

III. Operating Results and Financial Position

Amounts for the fiscal year ended March 31, 2002 are those of former SMBC.

1. Overview of Consolidated Operating Results and Financial Position for the Fiscal Year Ended March 31, 2003

(1) Profit and Loss

SMFG has managed to strengthen profitability by pursuing its efficiency and reducing expenses through business restructuring during the fiscal year ended March 31, 2003.

In spite of these our effort, Ordinary loss and Net loss amounted 515.7 billion yen and 465.3 billion yen, respectively mainly due to losses on stocks arising from the sluggish stock market and disposal of non-performing loans.

Ordinary income amounted to 3,506.3 billion yen (down 7.2% from the previous year ended March 31, 2002) and Ordinary expense amounted to 4,022.1 billion yen (down 7.8%).

(2) Assets and Liabilities

Deposits amounted to 62,931.0 billion yen (down 2,054.9 billion yen from the previous year ended March 31, 2002) and Negotiable certificates of deposit amounted to 4,853.0 billion yen (down 1,809.0 billion yen).

Loans and bills discounted amounted to 61,082.9 billion yen (down 2,562.6 billion yen).

Total assets amounted to 104,607.4 billion yen (down 3,397.5 billion yen).

(3) Stockholders' Equity

SMFG increased capital of 495.3 billion yen, but stockholders' equity decreased by 488.5 billion yen over the figures as of March 31, 2002 to 2,424.0 billion yen as of March 31, 2003 mainly due to disposition of unrealized losses on other securities and realized losses on stocks.

(4) Cash Flows

SMFG generated 5,443.2 billion yen of Cash flows from operating activities, used 4,623.9 billion yen of Cash flows from investing activities and used 43.9 billion yen of Cash flows from financing activities.

Consequently, Cash and cash equivalents as of March 31, 2003 amounted to 2,900.9 billion yen.

(5) Segments

As for business segments, the percentage of total assets before elimination of internal transactions was 93% (down 0 point from the previous year ended March 31, 2002) for banking business, 2% (up 0 point) for leasing business, and 5% (down 0 point) for other business. The percentage of ordinary income before elimination of internal transactions was 69% (down 1 point) for banking business, 17% (up 4 points) for leasing business, and 14% (down 3 points) for other business.

As for geographic segments, the percentage of total assets before elimination of internal transactions was 90% (up 3 points from the previous year ended March 31, 2002) for Japan, 6% (down 1 point) for the Americas, 2% (down 1 point) for Europe, and 2% (down 1 point) for Asia and Oceania. The percentage of ordinary income before elimination of internal transactions becomes 84% (up 10 points from the previous year ended March 31, 2002) for Japan, 6% (down 5 point) for the Americas, 6% (down 2 points) for Europe, and 4% (down 3 points) for Asia and Oceania.

(6) Capital Ratio (BIS Guideline) (preliminary)

Capital ratio becomes 10.10% on a consolidated basis.

2. Earnings Forecast for the Fiscal Year Ending March 31, 2004

(1) Performance Forecast

In fiscal 2003, SMFG will continue to strengthen its financial base by reviving debt ridden companies and disposition of problem loans and reducing exposure to stock market risk. Furthermore, SMFG aims to enhance profitability and achieve greater operational efficiency.

As for earnings forecast on a consolidated basis, Ordinary income, Ordinary profit and Net income are forecasted to

amount to 3,300 billion yen, 320 billion yen, and 150 billion yen, respectively. On a nonconsolidated basis, Ordinary income, Ordinary profit and Net income are forecasted to amount to 55 billion yen, 50 billion yen, and 50 billion yen, respectively.

(2) Dividends Forecast

SMFG will not pay the interim dividends on common stock and preferred stock for the fiscal year ending March 31, 2004 mainly because outlook of economic circumstances and stock market are uncertain. SMFG will pay the year-end dividend as follows:

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 (13th series type 4)	67,500 yen per share