61,666	48,333
Preferred stock (type 2)	100,000	100,000	100,000
Preferred stock (type 3)	695,000	782,500	738,750
Preferred stock (1st to 12th series type 4)	50,100	50,100	50,100
Preferred stock (13th series type 4)	9,496	114,783	112,352
Preferred stock (1st series type 6)	70,001	–	575

## Number of shares outstanding as of term (year)-end (consolidated)

	As of September 30, 2005	As of September 30, 2004	As of March 31, 2005
Common stock	6,897,741	6,195,492	5,869,288
Preferred stock (type 1)	35,000	35,000	35,000
Preferred stock (type 2)	100,000	100,000	100,000
Preferred stock (type 3)	695,000	695,000	695,000
Preferred stock (1st to 12th series type 4)	50,100	50,100	50,100
Preferred stock (13th series type 4)	–	114,202	107,087
Preferred stock (1st series type 6)	70,001	–	70,001

## Calculation for Index

- Forecasted Net Income Per Share:

$$\frac{\text{Forecasted net income} - \text{Forecasted preferred stock dividends}}{\text{Number of common stocks outstanding as of the interim term-end (excluding treasury stock)}}$$

## I. Overview of SMFG Group

SMFG Group conducts primary banking business through the following financial services: leasing, securities, credit card business, investment banking, loans and venture capital.

SMFG has 166 consolidated subsidiaries and 59 companies accounted for by the equity method.

<b>Sumitomo Mitsui Financial Group, Inc.</b>	Banking business	<p>Principal subsidiaries</p> <p>Domestic</p> <ul style="list-style-type: none"> <li>* Sumitomo Mitsui Banking Corporation</li> <li>* THE MINATO BANK, LTD. (Listed on the First Section of Tokyo Stock Exchange and Osaka Securities Exchange)</li> <li>* Kansai Urban Banking Corporation (Listed on the First Section of Tokyo Stock Exchange and Osaka Securities Exchange)</li> <li>* The Japan Net Bank, Limited (Internet banking)</li> <li>* SMBC Guarantee Co., Ltd. (Credit guarantee)</li> </ul> <p>Overseas</p> <ul style="list-style-type: none"> <li>* Sumitomo Mitsui Banking Corporation Europe Limited</li> <li>* Manufacturers Bank</li> <li>* Sumitomo Mitsui Banking Corporation of Canada</li> <li>* Banco Sumitomo Mitsui Brasileiro S.A.</li> <li>* PT Bank Sumitomo Mitsui Indonesia</li> </ul>
	Leasing business	<p>Principal subsidiaries</p> <p>Domestic</p> <ul style="list-style-type: none"> <li>* SMBC Leasing Company, Limited</li> <li>* SMBC Auto Leasing Company, Limited</li> </ul> <p>Overseas</p> <ul style="list-style-type: none"> <li>* SMBC Leasing and Finance, Inc.</li> </ul>
	Other business	<p>Principal subsidiaries and affiliated companies</p> <p>Domestic</p> <ul style="list-style-type: none"> <li>* Sumitomo Mitsui Card Company, Limited (Credit card services)</li> <li>* SAKURA CARD CO., Ltd. (Credit card services)</li> <li>* SMBC Capital Co., Ltd. (Venture capital) (Note 2)</li> <li>* SMBC Consulting Co., Ltd. (Management consulting and information services)</li> <li>* SMBC Finance Service Co., Ltd. (Loans, factoring and collecting agent)</li> <li>* Financial Link Company, Limited (Data processing service and consulting)</li> <li>* SMBC Friend Securities Co., Ltd. (Securities) (Listed on the First Section of Tokyo Stock Exchange, Osaka Securities Exchange and Nagoya Stock Exchange)</li> <li>* The Japan Research Institute, Limited (System development, data processing, management consulting and economic research)</li> <li>* Sakura KCS Corporation (System engineering and data processing) (Listed on the Second Section of Osaka Securities Exchange)</li> <li>* Sakura Information Systems Co., Ltd. (System engineering and data processing)</li> <li>* SMFG Corporate Recovery Servicer Co., Ltd. (Consulting on corporate recovery and servicer)</li> <li>** Promise Co., Ltd. (consumer finance) (Listed on the First Section of Tokyo Stock Exchange)</li> <li>** At-Loan Co., Ltd. (Consumer loans)</li> <li>** QUOQ Inc. (Shopping credit and credit card business)</li> <li>** Daiwa Securities SMBC Co. Ltd. (Securities and derivatives)</li> <li>** NIF Ventures Co., Ltd. (Venture capital) (Listed on the JASDAQ Securities Exchange) (Note 2)</li> <li>** Daiwa SB Investments Ltd. (Investment advisory and investment trust management)</li> <li>** Sumitomo Mitsui Asset Management Company, Limited (Investment advisory and investment trust management)</li> <li>** Japan Pension Navigator Co., Ltd. (Operational management of defined contribution pension plans)</li> </ul> <p>Overseas</p> <ul style="list-style-type: none"> <li>* SMBC Capital Markets, Inc. (Derivatives and investments)</li> <li>* SMBC Capital Markets Limited (Derivatives)</li> <li>* SMBC Securities, Inc. (Securities)</li> <li>* Sumitomo Mitsui Finance Australia Limited (Investments)</li> </ul>

(Notes) 1. (\*) means a consolidated subsidiary and (\*\*) means an affiliated company accounted for by the equity method.

2. SMBC Capital Co., Ltd. and NIF Ventures Co., Ltd. merged on October 1, 2005.  
(The corporate name after the merger is NIF SMBC Ventures Co., Ltd.)

## **II. Principles and Management**

### **1. Management Policy**

SMFG's 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

In line with this philosophy, SMFG and the group companies will put their collective energy into becoming "a globally competitive top bank with the highest trust of our customers, our shareholders, market and society".

### **2. Dividend Policy**

SMFG subscribes to a fundamental policy of distributing appropriate dividends while enhancing its Group's capital to maintain sound financial position.

### **3. Policy concerning Lowering of Minimum Stock Investment Amount**

After taking into account various factors such as stock price, number of shareholders, liquidity of shares and cost-effectiveness, we do not believe there is a need to lower the minimum amount for purchasing SMFG's common stock at this time.

### **4. Management Index to be Achieved**

SMFG has established a medium-term plan spanning the four years from fiscal 2005 and has set the following four management indices as the target to be achieved in fiscal 2008, the final year of the plan.

- |                               |                           |
|-------------------------------|---------------------------|
| - Consolidated ROE            | More than 15%             |
| - Consolidated net income     | More than 650 billion yen |
| - Consolidated capital ratio* | Approximately 11%         |
| - Consolidated Tier I ratio*  | Approximately 7%          |

\*At March 31, 2009

With regard to the remaining 1.1 trillion yen in public funds, we are aiming for an early repayment by the end of fiscal 2007, subject to the approval by the regulatory authorities.

### **5. Mid- to Long-term Management Strategy**

To realize high profitability and growth, and thereby raising corporate value sustainably, it is essential for us to earn "the highest trust of our customers, our shareholders, market and society". In other words, we must

- (i) respond accurately to the ever-changing needs of customers and provide superior products and services;
- (ii) steadily grow profits and establish solid financial base by being highly business-minded; and
- (iii) fulfill our social responsibility by contributing widely to the Japanese economy and society through our business activities.

Grounded on these recognitions, we have set the five core strategies as follows and will implement initiatives to achieve our goals.

- First, to grow top-line profit and achieve sufficient growth by challenging new types of risks, new regions and new business areas.
- Second, to strengthen strategic business areas by aggressively allocating resources, while continuing to improve efficiency of existing businesses further.
- Third, to improve capital efficiency and thereby maximizing profitability and growth, by improving risk-return profile of each business and by reallocating capital and risk-weighted assets.
- Fourth, to actively forge alliances lead to raise our corporate value.
- Fifth, to improve corporate governance in order to raise corporate value and fulfill our social responsibility (CSR).

## 6. Issues to be Addressed

We have designated fiscal year 2005, the first year of the medium-term plan, as an essential year for “securing a solid profit level”. To achieve this target, continuously in the second half, we will reinforce the below strategic businesses on a group basis.

### Consumer Business

In consumer business, we will aggressively allocate resources in financial consulting covering investment products, such as investment trusts and pension-type insurance, and mortgage loans in order to further boost our competitive advantage in this field. Specifically, at the same time as increasing the number of SMBC Consulting Plazas, the specialized channels which are open also on weekday nights and weekends, and consultants, we will expand our product lineup. Also, we will grow the volume of consumer loans provided from this April under the strategic alliance with Promise, launched to create a new business line, by increasing the number of automatic contract machines and strengthening promotion activities. In credit card business mainly operated by Sumitomo Mitsui Card, we will quickly launch and enhance new businesses such as “Mobile Phone Credit Service” under the alliance with NTT DoCoMo announced this April, and an issuance of “VIEW Suica” card with credit, e-money and ATM card function under the alliance with JR East announced this October. In addition, we will continue to focus on improving customer convenience, such as locating ATMs at Tokyo Metro stations, and upgrading security, such as expanding IC cash card functions, etc.

### Corporate Business

In corporate business, we will further enhance our highly profitable new-type unsecured loans for small and medium-sized enterprises such as Business Select Loan, a popular product which has been showing excellent results, and SMBC Crecer Loan launched this April. We will also boost our solution providing capability to a higher level not just in our forte businesses such as loan syndication and securitization, but also in businesses expected to make a high growth led by expanding customer needs – such as corporate revitalization and reorganization business, and real estate finance. In addition, to grow profits of the group even more, we will further promote SMBC’s business collaboration with other group companies: Daiwa Securities SMBC in investment banking business and asset management consulting, SMBC Leasing in leasing business, and The Japan Research Institute in systems consulting.

### International Business

In international business, we aim to become a “global commercial bank with Asia as our mother market”. To achieve this target, at the same time as growing business volume in Asia centered on China, we will expand our business in the emerging markets of Russia, Eastern Europe and other expanded members of EU, and countries in Central and South Americas by opening new offices and leveraging businesses in which we have competitive edge, such as project finance. We will also improve our capital efficiency in the U.S. and European markets by building up highly liquid and profitable assets.

### Treasury Market Business

In treasury market business, we will continuously endeavor to maintain and strengthen profitability under a proper risk management with the three core initiatives of reinforcing ALM framework, diversifying investment style and instruments, and increasing customers’ order flow.

To support these business activities, we will continue to improve our human resources management and compliance system responding to diversified business operations. Also, we will continuously take measures to prevent deterioration of our credit portfolio in order to reduce credit costs. Through these initiatives, we will grow our bottom-line profit and thereby further reinforce our financial base – in other words, grow capital both in quality and in quantity. With regard to the remaining 1.1 trillion yen in public funds, we are aiming for an early repayment by end of fiscal 2007, subject to the approval by the regulatory authorities.

We aim to improve overall evaluation of SMFG from “our customers, our shareholders, market and society” by showing results in these initiatives steadily this fiscal year.

## 7. Corporate Governance Policy and Structure

### (1) Corporate Governance Structure

Maintaining effective corporate governance is one of the most important issues of SMFG and the group companies. Therefore, SMFG is committed to maintaining sound management, creating sustainable shareholder value and contributing to healthy development of society by observing the below “Management Philosophy” and “Business Ethics”.

#### <<Management Philosophy>>

- 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

#### <<Business Ethics>>

- Satisfactory Customer Services

We intend to be a financial services complex that has the trust and support of our customers.

For this purpose, we will always provide services that meet the true needs of our customers in order to obtain their satisfaction and confidence in the Group.

- Sound Management

We intend to be a financial services complex which maintains fair, transparent, and sound management based on the principle of self-responsibility.

For this purpose, along with obtaining the firm confidence of our shareholders, our customers, and the general public, we take a long-term view of our business and operate it efficiently, and actively disclose accurate business information about the Group. Through these procedures, we will maintain continuous growth on a sound financial basis.

- Contribution to Social Development

We intend to be a financial services complex which contributes to the healthy development of society.

For this purpose, we recognize the importance of our mission to serve as a crucial part of the public infrastructure and also our social responsibilities. With such recognition, we undertake business operations that contribute to the steady development of Japan and the rest of the world, and endeavor, as a good corporate citizen, to make a positive contribution to society.

- Free and Active Business Environment

We intend to be a financial services complex for which all officers and other employees work proudly and with great spirit.

For this purpose, we respect people, and train and produce employees with professional knowledge and ability, thereby creating a free and active business environment.

- Compliance

We intend to be a financial services complex that always keeps in mind the importance of compliance.

For this purpose, we constantly reflect our awareness of these Business Ethics in our business activities. In addition, we respond promptly to directives from auditors and inspectors. Through these actions, we observe all laws and regulations, and uphold moral standards in our business practices.

### (2) Corporate Committees and Internal Control System

#### <<Directors>>

SMFG employs the corporate auditor system consisting of eight directors and five auditors, and two of the directors and three of the auditors are from outside SMFG and its Group companies as of September 30, 2005. To ensure that our business is conducted according to law, the outside directors are a certified public accountant and a lawyer.

#### <<Board of Directors>>

The Board of Directors basically meets once a month. The Chairman of the Board, not the President who oversee the overall operation of SMFG, chairs the Board meeting to achieve separation of duties. Moreover, there are four committees to supplement the Board’s oversight functions: the Auditing Committee, Risk Management Committee, Compensation Committee, and the Nominating Committee. The outside directors are members of all the committees (one is the Chairman of the Auditing Committee and another is the Chairman of the Compensation Committee). This system allows supervision of our operations to be conducted from a suitably objective perspective.

- Auditing Committee (established on June 29, 2005, meets quarterly in principle)
  - Deliberates on groupwide internal auditing issues
- Risk Management Committee (meets whenever necessary)

Deliberates on groupwide risk management and compliance issues

- Compensation Committee (meets whenever necessary)

Deliberates on remuneration of Board members and executive officers of SMFG and SMBC

1. Issues related to remuneration, salaries, and incentive program
2. Other remuneration issues

- Nominating Committee (meets whenever necessary)

Deliberates on appointment of directors of SMFG and SMBC

1. Issues related to the selection of candidates for Board directorships
2. Issues related to the appointment of managing directors having specified management responsibilities, and issues related to the appointment of representative directors
3. Other major personnel issues related to directors

#### << Business Execution >>

SMFG has a Management Committee to act as the top decision-making body on business administration and management supervision of the entire group. The committee, composed of directors designated by the president of SMFG who acts as the committee chairman, considers important matters relating to the execution of business in accordance with the basic policies set by the Board and based on discussions held by the committee members. Furthermore, SMFG established an Internal Auditing Committee on June 29, 2005, to deliberate on internal auditing issues. The committee is headed by a Management Committee member.

In addition, SMFG also has a Group Strategy Committee to serve as a forum for the management staff of all group companies to exchange opinions and information on their respective business plans. Moreover, the directors in charge of group companies, Sumitomo Mitsui Card, SMBC Leasing and The Japan Research Institute, are appointed as part-time directors of their respective companies to supervise the proper conduct of business.

#### << Management Monitoring Regime >>

SMFG has an Audit Department which is independent from the front-line departments. The Audit Department contributes to the optimal management of the group by conducting internal audits of each SMFG department to assess the appropriateness of group business operations and soundness of assets, as well as verifying that the Group's internal control system, including compliance and risk management, is appropriate and effective. The Audit Department is also responsible for supervising internal audits at each group company. It reviews the internal audit system of each company by monitoring the company's internal audits on a regular basis, and audits the company, if necessary. The results of the audits are periodically reported to an Internal Auditing Committee and the Auditing Committee, and the issues deliberated by the Audit Committee are reported to the Board of Directors.

The Audit Department conducts risk-based audits based on the auditing methods which are in line with the auditing standards of The Institute of Internal Auditors (IIA)\*, a global organization for internal auditors, and supervises group companies to conduct audits in the same manner. As of September 30, 2005, the department had a staff of twenty-three, including seven employees of SMBC and one employee of The Japan Research Institute working concurrently.

The auditors ensure the proper business conduct of SMFG and the subsidiaries by attending the Board of Directors' meetings and other important meetings at which the directors and others present business reports, and by obtaining reports from the internal audit departments, subsidiaries and outside auditors. Moreover, the Audit Department, auditors and CPAs exchange information whenever necessary and strengthen cooperation in order to conduct audits properly.

\* IIA was established in 1941 in the U.S.A. to improve expertise of internal auditors and to establish the internal auditor profession. Besides researching and developing internal audit theories and practices, IIA conducts examinations and certifies Certified Internal Auditors.

#### <<Accounting Auditor >>

SMFG has an audit contract with KPMG AZSA and Co. Names of the certified public accountants in charge of conducting accounting audits of SMFG and the number of their assistants are as follows:

- Name of certified public accountants in charge of accounting audits

Designated partners, engagement partners: Masanori Sato, Hiroshi Numano and Hiroyuki Takanami \*

\* They have each been auditing SMFG's financial statements for less than seven years.

- Assistants

Twelve certified public accountants and twelve junior accountants

**<<Compliance>>**

Compliance is an important groupwide management objective, and SMFG have implemented the following compliance system to ensure sound and appropriate business management by SMFG and our group companies.

- The Board of Directors and Management Committee

The Board of Directors and Management Committee make important decisions concerning compliance policy, review the progress of those measures taken in connection with ensuring compliance, and give instructions concerning these matters as appropriate.

- The Compliance Committee

SMFG set up the Compliance Committee to reinforce the groupwide compliance system. The committee comprises the designated Board member responsible for compliance issues, the heads of departments involved with compliance matters, and advisors from outside the group.

**<<Corporate Social Responsibility Initiatives>>**

“Group CSR Committee” was established on April 1, 2005 to strengthen our CSR initiatives. Chaired by the director in charge of the Corporate Planning Department, the committee deliberates on matters of groupwide CSR activities, including social contribution and environmental preservation initiatives.

**<<Disclosure>>**

“Disclosure Committee” was established on May 2, 2005 to support our timely and proper disclosure. Chaired by the director in charge of the Financial Accounting Department, the committee deliberates on the accuracy of disclosure and the effectiveness of and measures for improving internal control.

**(3) Human, Financial, Commercial and Other Relationships between SMFG and Outside Directors and Auditors**

The outside directors, Mr. Yoshiaki Yamauchi, a CPA, and Mr. Yoichiro Yamakawa, a lawyer, have no material interests with SMFG.

The outside auditor Mr. Katsuya Onishi, a lawyer, has no material interests with SMFG.

The outside auditors, Mr. Hiroshi Araki, the Advisor of Tokyo Electric Power Company, and Mr. Ikuo Uno, the Chairman of Nippon Life Insurance Company, have no material interests with SMFG.

SMFG and group companies have ordinary commercial relationships between Tokyo Electric Power Company and Nippon Life Insurance Company.

**(4) Initiatives Taken during the Term (the first half of fiscal 2005) for Improving Corporate Governance**

In the first half of fiscal 2005, the Board of Directors convened nine times and deliberated on important issues regarding business administration of SMFG and its subsidiaries. Meanwhile, the Auditing Committee, Compensation Committee, and Nominating Committee – subcommittees of the Board of Directors – convened once, twice and twice, respectively, and deliberated on issues entrusted to them and reported the results to the Board of Directors.

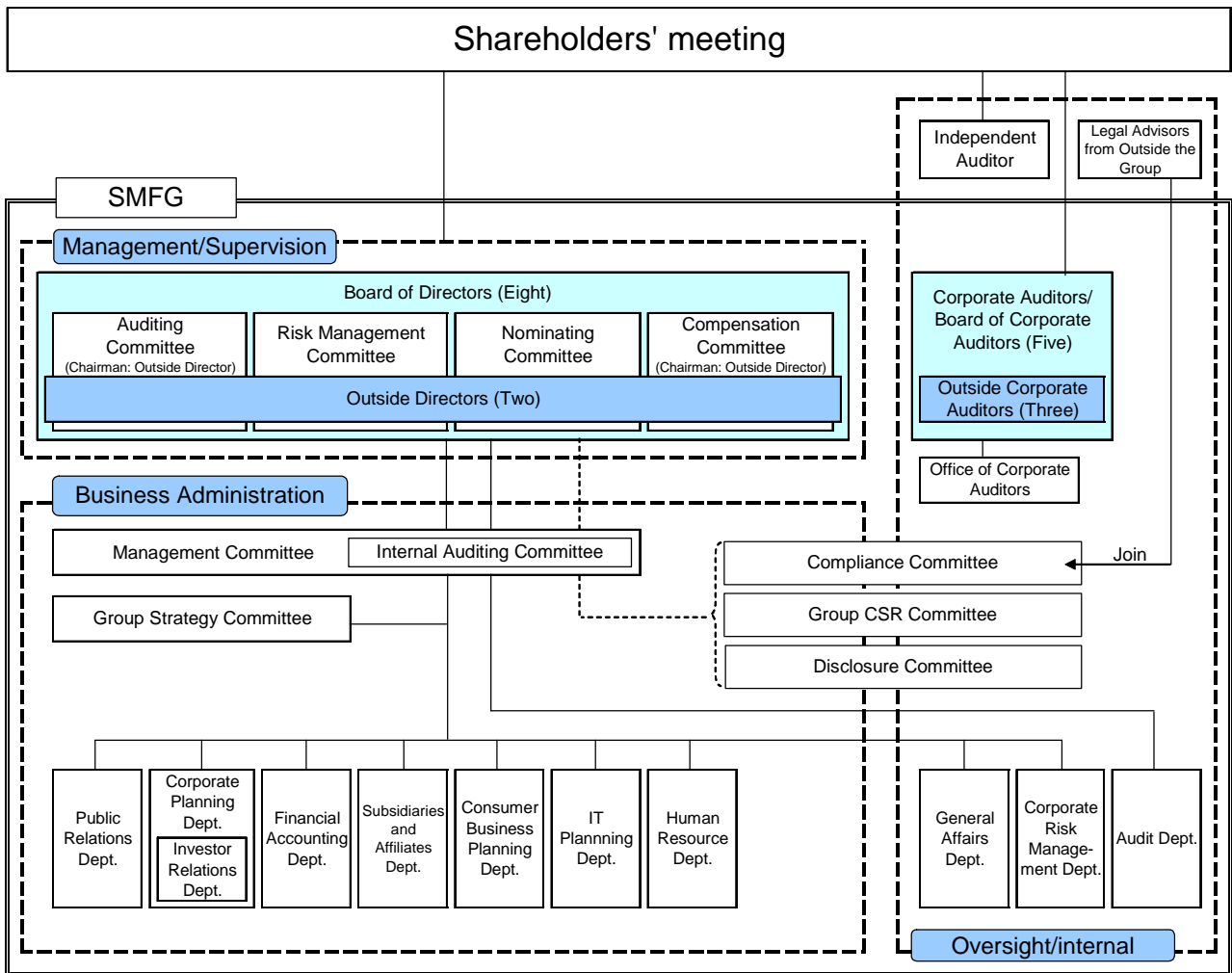
The Management Committee convened 17 times and deliberated on business execution and administration issues, and the Group Strategy Committee convened once to exchange opinions, deliberate and report on business execution of SMFG and group companies.

The Auditing Committee convened and deliberated on auditing policies and plans. In accordance with the auditing policies and plans, the auditors audited the directors on execution of their duties through attending the Board of Directors meetings and other important meetings, and inspecting businesses and properties

Moreover, the Internal Auditing Committee, a part of the Management Committee, convened once to receive reports on internal audit results from the Audit Department.

Also, the Group CSR Committee convened once and deliberated on CSR activity issues. The Disclosure Committee convened eight times and deliberated on disclosure issues during the term.





**8. Parent company**

SMFG has no parent company.

### **III. Operating Results and Financial Position**

#### **1. Overview of Consolidated Operating Results and Financial Position as of and for the Six Months Ended September 30, 2005**

##### (1) Operating Results

In the first half of fiscal 2005, SMFG took various measures in the strategic business fields and endeavored to strengthen profitability in order to “secure a solid profit level.”

Ordinary income decreased 1.1% to 1,757.8 billion yen as a result of decreases in other income and trading profits, although interest income, fees and commissions and other operating income increased. Ordinary expenses decreased considerably (22.2%) to 1,294.1 billion yen even though interest expenses increased. This was a result of huge decreases in other expenses resulting from additional provisioning for possible loan losses executed in the first half of fiscal 2004 in order to further prepare for future credit risks.

As a result, Ordinary profit and Net income (after adjusting extraordinary gains/losses and other factors) amounted to 463.7 billion yen and 392.3 billion yen, respectively.

##### (2) Assets and Liabilities

Deposits amounted to 69,242.5 billion yen, an increase of 767.6 billion yen from the previous fiscal year-end and Negotiable certificates of deposit amounted to 2,529.7 billion yen, a decrease of 183.4 billion yen.

Loans and bills discounted amounted to 56,095.0 billion yen, an increase of 1,295.2 billion yen.

Total assets amounted to 102,233.8 billion yen, an increase of 2,501.9 billion yen.

##### (3) Stockholders' Equity

Stockholders' equity increased by 486.6 billion yen from the previous fiscal year-end to 3,262.3 billion yen, mainly due to recording of net income and increase in net unrealized gains on other securities.

##### (4) Cash Flows

SMFG used 952.7 billion yen of “Cash flows from operating activities,” generated 888.2 billion yen of “Cash flows from investing activities” and generated 171.5 billion yen of “Cash flows from financing activities.”

Consequently, Cash and cash equivalents amounted to 3,039.5 billion yen.

##### (5) Segment Information

The breakdown of Ordinary income before elimination of internal transactions is as follows:

###### By business

###### Ordinary income

Banking business	64%	(down 1 point from the previous interim term)
Leasing business	20%	(up 1 point)
Other business	16%	(up 0 point)

###### By country

###### Ordinary income

Japan	88%	(down 3 points from the previous interim term)
The Americas	5%	(up 1 point)
Europe	3%	(up 1 point)
Asia and Oceania	4%	(up 1 point)

##### (6) Capital Ratio (preliminary)

Capital ratio was 11.00% on a consolidated basis.

## 2. Earnings and Dividend Forecasts for the Fiscal Year Ending March 31, 2006

### (1) Earnings Forecast

In fiscal 2005, SMFG will enhance group profitability by strengthening businesses and further promoting collaboration among the group companies in order to “secure a solid profit level.”

As for earnings forecast on a consolidated basis, Ordinary income, Ordinary profit and Net income are expected to amount to 3,500 billion yen, 850 billion yen, and 550 billion yen, respectively.

On a non-consolidated basis, Operating income, Ordinary profit and Net income are expected to amount to 54 billion yen, 48 billion yen, and 70 billion yen, respectively.

### (2) Dividend Forecast

SMFG will pay the following fiscal year-end dividends on common stock and preferred stock according to the level of retained earnings. SMFG will not pay interim dividends.

Common stock	3,000 yen per share
Preferred stock (type 1)	10,500 yen per share
Preferred stock (type 2)	28,500 yen per share
Preferred stock (type 3)	13,700 yen per share
Preferred stock (1st series to 12th series type 4)	135,000 yen per share
Preferred stock (1st series type 6)	88,500 yen per share

\* The dividend forecast remains unchanged from the previous forecast announced in May 2005.

## 3. Risk Factors

Principal risk factors that could materially affect SMFG’s operating results and financial position are as follows. SMFG takes necessary measures to prevent such events from occurring, and responds quickly and appropriately when such events do occur.

- Risk related to increase in non-performing loans and credit costs
- Risk related to equity portfolio
- Risk related to trading business and holding bonds
- Risk related to foreign currency exchange rate
- Risk related to decline in capital ratio
- Risk related to downgrade in SMFG group’s debt ratings
- Risk related to failure of SMFG’s strategy
- Risk related to failure of joint venture, alliance, merger and acquisition
- Risk related to regulatory amendment of laws, rules and accounting rules etc.

(Note) SMFG recognizes the risk factors shown above on November 22, 2005.

## **IV. Interim Consolidated Financial Statements**

### Significant Accounting Policies for Interim Consolidated Financial Statements

#### 1. Scope of consolidation

##### (1) Consolidated subsidiaries 166 companies

###### Principal companies

Sumitomo Mitsui Banking Corporation  
 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.

From this interim term, nine companies including NS Capital Co., Ltd. were newly consolidated due to establishment and other reason.

From this interim term, 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. From this interim term, 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 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.

From this interim term, 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.

From this interim term, eight companies including NIF Ventures Co., Ltd. newly became affiliated companies accounted for by the equity method due to acquirement of shares.

From this interim term, 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 and affiliates 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.

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 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.

A consolidated subsidiary (established in July 2005) whose interim balance sheet date is June 30 is consolidated after the accounts were provisionally closed as of September 30 for the purpose of consolidation.

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

## 4. Accounting policies

Please refer to the “Notes to Interim Consolidated Balance Sheet” and “Notes to Interim Consolidated Statement of Income.”

## 5. Scope of “Cash and cash equivalents” on Interim Consolidated Statements of Cash Flows

Please refer to the “Notes to Interim Consolidated Statement of Cash Flows.”

**INTERIM CONSOLIDATED BALANCE SHEET**

September 30, 2005	(Millions of yen)
<b>Assets:</b>	
Cash and due from banks	5,076,696
Call loans and bills bought	789,440
Receivables under resale agreements	138,675
Receivables under securities borrowing transactions	2,165,749
Commercial paper and other debt purchased	612,330
Trading assets	3,627,610
Money held in trust	811
Securities	23,579,596
Loans and bills discounted	56,095,034
Foreign exchanges	892,413
Other assets	3,348,723
Premises and equipment	807,079
Lease assets	1,005,761
Deferred tax assets	1,414,656
Goodwill	9,408
Customers' liabilities for acceptances and guarantees	3,707,061
Reserve for possible loan losses	(1,037,217)
<b>Total assets</b>	<b>102,233,832</b>
<b>Liabilities:</b>	
Deposits	69,242,541
Negotiable certificates of deposit	2,529,775
Call money and bills sold	6,137,278
Payables under repurchase agreements	508,598
Payables under securities lending transactions	3,651,048
Commercial paper	7,500
Trading liabilities	1,786,166
Borrowed money	2,087,187
Foreign exchanges	433,654
Short-term bonds	460,500
Bonds	4,329,026
Due to trust account	42,260
Other liabilities	2,817,197
Reserve for employee bonuses	22,018
Reserve for employee retirement benefits	35,893
Reserve for expenses related to EXPO 2005 Japan	284
Other reserves	1,092
Deferred tax liabilities	47,422
Deferred tax liabilities for land revaluation	50,466
Acceptances and guarantees	3,707,061
<b>Total liabilities</b>	<b>97,896,973</b>
<b>Minority interests</b>	<b>1,074,517</b>
<b>Stockholders' equity:</b>	
Capital stock	1,352,651
Capital surplus	974,349
Retained earnings	697,905
Land revaluation excess	37,839
Net unrealized gains on other securities	533,070
Foreign currency translation adjustments	(62,640)
Treasury stock	(270,834)
<b>Total stockholders' equity</b>	<b>3,262,340</b>
<b>Total liabilities, minority interests and stockholders' equity</b>	<b>102,233,832</b>

Notes to Interim Consolidated Balance Sheet
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1. Amounts less than one million yen have been omitted.
2. 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.  
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 consolidated interim balance sheet date.
3. 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.
4. Securities included in money held in trust are carried in the same method as in Notes 2 and 3.
5. Derivative transactions, excluding those classified as trading derivatives, are carried at fair value, though some consolidated overseas subsidiaries account for derivative transactions in accordance with their local accounting standards.
6. Premises and equipment owned by Sumitomo Mitsui Financial Group, Inc. (SMFG) and its consolidated subsidiary, Sumitomo Mitsui Banking Corporation (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.
7. 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).
8. SMBC’s assets and liabilities denominated in foreign currencies and overseas branches’ accounts are translated into Japanese yen mainly at the exchange rate prevailing at the consolidated interim 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 balance sheet dates.
9. 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 overseas 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 yen.

10. 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.
11. 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.
12. 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.
13. 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 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 yen and 119,788 million yen, respectively.
14. 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.
15. 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 non-arbitrary and strict hedging criteria for transactions with third parties 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 apply the deferred hedge accounting or the short-cut method (exceptional 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).

16. National and local consumption taxes of SMFG and its consolidated domestic subsidiaries are accounted for using the tax-excluded method.
17. 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.
18. 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 yen, and reserve for contingent liabilities from securities transactions in accordance with Article 51 of the Securities and Exchange Law of 1,074 million yen.
19. Accumulated depreciation on premises and equipment and accumulated depreciation on lease assets amounted to 537,597 million yen and 1,553,475 million yen, respectively.
20. Bankrupt loans and Non-accrual loans were 89,680 million yen and 1,084,678 million yen, 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.
21. Past due loans (3 months or more) totaled 53,845 million yen.  
 “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.”
22. Restructured loans totaled 560,295 million yen.  
 “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).”
23. The total amount of Bankrupt loans, Non-accrual loans, Past due loans (3 months or more) and Restructured loans was 1,788,499 million yen.  
 The amounts of loans presented in Notes 20 to 23 above are the amounts before deduction of reserve for possible loan losses.
24. 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 yen, and bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought that were rediscounted by the banking subsidiaries accounted for 881 million yen of the total amount.

25. Assets pledged as collateral were as follows:

	(Millions of yen)
Assets pledged as collateral	
Cash and due from banks	85,183
Trading assets	326,547
Securities	8,202,692
Loans and bills discounted	1,707,149
Other assets (installment account receivable etc.)	1,206
Liabilities corresponding to assets pledged as collateral	
Deposits	13,599
Call money and bills sold	5,279,499
Payables under repurchase agreements	498,622
Payables under securities lending transactions	3,443,828
Trading liabilities	190,640
Borrowed money	14,675
Other liabilities	20,808
Acceptances and guarantees	151,927

In addition, Cash and due from banks of 5,919 million yen, Trading assets of 495,451 million yen, Securities of 4,107,162 million yen were pledged as collateral for cash settlements, variation margins of futures markets and certain other purposes.

Premises and equipment include surety deposits and intangible of 98,602 million yen, and Other assets include initial margins of futures markets of 8,099 million yen.

26. Net amount of deferred unrealized gains (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 yen and 351,915 million yen, respectively.

27. SMBC revaluated its own land for business activities in accordance with the "Law Concerning Land Revaluation" (the "Law") effective March 31, 1998 and the law concerning amendment of the Law effective March 31, 2001. The income taxes corresponding to the net unrealized gains are deferred and reported in "Liabilities" as "Deferred tax liabilities for land revaluation," and the net unrealized gains, net of deferred taxes, are reported as "Land revaluation excess" in "Stockholders' equity."

Certain other consolidated subsidiaries revaluated their own land for business activities in accordance with the Law. The income taxes corresponding to the net unrealized gains (losses) are deferred and reported in "Liabilities" or "Assets" as "Deferred tax liabilities for land revaluation" or "Deferred tax assets for land revaluation," and the net unrealized gains (losses), net of deferred taxes, are reported as "Land revaluation excess" in "Stockholders' equity."

Date of the revaluation

SMBC:

March 31, 1998 and March 31, 2002

Certain other consolidated subsidiaries:

March 31, 1999 and March 31, 2002

Method of revaluation (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.

28. The balance of subordinated debt included in "Borrowed money" was 685,500 million yen.

29. The balance of subordinated bonds included in "Bonds" was 2,125,016 million yen.

30. Stockholders' equity per share was 261,250.37 yen.

31. Market value and unrealized gains (losses) on securities are shown as below:

The amounts shown in the following tables include trading securities and short-term bonds classified as "Trading assets," negotiable certificates of deposit bought classified as "Cash and due from banks," and beneficiary claims on trust such as receivables classified as "Commercial paper and other debt purchased," in addition to "Securities" stated in the interim consolidated balance sheet. This definition is applied up to Notes 34.

(1) Securities classified as trading purposes

As of September 30, 2005	(Millions of yen)
Interim consolidated balance sheet amount	1,589,914
Valuations gains (losses) included in the earnings for the interim term	(1,296)

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

As of 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

## (3) Other securities with market value

As of 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

Net unrealized gains on other securities shown above include losses of 557 million yen that is recognized in this interim term's earnings by applying fair value hedge accounting and valuation losses of 400 million yen on embedded financial instruments in their entirety that are recognized in the earnings because their embedded derivatives are not measured separately. As a result of these two factors, the amount to be recorded in stockholders' equity is 898,610 million yen.

"Net unrealized gains on other securities" includes 532,930 million yen which is the sum of the following items:

	(Millions of yen)	
Net unrealized gains to be included in stockholders' equity, as a result of applying fair value hedge accounting and excluding the embedded financial derivatives	(a)	898,610
(-) Deferred tax liabilities	(b)	364,295
(c) = (a) - (b)		534,315
(-) Minority interests corresponding to (c)		10,029
(+) SMFG's interests of net unrealized gains on valuation of other securities held by affiliates accounted for by the equity method		8,645
Total		532,930

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 yen. 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.

## 32. The amount of other securities sold during the interim term is as follows:

Six months ended September 30, 2005		(Millions of yen)
Sales amount	Gains on sales	Losses on sales
24,077,266	88,639	13,991

## 33. Summary information on securities with no available market value is as follows:

As of September 30, 2005	(Millions of yen)
	Consolidated balance sheet amount
Bonds classified as held-to-maturity	
Unlisted foreign securities	2,531
Other	5,271
Other securities	
Unlisted stocks (excluding OTC stocks)	417,028
Unlisted bonds	2,264,800
Unlisted foreign securities	425,527
Other	267,941

## 34. Redemption schedule of other securities with maturities and held-to-maturity bonds is as follows:

As of 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

## 35. Information on money held in trust is as follows:

## Other money held in trust

As of September 30, 2005		(Millions of yen)		
Acquisition cost	Consolidated balance sheet amount	Net unrealized gains	Unrealized gains	Unrealized losses
602	811	209	209	–

Net unrealized gains on other money held in trust of 124 million yen (after deducting 85 million yen in deferred tax liabilities from the above 209 million yen in net unrealized gains) are included in “Net unrealized gains on other securities.”

## 36. “Japanese government bonds” as a sub-account of “Securities” include 9,921 million yen 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 yen of securities are pledged, and 217,437 million yen of securities are held in hand as of the interim consolidated balance sheet date.

## 37. 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 yen, 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 yen. 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.

## 38. Effective 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 the Business Accounting 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 on October 31, 2003). As a result, net income before income taxes decreased by 9,997 million yen compared with the former method.

In the banking industry, fixed assets are stated at cost less accumulated depreciation pursuant to the Enforcement Ordinance of the Banking Law. Accumulated impairment loss is also deducted from the book value of each asset.

**INTERIM CONSOLIDATED STATEMENT OF INCOME**

Six months ended September 30, 2005 (Millions of yen)

<b>Ordinary income</b>	
Interest income:	769,316
Interest on loans and discounts	588,151
Interest and dividends on securities	120,932
Trust fees	4,285
Fees and commissions	327,875
Trading profits	12,448
Other operating income	576,540
Other income	67,412
<b>Total ordinary income</b>	<b>1,757,879</b>
<b>Ordinary expenses</b>	
Interest expenses:	215,601
Interest on deposits	114,236
Fees and commissions	49,167
Trading losses	189
Other operating expenses	403,592
General and administrative expenses	421,626
Other expenses	203,933
<b>Total ordinary expenses</b>	<b>1,294,111</b>
<b>Ordinary profit</b>	<b>463,768</b>
<b>Extraordinary gains</b>	<b>61,397</b>
<b>Extraordinary losses</b>	<b>13,872</b>
<b>Income before income taxes and minority interests</b>	<b>511,293</b>
Income taxes:	
Current	32,367
Deferred	60,672
<b>Minority interests in net income</b>	<b>25,925</b>
<b>Net income</b>	<b>392,327</b>

Notes to Interim Consolidated Statement of Income
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1. Amounts less than one million yen have been omitted.
2. Net income per share is 57,635.51 yen.
3. Net income per share (diluted) is 44,223.66 yen.
4. Profits and losses on trading-purpose transactions are recognized on a trade date basis, and recorded as “Trading profits” and “Trading losses.” Both accounts 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.
5. Standards for recognizing lease-related income on lease transactions and income/expenses on installment sales are as follows:
  - (1) 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.
  - (2) 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.
6. “Other income” includes gains on sales of stocks and other securities of 46,383 million yen.
7. “Other expenses” includes provision for reserve for possible loan losses of 104,118 million yen, write-off of loans of 42,681 million yen and losses on delinquent loans sold of 29,725 million yen.
8. “Extraordinary gains” includes gains on sale of a subsidiary’s shares and change in equity of the subsidiary of 57,509 million yen and gains on disposal of fixed assets of 3,514 million yen.
9. “Extraordinary losses” includes losses on impairment of fixed assets of 10,580 million yen and losses on disposal of premises and equipment of 3,239 million yen.
10. 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 “Extraordinary losses” in this interim term.

				(Millions of yen)
Area	Purpose of use		Type	Impairment loss
Tokyo metropolitan area	Idle assets	41 items	Land and premises etc.	4,388
	Branches	12 branches		3,985
Kinki area	Idle assets	23 items	Land and premises etc.	1,966
	Other	13 items		Land and premises etc.

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, this interim term, 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 “Extraordinary losses.”

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.

**INTERIM CONSOLIDATED STATEMENT OF  
CAPITAL SURPLUS AND RETAINED EARNINGS**

Six months ended September 30, 2005

(Millions of yen)

**Capital surplus**

Capital surplus at beginning of year	974,346
Increase of capital surplus	2
Gains on disposal of treasury stock	<u>2</u>
Capital surplus at end of interim term	<u><u>974,349</u></u>

**Retained earnings**

Retained earnings at beginning of year	329,963
Increase of retained earnings	412,337
Net income	392,327
Increase due to increase of consolidated subsidiaries	2
Increase due to decrease of consolidated subsidiaries	6
Increase due to transfer of land revaluation excess	20,001
Decrease of retained earnings	44,396
Dividends paid	44,389
Decrease due to increase of consolidated subsidiaries	2
Decrease due to decrease of consolidated subsidiaries	<u>4</u>
Retained earnings at end of interim term	<u><u>697,905</u></u>

(Note) Amounts less than one million yen have been omitted.

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

Six months ended September 30, 2005

(Millions of yen)

<b>1. Cash flows from operating activities:</b>	
Income before income taxes and minority interests	511,293
Depreciation of premises, equipment and others	40,218
Depreciation of lease assets	166,592
Losses on impairment of fixed assets	10,580
Amortization of goodwill	3,469
Equity in earnings of affiliates	(14,081)
Gains on sale of subsidiaries' shares and gains on change in equity of subsidiary	(60,192)
Net change in reserve for possible loan losses	(238,154)
Net change in reserve for employee bonuses	(1,857)
Net change in reserve for employee retirement benefits	1,101
Net change in reserve for expenses related to EXPO 2005 Japan	53
Interest income	(769,316)
Interest expenses	215,601
Net (gains) losses on securities	(64,257)
Net (gains) losses from money held in trust	(13)
Net exchange (gains) losses	(62,513)
Net (gains) losses from disposal of premises and equipment	(275)
Net (gains) losses from disposal of lease assets	(666)
Net change in trading assets	163,674
Net change in trading liabilities	(347,755)
Net change in loans and bills discounted	(1,213,748)
Net change in deposits	688,527
Net change in negotiable certificates of deposit	(186,912)
Net change in borrowed money (excluding subordinated debt)	(13,469)
Net change in deposits with banks	55,542
Net change in call loans, bills bought, receivables under resale agreements, and commercial paper and other debt purchased	200,494
Net change in receivables under securities borrowing transactions	(1,597,409)
Net change in call money, bills sold and payables under repurchase agreements	1,262,966
Net change in commercial paper	(366,600)
Net change in payables under securities lending transactions	(216,953)
Net change in foreign exchanges (assets)	6,635
Net change in foreign exchanges (liabilities)	(45,233)
Net change in short-term bonds (liabilities)	459,500
Issuance and redemption of bonds (excluding subordinated bonds)	(269,880)
Net change in due to trust account	(8,196)
Interest received	803,273
Interest paid	(208,281)
Other, net	129,264
<b>Subtotal</b>	<b>(966,978)</b>
Income taxes paid	14,248
<b>Net cash used in operating activities</b>	<b>(952,729)</b>
<b>2. Cash flows from investing activities:</b>	
Purchases of securities	(29,777,298)
Proceeds from sale of securities	24,077,266
Proceeds from maturity of securities	6,696,817
Purchases of money held in trust	(750)
Proceeds from sale of money held in trust	3,789
Purchases of premises and equipment	(13,389)
Proceeds from sale of premises and equipment	11,107
Purchases of lease assets	(192,899)
Proceeds from sale of lease assets	28,661
Proceeds from sale of stocks of subsidiaries	54,937
<b>Net cash provided by investing activities</b>	<b>888,242</b>
<b>3. Cash flows from financing activities:</b>	
Proceeds from issuance of subordinated debt	33,000
Repayment of subordinated debt	(82,343)
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights	408,038
Repayment of subordinated bonds and bonds with stock acquisition rights	(162,800)
Dividends paid	(44,355)
Proceeds from minority stockholders	48,025
Dividends paid to minority stockholders	(27,034)
Purchases of treasury stock	(1,001)
Proceeds from sale of treasury stock	26
<b>Net cash provided by financing activities</b>	<b>171,555</b>
<b>4. Effect of exchange rate changes on cash and cash equivalents</b>	<b>1,794</b>
<b>5. Net change in cash and cash equivalents</b>	<b>108,861</b>
<b>6. Cash and cash equivalents at beginning of year</b>	<b>2,930,645</b>
<b>7. Cash and cash equivalents at end of interim term</b>	<b>3,039,507</b>



Notes to Interim Consolidated Statement of Cash Flows

1. Amounts less than one million yen have been omitted.
2. For the purposes of presenting the interim consolidated statement of cash flows, “Cash and cash equivalents” are cash on hand and non-interest earning deposits with banks.
3. Reconciliation of “Cash and due from banks” of the interim consolidated balance sheet to “Cash and cash equivalents” at the interim term-end is as follows:

<u>September 30, 2005</u>	<u>(Millions of yen)</u>
Cash and due from banks	5,076,696
<u>Interest-earning deposits</u>	<u>(2,037,189)</u>
Cash and cash equivalents	<u>3,039,507</u>

**COMPARATIVE CONSOLIDATED BALANCE SHEETS (CONDENSED)**

September 30, 2005 and 2004, and March 31, 2005	September 30			(Millions of yen) March 31	
	2005	2004	Difference	2005	Difference
	(A)	(B)	(A-B)	(C)	(A-C)
<b>Assets:</b>					
Cash and due from banks	5,076,696	5,846,400	(769,704)	4,989,814	86,882
Call loans and bills bought	789,440	406,571	382,869	1,004,512	(215,072)
Receivables under resale agreements	138,675	125,306	13,369	124,856	13,819
Receivables under securities borrowing transactions	2,165,749	1,621,384	544,365	568,340	1,597,409
Commercial paper and other debt purchased	612,330	521,454	90,876	606,032	6,298
Trading assets	3,627,610	3,274,740	352,870	3,769,073	(141,463)
Money held in trust	811	3,783	(2,972)	3,832	(3,021)
Securities	23,579,596	24,073,122	(493,526)	24,233,701	(654,105)
Loans and bills discounted	56,095,034	55,422,034	673,000	54,799,805	1,295,229
Foreign exchanges	892,413	964,066	(71,653)	895,586	(3,173)
Other assets	3,348,723	2,919,297	429,426	3,110,454	238,269
Premises and equipment	807,079	946,685	(139,606)	836,053	(28,974)
Lease assets	1,005,761	991,190	14,571	1,007,015	(1,254)
Deferred tax assets	1,414,656	1,743,246	(328,590)	1,598,158	(183,502)
Deferred tax assets for land revaluation	–	75	(75)	–	–
Goodwill	9,408	17,544	(8,136)	13,381	(3,973)
Customers' liabilities for acceptances and guarantees	3,707,061	3,399,727	307,334	3,444,799	262,262
Reserve for possible loan losses	(1,037,217)	(1,222,391)	185,174	(1,273,560)	236,343
<b>Total assets</b>	<b>102,233,832</b>	<b>101,054,242</b>	<b>1,179,590</b>	<b>99,731,858</b>	<b>2,501,974</b>
<b>Liabilities:</b>					
Deposits	69,242,541	67,619,961	1,622,580	68,474,861	767,680
Negotiable certificates of deposit	2,529,775	3,038,333	(508,558)	2,713,270	(183,495)
Call money and bills sold	6,137,278	4,823,293	1,313,985	4,971,462	1,165,816
Payables under repurchase agreements	508,598	720,461	(211,863)	405,671	102,927
Payables under securities lending transactions	3,651,048	4,602,167	(951,119)	3,868,001	(216,953)
Commercial paper	7,500	352,000	(344,500)	374,100	(366,600)
Trading liabilities	1,786,166	1,780,073	6,093	2,110,473	(324,307)
Borrowed money	2,087,187	2,213,432	(126,245)	2,142,873	(55,686)
Foreign exchanges	433,654	533,545	(99,891)	478,482	(44,828)
Short-term bonds	460,500	–	460,500	1,000	459,500
Bonds	4,329,026	4,480,668	(151,642)	4,339,497	(10,471)
Due to trust account	42,260	42,202	58	50,457	(8,197)
Other liabilities	2,817,197	3,250,878	(433,681)	2,363,786	453,411
Reserve for employee bonuses	22,018	21,548	470	23,816	(1,798)
Reserve for employee retirement benefits	35,893	31,282	4,611	34,792	1,101
Reserve for expenses related to EXPO 2005 Japan	284	172	112	231	53
Other reserves	1,092	1,093	(1)	1,093	(1)
Deferred tax liabilities	47,422	46,821	601	45,259	2,163
Deferred tax liabilities for land revaluation	50,466	58,100	(7,634)	90,994	(40,528)
Acceptances and guarantees	3,707,061	3,399,727	307,334	3,444,799	262,262
<b>Total liabilities</b>	<b>97,896,973</b>	<b>97,015,765</b>	<b>881,208</b>	<b>95,934,927</b>	<b>1,962,046</b>
<b>Minority interests</b>	<b>1,074,517</b>	<b>1,017,565</b>	<b>56,952</b>	<b>1,021,203</b>	<b>53,314</b>
<b>Total stockholders' equity</b>	<b>3,262,340</b>	<b>3,020,911</b>	<b>241,429</b>	<b>2,775,728</b>	<b>486,612</b>
<b>Total liabilities, minority interests and stockholders' equity</b>	<b>102,233,832</b>	<b>101,054,242</b>	<b>1,179,590</b>	<b>99,731,858</b>	<b>2,501,974</b>

(Note) Amounts less than one million yen have been omitted.

**COMPARATIVE CONSOLIDATED STATEMENTS OF OPERATIONS (CONDENSED)**

Six months ended September 30, 2005 and 2004, and Year ended March 31, 2005	Six months ended September 30			(Millions of yen) Year ended March 31
	2005 (A)	2004 (B)	Difference (A-B)	2005
<b>Ordinary income</b>	<b>1,757,879</b>	<b>1,778,173</b>	<b>(20,294)</b>	<b>3,580,796</b>
Interest income:	769,316	752,495	16,821	1,521,728
Interest on loans and discounts	588,151	567,082	21,069	1,145,653
Interest and dividends on securities	120,932	121,740	(808)	256,396
Trust fees	4,285	729	3,556	2,609
Fees and commissions	327,875	281,955	45,920	596,086
Trading profits	12,448	30,927	(18,479)	144,587
Other operating income	576,540	551,794	24,746	1,058,289
Other income	67,412	160,271	(92,859)	257,495
<b>Ordinary expenses</b>	<b>1,294,111</b>	<b>1,664,072</b>	<b>(369,961)</b>	<b>3,611,089</b>
Interest expenses:	215,601	156,704	58,897	350,385
Interest on deposits	114,236	52,872	61,364	131,498
Fees and commissions	49,167	46,575	2,592	79,976
Trading losses	189	605	(416)	199
Other operating expenses	403,592	394,061	9,531	867,748
General and administrative expenses	421,626	423,612	(1,986)	852,715
Other expenses	203,933	642,513	(438,580)	1,460,064
<b>Ordinary profit (loss)</b>	<b>463,768</b>	<b>114,100</b>	<b>349,668</b>	<b>(30,293)</b>
<b>Extraordinary gains</b>	<b>61,397</b>	<b>2,671</b>	<b>58,726</b>	<b>9,074</b>
<b>Extraordinary losses</b>	<b>13,872</b>	<b>20,056</b>	<b>(6,184)</b>	<b>87,316</b>
<b>Income (loss) before income taxes and minority interests</b>	<b>511,293</b>	<b>96,715</b>	<b>414,578</b>	<b>(108,535)</b>
Income taxes:				
Current	32,367	17,079	15,288	30,638
Refund	–	8,104	(8,104)	8,869
Deferred	60,672	5,277	55,395	52,912
<b>Minority interests in net income (loss)</b>	<b>25,925</b>	<b>29,090</b>	<b>(3,165)</b>	<b>50,983</b>
<b>Net income (loss)</b>	<b>392,327</b>	<b>53,372</b>	<b>338,955</b>	<b>(234,201)</b>

(Note) Amounts less than one million yen have been omitted.

**COMPARATIVE CONSOLIDATED STATEMENTS OF  
CAPITAL SURPLUS AND RETAINED EARNINGS (CONDENSED)**

	Six months ended September 30			(Millions of yen) Year ended March 31
	2005 (A)	2004 (B)	Difference (A-B)	2005
Six months ended September 30, 2005 and 2004, and Year ended March 31, 2005				
<b><u>Capital surplus</u></b>				
Capital surplus at beginning of year	974,346	865,282	109,064	865,282
Increase of capital surplus	2	1,588	(1,586)	109,064
Capital surplus at end of term (year)	<u>974,349</u>	<u>866,870</u>	<u>107,479</u>	<u>974,346</u>
<b><u>Retained earnings</u></b>				
Retained earnings at beginning of year	329,963	611,189	(281,226)	611,189
Increase of retained earnings	412,337	55,122	357,215	3,863
Decrease of retained earnings	44,396	53,873	(9,477)	285,088
Retained earnings at end of term (year)	<u>697,905</u>	<u>612,438</u>	<u>85,467</u>	<u>329,963</u>

(Note) Amounts less than one million yen have been omitted.

## COMPARATIVE CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

Six months ended September 30, 2005 and 2004, and Year ended March 31, 2005	Six months ended September 30		Difference (A-B)	Year ended March 31
	2005	2004		2005
	(A)	(B)	(A-B)	
<b>1. Cash flows from operating activities:</b>				
Income (loss) before income taxes and minority interests	511,293	96,715	414,578	(108,535)
Depreciation of premises, equipment and others	40,218	41,082	(864)	84,120
Depreciation of lease assets	166,592	168,782	(2,190)	340,777
Losses on impairment of fixed assets	10,580	-	10,580	-
Amortization of goodwill	3,469	4,280	(811)	10,017
Equity in earnings of affiliates	(14,081)	(12,893)	(1,188)	(27,142)
Gains on sale of subsidiaries' shares and gains on change in equity of subsidiary	(60,192)	-	(60,192)	-
Net change in reserve for possible loan losses	(238,154)	(200,035)	(38,119)	(140,104)
Net change in reserve for employee bonuses	(1,857)	(855)	(1,002)	1,497
Net change in reserve for employee retirement benefits	1,101	131,309	(130,208)	134,819
Net change in reserve for expenses related to EXPO 2005 Japan	53	55	(2)	114
Interest income	(769,316)	(752,495)	(16,821)	(1,521,728)
Interest expenses	215,601	156,704	58,897	350,385
Net (gains) losses on securities	(64,257)	(74,018)	9,761	102,784
Net (gains) losses from money held in trust	(13)	-	(13)	(0)
Net exchange (gains) losses	(62,513)	(172,849)	110,336	(105,603)
Net (gains) losses from disposal of premises and equipment	(275)	8,716	(8,991)	63,973
Net (gains) losses from disposal of lease assets	(666)	(1,143)	477	(3,345)
Net change in trading assets	163,674	37,897	125,777	(468,577)
Net change in trading liabilities	(347,755)	(98,289)	(249,466)	246,434
Net change in loans and bills discounted	(1,213,748)	(18,373)	(1,195,375)	468,339
Net change in deposits	688,527	2,245,859	(1,557,332)	3,137,797
Net change in negotiable certificates of deposit	(186,912)	(478,870)	291,958	(806,192)
Net change in borrowed money (excluding subordinated debt)	(13,469)	(142,894)	129,425	(180,888)
Net change in deposits with banks	55,542	(683,001)	738,543	(245,726)
Net change in call loans, bills bought, receivables under resale agreements, and commercial paper and other debt purchased	200,494	(59,546)	260,040	(743,218)
Net change in receivables under securities borrowing transactions	(1,597,409)	(612,055)	(985,354)	440,987
Net change in call money, bills sold and payables under repurchase agreements	1,262,966	(1,845,325)	3,108,291	(2,013,905)
Net change in commercial paper	(366,600)	69,300	(435,900)	91,400
Net change in payables under securities lending transactions	(216,953)	(1,344,179)	1,127,226	(2,078,345)
Net change in foreign exchanges (assets)	6,635	(219,887)	226,522	(151,254)
Net change in foreign exchanges (liabilities)	(45,233)	(39,119)	(6,114)	(94,405)
Net change in short-term bonds (liabilities)	459,500	-	459,500	1,000
Issuance and redemption of bonds (excluding subordinated bonds)	(269,880)	279,933	(549,813)	130,498
Net change in due to trust account	(8,196)	6,169	(14,365)	14,424
Interest received	803,273	797,421	5,852	1,553,995
Interest paid	(208,281)	(158,410)	(49,871)	(336,234)
Net change in payable on trading and securities contracts	-	-	-	(1,020,879)
Other, net	129,264	(332,096)	461,360	(350,488)
Subtotal	(966,978)	(3,202,113)	2,235,135	(3,223,208)
Income taxes paid	14,248	(28,614)	42,862	(56,914)
<b>Net cash used in operating activities</b>	<b>(952,729)</b>	<b>(3,230,728)</b>	<b>2,277,999</b>	<b>(3,280,122)</b>
<b>2. Cash flows from investing activities:</b>				
Purchases of securities	(29,777,298)	(21,283,083)	(8,494,215)	(46,309,832)
Proceeds from sale of securities	24,077,266	16,679,189	7,398,077	36,134,383
Proceeds from maturity of securities	6,696,817	7,674,230	(977,413)	13,118,211
Purchases of money held in trust	(750)	-	(750)	-
Proceeds from sale of money held in trust	3,789	0	3,789	0
Purchases of premises and equipment	(13,389)	(22,183)	8,794	(56,945)
Proceeds from sale of premises and equipment	11,107	28,080	(16,973)	93,474
Purchases of lease assets	(192,899)	(185,819)	(7,080)	(396,497)
Proceeds from sale of lease assets	28,661	18,991	9,670	43,702
Proceeds from sale of stocks of subsidiaries	54,937	-	54,937	-
Purchases of stocks of subsidiaries	-	(2,970)	2,970	(2,970)
<b>Net cash provided by investing activities</b>	<b>888,242</b>	<b>2,906,435</b>	<b>(2,018,193)</b>	<b>2,623,525</b>
<b>3. Cash flows from financing activities:</b>				
Proceeds from issuance of subordinated debt	33,000	20,000	13,000	36,000
Repayment of subordinated debt	(82,343)	(22,240)	(60,103)	(72,212)
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights	408,038	237,275	170,763	440,237
Repayment of subordinated bonds and bonds with stock acquisition rights	(162,800)	(48,000)	(114,800)	(234,983)
Proceeds from issuance of stocks	-	-	-	210,003
Dividends paid	(44,355)	(46,447)	2,092	(46,463)
Proceeds from minority stockholders	48,025	-	48,025	21,024
Dividends paid to minority stockholders	(27,034)	(26,171)	(863)	(39,457)
Purchases of treasury stock	(1,001)	(502)	(499)	(269,012)
Proceeds from sale of treasury stock	26	3,936	(3,910)	9,063
<b>Net cash provided by financing activities</b>	<b>171,555</b>	<b>117,850</b>	<b>53,705</b>	<b>54,199</b>
<b>4. Effect of exchange rate changes on cash and cash equivalents</b>	<b>1,794</b>	<b>716</b>	<b>1,078</b>	<b>(378)</b>
<b>5. Net change in cash and cash equivalents</b>	<b>108,861</b>	<b>(205,726)</b>	<b>314,587</b>	<b>(602,776)</b>
<b>6. Cash and cash equivalents at beginning of year</b>	<b>2,930,645</b>	<b>3,529,479</b>	<b>(598,834)</b>	<b>3,529,479</b>
<b>7. Change in cash and cash equivalents due to merger of consolidated subsidiaries</b>	<b>-</b>	<b>3,941</b>	<b>(3,941)</b>	<b>3,941</b>
<b>8. Cash and cash equivalents at end of term (year)</b>	<b>3,039,507</b>	<b>3,327,694</b>	<b>(288,187)</b>	<b>2,930,645</b>

(Note) Amounts less than one million yen have been omitted.

**V. 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

(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.

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

Six months ended September 30, 2004 (Millions of yen)

	Banking business	Leasing business	Other business	Total	Elimination	Consolidated
Ordinary income						
(1) External customers	1,226,811	344,806	206,554	1,778,173	–	1,778,173
(2) Intersegment	15,719	10,000	95,613	121,334	(121,334)	–
Total	1,242,531	354,807	302,168	1,899,507	(121,334)	1,778,173
Ordinary expenses	1,210,191	333,222	232,405	1,775,819	(111,747)	1,664,072
Ordinary profit	32,340	21,584	69,763	123,688	(9,587)	114,100

Year ended March 31, 2005 (Millions of yen)

	Banking business	Leasing business	Other business	Total	Elimination	Consolidated
Ordinary income						
(1) External customers	2,447,122	706,860	426,813	3,580,796	–	3,580,796
(2) Intersegment	41,862	19,723	190,226	251,812	(251,812)	–
Total	2,488,984	726,583	617,040	3,832,609	(251,812)	3,580,796
Ordinary expenses	2,643,533	684,652	505,793	3,833,979	(222,889)	3,611,089
Ordinary profit (loss)	(154,548)	41,931	111,246	(1,370)	(28,922)	(30,293)

## (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

(Notes)

- 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.
- The Americas includes the United States, Brazil, Canada and others; Europe includes the United Kingdom, Germany and France and others; Asia and Oceania includes Hong Kong, Singapore, Australia and others except Japan.

Six months ended September 30, 2004 (Millions of yen)

	Japan	The Americas	Europe	Asia and Oceania	Total	Elimination	Consolidated
Ordinary income							
(1) External customers	1,654,502	56,534	31,188	35,947	1,778,173	–	1,778,173
(2) Intersegment	21,527	24,310	2,143	12,142	60,123	(60,123)	–
Total	1,676,029	80,844	33,331	48,090	1,838,296	(60,123)	1,778,173
Ordinary expenses	1,609,260	48,580	28,499	31,670	1,718,011	(53,939)	1,664,072
Ordinary profit	66,768	32,264	4,832	16,419	120,284	(6,184)	114,100

Year ended March 31, 2005 (Millions of yen)

	Japan	The Americas	Europe	Asia and Oceania	Total	Elimination	Consolidated
Ordinary income							
(1) External customers	3,331,194	109,639	62,959	77,003	3,580,796	–	3,580,796
(2) Intersegment	59,278	46,789	6,189	26,013	138,270	(138,270)	–
Total	3,390,472	156,429	69,148	103,016	3,719,067	(138,270)	3,580,796
Ordinary expenses	3,494,330	107,027	63,254	60,692	3,725,305	(114,215)	3,611,089
Ordinary profit (loss)	(103,857)	49,401	5,894	42,323	(6,238)	(24,055)	(30,293)

## (3) Ordinary income from overseas operations

(Millions of yen)

	Consolidated ordinary income from overseas operations (A)	Consolidated ordinary income (B)	(A) / (B)
Six months ended September 30, 2005	177,984	1,757,879	10.1 %
Six months ended September 30, 2004	123,670	1,778,173	7.0 %
Year ended March 31, 2005	249,602	3,580,796	7.0 %

(Notes)

- Consolidated ordinary income from overseas operations are presented as counterparts of overseas sales of companies in other industries.
- 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.

**VI. Products, Orders and Sales**

This information is not available because of the specialty of banking business.

## [ Supplemental Information ]

**Market Value of Securities and Money Held in Trust**

## [1] Securities

## 1. As of September 30, 2005

(Notes)

- The amounts shown in the following tables include trading securities and short-term bonds classified as "Trading assets," negotiable certificates of deposit bought classified as "Cash and due from banks," and beneficiary claims on trust such as receivables classified as "Commercial paper and other debt purchased," in addition to "Securities" stated in the interim consolidated balance sheet.
- Stocks of subsidiaries and affiliates that have market value are presented in notes to interim nonconsolidated financial statements.

## (1) Securities classified as trading purposes

As of September 30, 2005	(Millions of yen)	
	Consolidated balance sheet amount	Valuation gains (losses) included in the earnings for the term
Securities classified as trading purposes	1,589,914	(1,296)

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

As of 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

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

## (3) Other securities with market value

As of 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

(Notes)

- Net unrealized gains on other securities shown above include losses of 557 million yen that is recognized in the interim term's earnings by applying fair value hedge accounting and valuation losses of 400 million yen on embedded financial instruments in their entirety that are recognized in the earnings because their embedded derivatives are not measured separately.
- 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
- 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 the interim term. Valuation loss for this interim term was 212 million yen. 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)		
	Sales amount	Gains on sales	Losses on sales
Other securities	24,077,266	88,639	13,991

## (6) Securities with no available market value

As of September 30, 2005	(Millions of yen)
	Consolidated balance sheet amount
<b>Bonds classified as held-to-maturity</b>	
Unlisted foreign securities	2,531
Other	5,271
<b>Other securities</b>	
Unlisted stocks (excluding OTC stocks)	417,028
Unlisted bonds	2,264,800
Unlisted foreign securities	425,527
Other	267,941

## (7) Change of classification of securities

There are no corresponding transactions.

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

As of 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

## 2. As of September 30, 2004

(Notes)

- The amounts shown in the following tables include trading securities, commercial paper and short-term bonds classified as "Trading assets," negotiable certificates of deposit bought classified as "Cash and due from banks" and commercial paper and beneficiary claim on loan trust classified as "Commercial paper and other debt purchased," in addition to "Securities" stated in the interim consolidated balance sheet.
- Stocks of subsidiaries and affiliates that have market value are presented in notes to interim nonconsolidated financial statements.

## (1) Securities classified as trading purposes

As of September 30, 2004	(Millions of yen)	
	Consolidated balance sheet amount	Valuation gains (losses) included in the earnings for the term
Securities classified as trading purposes	1,209,190	(2,548)

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

As of September 30, 2004	(Millions of yen)				
	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds	508,400	502,551	(5,848)	1,684	7,533
Japanese local government bonds	-	-	-	-	-
Japanese corporate bonds	-	-	-	-	-
Other	36,235	36,794	558	681	122
Total	544,636	539,346	(5,289)	2,365	7,655

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

## (3) Other securities with market value

As of September 30, 2004	(Millions of yen)				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	2,035,061	2,616,748	581,686	637,425	55,738
Bonds	13,744,918	13,686,800	(58,118)	18,409	76,527
Japanese government bonds	12,421,472	12,371,625	(49,846)	13,933	63,780
Japanese local government bonds	504,080	497,812	(6,267)	1,094	7,361
Japanese corporate bonds	819,366	817,362	(2,003)	3,381	5,385
Other	4,079,116	4,039,623	(39,492)	8,902	48,395
Total	19,859,096	20,343,172	484,076	664,737	180,661

(Notes)

- Of the total net unrealized gains shown above, 22,199 million yen is included in the term's earnings because of the application of fair value hedge accounting.
- 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
- Other securities with market value are considered as impaired if the market value decreases materially below the acquisition cost and such decline is not considered as recoverable. The market value is recognized as the consolidated interim balance sheet amount and the amount of write-down is accounted for as valuation loss for the interim term. Valuation loss for this interim term was 39 million yen. 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, 2004	(Millions of yen)		
	Sales amount	Gains on sales	Losses on sales
Other securities	16,678,701	117,923	27,549

## (6) Securities with no available market value

As of September 30, 2004	(Millions of yen)
	Consolidated balance sheet amount
Bonds classified as held-to-maturity	
Unlisted foreign securities	3,492
Other	11,290
Other securities	
Unlisted stocks (excluding OTC stocks)	580,961
Unlisted bonds	1,768,325
Unlisted foreign securities	394,347
Other	150,646

## (7) Change of classification of securities

There are no corresponding transactions.

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

As of September 30, 2004	(Millions of yen)			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Bonds	2,927,449	7,891,459	2,987,501	2,157,117
Japanese government bonds	2,701,723	5,793,773	2,234,942	2,149,585
Japanese local government bonds	13,233	252,642	231,433	503
Japanese corporate bonds	212,492	1,845,044	521,125	7,028
Other	378,578	2,956,785	417,839	511,709
Total	3,306,028	10,848,244	3,405,341	2,668,827

## 3. As of March 31, 2005

(Notes)

- The amounts shown in the following tables include trading securities, commercial paper and short-term bonds classified as "Trading assets," negotiable certificates of deposit bought classified as "Cash and due from banks," and commercial paper and beneficiary claims on loan trust classified as "Commercial paper and other debt purchased," in addition to "Securities" stated in the consolidated balance sheet.
- Stocks of subsidiaries and affiliates that have market value are presented in notes to nonconsolidated financial statements.

## (1) Securities classified as trading purposes

As of March 31, 2005	(Millions of yen)	
	Consolidated balance sheet amount	Valuation gains (losses) included in the earnings for the fiscal year
Securities classified as trading purposes	1,325,972	(3,717)

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

As of March 31, 2005	(Millions of yen)				
	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds	507,342	505,002	(2,339)	1,582	3,922
Japanese local government bonds	-	-	-	-	-
Japanese corporate bonds	-	-	-	-	-
Other	28,859	29,380	520	531	11
Total	536,201	534,382	(1,818)	2,114	3,933

(Note) Market value is calculated using market prices at the fiscal year-end.

## (3) Other securities with market value

As of March 31, 2005	(Millions of yen)				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	1,992,711	2,697,765	705,053	750,480	45,426
Bonds	14,734,261	14,749,222	14,961	34,971	20,010
Japanese government bonds	13,116,068	13,129,235	13,167	27,115	13,948
Japanese local government bonds	488,423	486,884	(1,538)	2,061	3,600
Japanese corporate bonds	1,129,770	1,133,102	3,332	5,794	2,462
Other	2,779,971	2,756,295	(23,675)	15,903	39,579
Total	19,506,944	20,203,283	696,339	801,356	105,017

(Notes)

- Net unrealized gains on other securities shown above include gains of 469 million yen that is recognized in the fiscal year's earnings by applying fair value hedge accounting and valuation gains of 82 million yen on embedded financial instruments in their entirety that are recognized in the earnings because their embedded derivatives are not measured separately.
- Consolidated balance sheet amount is calculated as follows:
 

Stocks	Average market prices during one month before the fiscal year-end
Bonds and other	Market prices at the fiscal year-end
- Other securities with market value are considered as impaired if the market value decreases materially below the acquisition cost and such decline is not considered as recoverable. The market value is recognized as the consolidated balance sheet amount and the amount of write-down is accounted for as valuation loss for the current fiscal year. Valuation loss for this fiscal year was 172 million yen. 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 fiscal year

There are no corresponding transactions.

## (5) Other securities sold during the fiscal year

Year ended March 31, 2005	(Millions of yen)		
	Sales amount	Gains on sales	Losses on sales
Other securities	36,133,895	214,022	90,314

## (6) Securities with no available market value

As of March 31, 2005	(Millions of yen)
	Consolidated balance sheet amount
Bonds classified as held-to-maturity	
Unlisted foreign securities	2,400
Other	8,566
Other securities	
Unlisted stocks (except for OTC stocks)	429,658
Unlisted bonds	2,110,338
Unlisted foreign securities	412,118
Other	221,982

## (7) Change of classification of securities

There are no corresponding items.

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

As of March 31, 2005	(Millions of yen)			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Bonds	3,110,902	9,065,255	2,237,616	2,953,130
Japanese government bonds	2,818,917	6,414,993	1,482,528	2,920,138
Japanese local government bonds	20,003	264,369	202,016	494
Japanese corporate bonds	271,981	2,385,892	553,071	32,497
Other	600,124	1,625,706	258,965	725,965
Total	3,711,027	10,690,962	2,496,581	3,679,096

## [2] Money Held in Trust

## 1. As of September 30, 2005

## (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

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

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

## 2. As of September 30, 2004

## (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

As of September 30, 2004	(Millions of yen)				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains	Unrealized gains	Unrealized losses
Other money held in trust	3,628	3,783	154	271	116

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

## 3. As of March 31, 2005

## (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

As of March 31, 2005	(Millions of yen)				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains	Unrealized gains	Unrealized losses
Other money held in trust	3,628	3,832	204	300	95

(Note) Consolidated balance sheet amount is calculated using market prices at the fiscal year-end.

## [3] Net Unrealized Gains on Other Securities and Other Money Held in Trust

## 1. As of September 30, 2005

"Net unrealized gains on other securities" that is reported on the interim consolidated balance sheet is as follows:

As of September 30, 2005	(Millions of yen)
Net unrealized gains	898,836
Other securities	898,626
Other money held in trust	209
(-) Deferred tax liabilities	364,380
Net unrealized gains on other securities (before following adjustment)	<u>534,455</u>
(-) Minority interests	10,029
(+) SMFG's interest in net unrealized gains on valuation of other securities held by affiliates accounted for by the equity method	<u>8,645</u>
Net unrealized gains on other securities	<u><u>533,070</u></u>

(Notes)

1. Net unrealized gains on other securities shown above include losses of 557 million yen that is recognized in the interim term's earnings by applying fair value hedge accounting and valuation losses of 400 million yen 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 non-marketable securities denominated in foreign currency.

## 2. As of September 30, 2004

"Net unrealized gains on other securities" that is reported on the interim consolidated balance sheet is as follows:

As of September 30, 2004	(Millions of yen)
Net unrealized gains	462,018
Other securities	461,863
Other money held in trust	154
(-) Deferred tax liabilities	187,970
Net unrealized gains on other securities (before following adjustment)	<u>274,048</u>
(-) Minority interests	4,981
(+) SMFG's interest in net unrealized gains on valuation of other securities held by affiliates accounted for by the equity method	<u>1,185</u>
Net unrealized gains on other securities	<u><u>270,252</u></u>

(Notes)

1. Net unrealized gains on other securities shown above include gains of 22,199 million yen that is recognized in the term's earnings by applying fair value hedge accounting.
2. Net unrealized gains included foreign currency translation adjustments on non-marketable securities denominated in foreign currency.

## 3. As of March 31, 2005

"Net unrealized gains on other securities" that is reported on the consolidated balance sheet is shown as follows:

As of March 31, 2005	(Millions of yen)
Net unrealized gains	695,951
Other securities	695,746
Other money held in trust	204
(-) Deferred tax liabilities	282,389
Net unrealized gains on other securities (before following adjustment)	<u>413,561</u>
(-) Minority interests	7,982
(+) SMFG's interest in net unrealized gains on valuation of other securities held by affiliates accounted for by the equity method	<u>5,074</u>
Net unrealized gains on other securities	<u><u>410,653</u></u>

(Notes)

1. Net unrealized gains on other securities shown above include gains of 469 million yen that is recognized in the fiscal year's earnings by applying fair value hedge accounting and valuation gains of 82 million yen 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 non-marketable securities denominated in foreign currency.

## **Market Value Information on Derivative Transactions**

Please refer to EDINET system (<http://www.fsa.go.jp/edinet/edinet.html>) after the middle of December, 2005 (available in Japanese).