

Figures in the charts are round numbers. Figures in parenthesis indicate loss or decrease.

November 25, 2003

**Announcement of Financial Results  
for the Six-month Period ended September 30, 2003**

We would now like to explain our financial results for the six-month period ended September 30, 2003, by using the two reports, *Financial Results for the Six-month Period ended September 30, 2003*, and *Supplementary Information of Financial Results Six-month Period ended September 30, 2003*.

The Financial Results of Sumitomo Mitsui Financial Group (“SMFG”) is provided pursuant to the listing rule. Financial statements of Sumitomo Mitsui Banking Corporation (“SMBC”) are provided at the end of SMFG’s Supplementary Information as the reference.

Let us look at the Supplementary Information. In this report, <N> indicates SMBC’s non-consolidated figures and <C> indicates SMFG’s consolidated figures.

**<SMBC Non-consolidated Financial Results>**

Please look at page 1. This is an overview of SMBC’s non-consolidated financial results. In line 22, Banking profit excluding transfer to general reserve for possible loan losses was JPY 499.3 billion, a year-over-year decrease of JPY 78.8 billion.

Gross banking profit, shown in line 1, was JPY 795.3 billion, a decrease of JPY 108.0 billion year over year. The profit declined due to decreases in profits of the Treasury Unit, which was at high level in the first half of last fiscal year, despite increases in Net fees and commissions.

Meanwhile, Expenses shown in line 18 fell year over year by JPY 29.3 billion, to JPY 296.0 billion, as a result of workforce streamlining and bonus fund reduction, as well as integration of duplicated branches and full integration of the accounting systems which were completed last fiscal year.

Due to these actions, we are confident that we will be able to achieve the JPY 600.0 billion annual cost structure a year ahead of the original schedule.

(Billions of yen)

		Six-month Period		Six-month Period ended Sep. 30, 2002
		ended Sep. 30, 2003	Change	
Gross banking profit	1	795.3	(108.0)	903.3
Expenses (excluding non-recurring losses)	18	(296.0)	29.3	(325.3)
Banking profit (excluding transfer to general reserve for possible loan losses)	22	499.3	(78.8)	578.1

Let us move on to Non-recurring gains (losses). The net amount of Write-back of and Transfer of loan loss reserve, calculated by adding the amount of Write-backs of General reserve for possible loan losses and Loan loss reserve for specific overseas countries, to the amount of Transfer to specific reserve for possible loan losses, was positive and booked as Extraordinary gains.

Accordingly, Total credit cost, shown in line 57 at the bottom of the page, was JPY 359.4 billion. Total credit cost is the sum of the following figures: Credit related costs under Non-recurring gains (losses) of JPY 373.6 billion shown in line 28, and Write-back of reserves for loan losses of JPY 14.2 billion shown in line 47 and 51.

Total credit cost consists of cost related to deterioration of assets and cost regarding work-outs to drastically resolve the non-performing loan problem.

(Billions of yen)

		Six-month Period		Six-month Period ended Sep. 30, 2002
		ended Sep. 30, 2003	Change	
Transfer to general reserve for possible loan losses	24	-	20.6	(20.6)
Non-recurring gains (losses)	27	(394.1)	63.5	(457.6)
<i>Credit related costs</i>	28	<i>(373.6)</i>	<i>(127.2)</i>	<i>(246.4)</i>
Extraordinary gains (losses)	42	37.8	76.1	(38.3)
Write-back of loan loss reserves	47	13.8	13.8	-
Write-back of reserve for losses on loans sold	51	0.4	0.4	-
Total credit cost ( 24 + 28 + 47 + 51 )	57	(359.4)	(92.4)	(267.0)

Now looking at Gains (losses) on stocks in line 35, there was a net gain of JPY 18.8 billion, a JPY 211.0 billion increase year over year thanks to Gains on sales of stocks due to a sharp rise in the stock market, and Losses on devaluation of stocks kept to a low level because of substantial write-offs of unrealized losses on securities portfolio executed in the previous six-month period.

(Billions of yen)

		Six-month Period		Six-month Period ended Sep. 30, 2002
		ended Sep. 30, 2003	Change	
Gains (losses) on stocks	35	18.8	211.0	(192.2)

The amount of stocks sold was approximately JPY 560.0 billion.

These items added up to Ordinary profit of JPY 105.2 billion, a JPY 5.3 billion increase year over year, as shown in Line 41.

Refund of enterprise tax from the Tokyo metropolitan government and the interest on the refund was JPY 40.3 billion, as shown in line 52.

Additionally, in line 55, Deferred income tax was recognized based on a conservative accounting standard from the perspective of maintaining sound financial base, as in the previous six-month period. Due to a decrease of Deferred tax liabilities related to revaluation of lands, the amount of Deferred income tax was JPY 9.2 billion.

As a result, in line 56, we can see Net income of JPY 139.6 billion, a year-over-year increase of JPY 94.1 billion.

(Billions of yen)

		Six-month Period		Six-month Period ended Sep. 30, 2002
		ended Sep. 30, 2003	Change	
Ordinary profit (loss)	41	105.2	5.3	99.9
Extraordinary gains (losses)	42	37.8	76.1	(38.3)
Refund of enterprise tax from Tokyo government and interest on refund	52	40.3	40.3	-
Income(loss) before income taxes	53	143.0	81.4	61.6
Income taxes, current	54	(12.6)	(5.8)	(6.8)
Income taxes, deferred	55	9.2	18.5	(9.3)
Net income (loss)	56	139.6	94.1	45.5

#### <SMFG Consolidated Financial Results>

Let us now look at SMFG's consolidated financial results on the next page. As shown in line 16, consolidated Ordinary profit was JPY 165.5 billion, and in line 22, consolidated Net income was JPY 143.5 billion, reflecting SMBC's financial results.

(Billions of yen)

<Consolidated>		Six-month Period		Six-month Period ended Sep. 30, 2002
		ended Sep. 30, 2003	Change	
Ordinary profit (loss)	16	165.5	15.7	149.9
Net income (loss)	22	143.5	88.3	55.1

#### <Unrealized Gains (Losses) on Securities>

Next, let us look at page 4 for Unrealized gains (losses) on securities. Figures on non-consolidated Unrealized gains (losses) on securities portfolio of SMBC are shown in the middle of the page. In the table, you can find Unrealized gains on "Other

securities” totaling JPY 306.9 billion. Reflecting the rise in the stock market, Unrealized gains (losses) on securities increased by JPY 324.8 billion compared with March 31, 2003.

(Billions of yen)

	<b>Sep. 30, 2003</b>			
	Unrealized gains (losses)			
		Change from Mar. 31, 2003	Gains	Losses
Other securities	306.9	324.8	585.1	(278.2)

### <BIS Capital Ratio>

Next, we would like to explain about the consolidated BIS capital ratio on page 7. As you can see, the preliminary figure for the consolidated BIS capital ratio as of September 30, 2003 is 10.95%, a 0.85% increase compared with March 31, 2003.

<Consolidated>	<b>Sep. 30, 2003 (a)</b>			Mar. 31, 2003
	[Preliminary]	(a) - (b)	(a) - (c)	(b)
Capital ratio (%)	10.95	0.85	0.58	10.10

### <Asset Quality>

Let us now move on to page 8, which details asset quality. The breakdown of Problem assets based on the Financial Reconstruction Law is as follows:

Bankrupt and Quasi-Bankrupt Assets was JPY 506.1 billion (a JPY 18.8 billion decrease compared with March 31, 2003), Doubtful Assets was JPY 1,631.2 billion (a JPY 498.3 billion decrease), and Substandard Loans was JPY 1,729.3 billion (a JPY 877.6 billion decrease). The aggregate amount was JPY 3,866.6 billion, which is a substantial decrease by JPY 1,394.7 billion from March 31, 2003.

As a result, we have achieved the plan to reduce the amount of the Problem assets to JPY 3,900.0 billion by March 31, 2004, which was announced in May 2003, half a year ahead of the original schedule. Problem asset ratio, a ratio of Problem assets to Total assets, was 6.4%, a 2.0% decrease compared with March 31, 2003.

(Billions of yen)

	<b>Sep. 30, 2003</b>	
	Change from Mar. 31, 2003	
Bankrupt and quasi-bankrupt assets	506.1	(18.8)
Doubtful assets	1,631.2	(498.3)
Substandard loans	1,729.3	(877.6)
Total (A)	3,866.6	(1,394.7)
Normal assets	56,623.8	(689.5)
Total (B)	60,490.4	(2,084.3)
Problem asset ratio (A/B) (%)	6.4	(2.0)

Excerpted from the  
Supplementary Information  
page 11.

We would now like to turn to the reserve ratio for each category of borrowers.

100% for the unsecured portion of Bankrupt and Quasi-Bankrupt Assets, 69.5% for the JPY 875.6 billion unsecured portion of Doubtful Assets, and 30.5% for the unsecured portion of Substandard Loans. For Normal Assets, the reserve ratio for total claims on Borrowers Requiring Caution excluding Substandard Borrowers was 5.5%, and the reserve ratio for total claims on Normal Borrowers was 0.2%.

The progress in “off-balancing” of Problem assets is summarized on pages 12 to 14. The total amount off-balanced in the first half was JPY 1,186.9 billion, shown as the reference in page 14.

**<Deferred Tax Assets>**

On pages 20 to 22, an explanation of Deferred tax assets for SMBC non-consolidated is provided.

First, on page 20, the amount of Deferred tax assets and the breakdown are provided. The amount of Deferred tax assets as of September 30, 2003 was JPY 1,711.7 billion as shown in line 17, which was a JPY 102.9 billion decrease compared with March 31, 2003. The decrease was mainly due to a revaluation of “Other securities” resulting in unrealized gains. Major components of Deferred tax assets are, items related to non-performing loans, items related to write-off and revaluation of securities, and Net operating loss carryforwards.

		(Billions of yen)		
		Sep. 30, 2003	Change from Mar. 31, 2003	Change from Sep. 30, 2002
Net deferred tax assets (Balance sheet amount)	17	1,711.7	(102.9)	(147.6)

Next, on page 21, factors in recognizing Deferred tax assets are provided.

As shown in (a) Recognition criteria, Deferred tax assets of SMBC were recognized pursuant to the Practical Guidelines on assessing the collectability of Deferred tax assets issued by the Japanese Institute of Certified Public Accountants (JICPA). SMBC’s Net operating loss carryforwards were results of extraordinary factors such as measures taken to strengthen its financial base under the prolonged deflationary pressure, and disposal of non-performing loans and unrealized losses on securities portfolio in accordance with the government policy.

As you can see in (b), the estimated Term for future taxable income is 5 years.

As shown in (c) Accumulated amount of estimated future taxable income before adjustments for the next 5 years, Income before income taxes is JPY 2,958.6 billion, calculated based on the stress scenario of future income plan in the Plan for Strengthening the Financial Base. Taxable income before adjustments is JPY 4,291.0 billion, calculated by adding Adjustments to taxable income, such as adjustments due to taxable reserve of possible loan losses and so on, to Income before income taxes.

(Billions of yen)		
		Estimates of next 5 years
	Banking profit (excluding transfer to general reserve for possible loan losses)	1      5,505.7
A	Income before income taxes	2      2,958.6
B	Adjustments to taxable income (excluding reversal of temporary differences as of Sept.2003)	3      1,332.4
C	Taxable income before adjustments (A+B)	4      4,291.0

In reference 1, Income of final return before deducting operating loss carryforwards in the past 5 years are provided. As explained in note 2, in the past 5 years, SMBC had positive final returns when “extraordinary factors” mentioned earlier are excluded. To further your understanding, the mechanism for recognizing Deferred tax assets is described in reference 2 on page 22.

#### < Earnings Forecast for FY2003 >

Lastly, we will explain about the earnings forecast for FY2003, which you can see on page 23.

Let us look at SMFG’s non-consolidated earnings forecast for FY2003. We expect Operating income of JPY 55.0 billion, Ordinary profit of JPY 50.0 billion and Net income of JPY 50.0 billion.

(Billions of yen)	
<b>FY2003</b>	
Operating income	55.0
Ordinary profit	50.0
Net income	50.0

The total amount of dividend to be paid by SMFG is planned to be JPY 46.4 billion. Dividend per common stock is planned to be JPY 3,000, which is the same as the previous year. As for preferred stock, dividend payment will be as originally set.

Next, let us look at SMFG's consolidated earnings forecast for FY2003 shown in the middle of the page. We expect results will be JPY 320.0 billion in Ordinary profit and JPY 230.0 billion in Net income.

SMBC's non-consolidated earnings forecast for FY2003 is shown at the bottom of the page. We expect results will be JPY 1 trillion in Banking profit, JPY 200.0 billion in Ordinary profit, JPY 200.0 billion in Net income and JPY 700.0 billion in Total credit cost.