

III. Operating Results and Financial Position

1. Overview of Consolidated Operating Results and Financial Position as of and for the Fiscal Year Ended March 31, 2004

(1) Operating Results

SMFG continued to enhance profitability through business restructuring and reduce expenses by pursuing operational efficiency in the fiscal year ended March 31, 2004.

Interest income and Interest expenses decreased due to lower interest on loans and deposits, respectively. On the other hand, Trading profits and Fees and commissions increased. Other expenses decreased due mainly to improvements of net gains on stocks. Consequently, Ordinary income increased 1.3% from the previous fiscal year to 3,552.5 billion yen and Ordinary expenses decreased 20.2% to 3,209.6 billion yen.

As a result, Ordinary profit and Net income (after adjusting for extraordinary gains/losses and other factors) amounted to 342.8 billion yen and 330.4 billion yen, respectively.

(2) Assets and Liabilities

Deposits amounted to 65,333.4 billion yen (up 2,402.4 billion yen from the previous fiscal year-end) and Negotiable certificates of deposit amounted to 3,519.4 billion yen (down 1,333.5 billion yen).

Loans and bills discounted amounted to 55,382.8 billion yen (down 5,700.1 billion yen).

Total assets amounted to 102,215.1 billion yen (down 2,392.2 billion yen).

(3) Stockholders' Equity

Stockholders' equity increased by 646.8 billion yen from the previous fiscal year-end to 3,070.9 billion yen due mainly to recording of net income for this fiscal year and the increase in Net unrealized gains on other securities.

(4) Cash Flows

SMFG generated 3,522.1 billion yen of Cash flows from operating activities, used 3,028.3 billion yen of Cash flows from investing activities and generated 137.1 billion yen of Cash flows from financing activities.

Consequently, Cash and cash equivalents amounted to 3,529.4 billion yen.

(5) Segments

The breakdown of Total assets and Ordinary income before the elimination of internal transactions is as follows:

By business

Total assets

Banking business	93%	(down 0 point from the previous fiscal year)
Leasing business	2%	(up 0 point)
Other business	5%	(down 0 point)

Ordinary income

Banking business	67%	(down 2 points from the previous fiscal year)
Leasing business	18%	(up 1 point)
Other business	15%	(up 1 point)

By country

Total assets

Japan	91%	(up 1 point from the previous fiscal year)
The Americas	4%	(down 2 points)
Europe	2%	(up 0 point)
Asia and Oceania	3%	(up 1 point)

Ordinary income

Japan	90%	(up 6 points from the previous fiscal year)
The Americas	5%	(down 1 point)
Europe	2%	(down 4 points)
Asia and Oceania	3%	(down 1 point)

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

Capital ratio was 11.37% on a consolidated basis.

2. Earnings and Dividends Forecast for the Fiscal Year Ending March 31, 2005

(1) Earnings Forecast

In fiscal 2004, SMFG will continue to reduce the balance of non-performing loans through off balancing of problem assets and also utilizing the joint venture company for corporate recovery and the corporate turnaround fund. In addition, it will accelerate the strengthening of financial base through further reduction in stockholdings. SMFG also remains firmly committed to enhancing profitability and achieving greater operational efficiency.

As for earnings forecast on a consolidated basis, Ordinary income, Ordinary profit and Net income are expected to amount to 3,400 billion yen, 650 billion yen, and 330 billion yen, respectively. On a non-consolidated basis, Ordinary income, Ordinary profit and Net income are expected to amount to 260 billion yen, 255 billion yen, and 255 billion yen, respectively.

(2) Dividends Forecast

SMFG will not pay interim dividends on common stock and preferred stock for the fiscal year ending March 31, 2005.

SMFG will pay year-end dividends according to the level of retained earnings, as follows:

Common stock	4,000 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