

Significant Accounting Policies

1. Valuation of securities
Investments in subsidiaries and affiliates are carried at cost using the moving-average method.
2. Depreciation of fixed assets
 - (1) Premises and equipment
SMFG computes depreciation for buildings using the straight-line method.
 - (2) Intangible assets
SMFG computes depreciation for capitalized software for internal use using the straight-line method over its estimated useful life (five years).
3. Deferred charges
Stock issuance cost is expensed as they are incurred. Organization cost is recognized as assets and depreciated using the straight-line method over five years pursuant to the Commercial Code.
4. Reserve
Reserve for employee bonuses is provided, in provision for payment of bonuses to employees, by the amount of estimated bonuses attributable to this fiscal year.
5. Consumption taxes
National and local consumption taxes are accounted for using the tax-excluded method.

Notes to Nonconsolidated Balance Sheet

1. Amounts less than one million yen have been omitted.
2. Accumulated depreciation of premises and equipment was 0 million yen.
3. Long-term loans to subsidiaries and affiliates are subordinated loans.
4. Assets and liabilities related to transactions with subsidiaries and affiliates are as follows:
Deposits 64,646 million yen
Short-term borrowings 256,501 million yen
5. Number of stocks authorized
Common stock: 15,000,000
Preferred stock: 1,767,000

Number of stocks issued and outstanding
Common stock: 5,796,000.92
Preferred stock: 1,132,100
6. Number of treasury stock (common stock) as of year-end is 963.57.
7. Under the Articles of Incorporation of SMFG, followings are the maximum amounts of annual cash dividends to preferred shareholders:
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 (type 4): Amount to be resolved at meeting of the Board of Directors (Max. 200,000 yen per share)
Preferred stock (type 5): Amount to be resolved at meeting of the Board of Directors (Max. 200,000 yen per share)
Preferred stock (type 6): Amount to be resolved at meeting of the Board of Directors (Max. 300,000 yen per share)

Notes to Nonconsolidated Statement of Income

1. Amounts less than one million yen have been omitted.
2. Non-operating income includes interest income on deposits with subsidiaries of 9 million yen.
3. General and administrative expenses include salaries and related expenses of 396 million yen, rent and lease expenses of 112 million yen, publicity and advertising expenses of 241 million yen and outsourcing expenses of 91 million yen, respectively.

Securities

SMFG has no marketable securities.

Tax Effect Accounting

1. Major components of deferred tax assets as of March 31, 2003 were as follows:

	(Millions of yen)
Deferred tax assets	
Stock of subsidiaries	1,186,226
Net operation loss carry forward	5,947
Other	35
Subtotal	<u>1,192,210</u>
Valuation allowance	<u>(1,186,947)</u>
Deferred tax assets	<u>5,263</u>
Net deferred tax assets	<u>5,263</u>

2. Reconciliation of the effective income tax rate reflected in the accompanying statement of income to the statutory tax rate for the year ended March 31, 2003 was as follows:

Statutory tax rate	42.05%
[Adjustments]	
Dividends excluded from income	(65.47%)
Valuation allowance	18.23%
Other	0.92%
Effective income tax rate	<u>(4.27%)</u>

Per Share Data

Stockholders' equity per share was 231,899.30 yen.

Net income per share was 18,918.33 yen.

Net income per share after fully diluted was 15,691.82 yen.