

Sumitomo Mitsui Financial Group, Inc (SMFG)

Non-consolidated Financial Results for the Fiscal Year ended March 31, 2004

Head Office: 1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan

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

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

President & CEO: Yoshifumi Nishikawa

Date of Approval by the Board of Directors: May 24, 2004

Date of General Meeting of Shareholders: June 29, 2004

1. Financial Results (for the fiscal year ended March 31, 2004)

(1) Operating Results

Amounts less than one million yen have been omitted.

Fiscal Year	Operating Income		Operating Profit		Ordinary Profit		Net Income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
ended March 31, 2004	55,515	(57.8)	52,470	(59.8)	51,188	(57.2)	50,505	(59.5)
ended March 31, 2003	131,519	–	130,547	–	119,634	–	124,738	–

Fiscal Year	Net Income per Share	Net Income per Share (Diluted)	Return on Common Stockholders' Equity	Ordinary Profit on Total Assets	Ordinary Profit on Operating Income
	¥	¥	%	%	%
ended March 31, 2004	3,704.49	3,690.72	1.6	1.5	92.2
ended March 31, 2003	18,918.33	15,691.82	8.5	4.0	91.0

Notes: 1. Average number of common stock outstanding

(a) for the fiscal year ended March 31, 2004: 5,794,588 shares (b) for the fiscal year ended March 31, 2003: 5,751,902 shares

2. There is no change in accounting methods.

3. Percentage shown in Operating Income, Operating Profit, Ordinary profit and Net Income are the increase (decrease) from the previous year.

(2) Dividends (common stock) Please refer to the next page for the information of the preferred stock.

Fiscal Year	Dividends per Share (Annual)			Dividends (Annual)	Dividend Payout Ratio	Ratio of Dividends to Stockholders' Equity
	¥	¥	¥			
ended March 31, 2004	3,000	0.00	3,000	¥ million 17,381	% 81.0	% 1.3
ended March 31, 2003	3,000	–	3,000	¥ million 17,385	% 16.0	% 1.3

(3) Financial Position

Fiscal Year	Total Assets	Stockholders' Equity	Stockholders' Equity to Total Assets	Stockholders' Equity per Share
	¥ million	¥ million	%	¥
March 31, 2004	3,403,007	3,172,721	93.2	232,550.74
March 31, 2003	3,413,529	3,156,086	92.5	231,899.30

Notes: 1. Number of common stock outstanding

(a) as of March 31, 2004: 5,793,940 shares (b) as of March 31, 2003: 5,795,037 shares

2. Number of treasury stock

(a) as of March 31, 2004: 2,069 shares (b) as of March 31, 2003: 963 shares

2. Earnings Forecast (Fiscal Year ending March 31, 2005)

	Operating Income	Ordinary Profit	Net Income	Dividends per Share (Annual)		
				Interim	Year-End	¥
For the six months ending September 30, 2004	¥ million 205,000	¥ million 200,000	¥ million 200,000	¥ 0	¥ –	¥ –
For the fiscal year ending March 31, 2005	260,000	255,000	255,000	–	4,000	4,000

(Reference) Forecasted net income per share for the fiscal year ending March 31, 2005 is 38,999.46 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 document: 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 fiscal year

	For the Fiscal Year ended March 31, 2004	For the Fiscal Year ended March 31, 2003
Common stock	5,794,588	5,751,902
Preferred stock (type 1)	67,000	67,000
Preferred stock (type 2)	100,000	100,000
Preferred stock (type 3)	800,000	800,000
Preferred stock (1st to 12th series type 4)	50,100	21,710
Preferred stock (13th series type 4)	114,999	19,166

Number of shares at fiscal year-end

	As of March 31, 2004	As of March 31, 2003
Common stock	5,793,940	5,795,037
Preferred stock (type 1)	67,000	67,000
Preferred stock (type 2)	100,000	100,000
Preferred stock (type 3)	800,000	800,000
Preferred stock (1st to 12th series type 4)	50,100	50,100
Preferred stock (13th series type 4)	114,999	115,000

(Note) Number of shares outstanding changed during the fiscal year ended March 31, 2004 as follows:

		Number of shares issued	Issue price	Capitalized amount
Conversion of Preferred stock (13th series type 4) to Common stock	Common stock	9.61 shares	–	–
	Preferred stock (13th series type 4)	(1) share	–	–

Dividends per share and Total Dividends (For the fiscal year ended March 31, 2004)

	Dividends per Share (Annual)			Total Dividends (Annual) ¥ million
	¥	Interim ¥	Year-end ¥	
Common stock	3,000	0	3,000	17,381
Preferred stock (type 1)	10,500	0	10,500	703
Preferred stock (type 2)	28,500	0	28,500	2,850
Preferred stock (type 3)	13,700	0	13,700	10,960
Preferred stock (1st to 12th series type 4)	135,000	0	135,000	6,763
Preferred stock (13th series type 4)	67,500	0	67,500	7,762

Dividends per share and Total Dividends (For the fiscal year ended March 31, 2003)

	Dividends per Share (Annual)			Total Dividends (Annual) ¥ million
	¥	Interim ¥	Year-end ¥	
Common stock	3,000	–	3,000	17,385
Preferred stock (type 1)	10,500	–	10,500	703
Preferred stock (type 2)	28,500	–	28,500	2,850
Preferred stock (type 3)	13,700	–	13,700	10,960
Preferred stock (1st to 12th series type 4)	19,500	–	19,500	976
Preferred stock (13th series type 4)	3,750	–	3,750	431

Forecasted annual dividends per share for the year ending March 31, 2005

	Dividends per Share (Annual)		
	¥	Interim ¥	Year-end ¥
Common stock	4,000	0	4,000
Preferred stock (type 1)	10,500	0	10,500
Preferred stock (type 2)	28,500	0	28,500
Preferred stock (type 3)	13,700	0	13,700
Preferred stock (1st through 12th series type 4)	135,000	0	135,000
Preferred stock (13th series type 4)	67,500	0	67,500

Calculation for Indices

(1) Financial Results for the Fiscal Year ended March 31, 2004

- Return on Common Stockholders' Equity:

$$\frac{\text{Net income} - \text{Preferred stock dividends}}{\{(\text{Stockholders' equity at beginning of year} - \text{Number of preferred stocks outstanding at beginning of year} \times \text{Issue price}) + (\text{Stockholders' equity at year-end} - \text{Number of preferred stocks outstanding at year-end} \times \text{Issue price})\} / 2}} \times 100$$

- Dividend Payout Ratio:

$$\frac{\text{Common stock dividends}}{\text{Net income} - \text{Preferred stock dividends}} \times 100$$

- Ratio of Dividends to Stockholders' Equity:

$$\frac{\text{Common stock dividends}}{\text{Stockholders' equity at year-end} - \text{Number of preferred stocks outstanding at year-end} \times \text{Issue price}} \times 100$$

(2) Forecasted Financial Results for the Fiscal Year ending March 31, 2005

- Forecasted Net Income per Share:

$$\frac{\text{Forecasted net income} - \text{Forecasted preferred stock dividends}}{\text{Number of common stocks outstanding at year-end (excluding treasury stock)}}$$

NON-CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	March 31,			
	2004		2003	
Assets		%		%
Current assets				
Cash and due from banks	98,159		64,725	
Prepaid expenses	21		–	
Deferred tax assets	17		35	
Accrued income	424		315	
Accrued income tax refunds	12,179		40,976	
Other current assets	145		55	
Total current assets	<u>110,948</u>	3.3	<u>106,108</u>	3.1
Fixed assets				
Premises and equipment				
Buildings	0		0	
Total premises and equipment	<u>0</u>	0.0	<u>0</u>	0.0
Intangible assets				
Software	47		26	
Total intangible assets	<u>47</u>	0.0	<u>26</u>	0.0
Investments and other assets				
Investments in securities	76		–	
Investments in subsidiaries and affiliates	3,246,462		3,260,957	
Long-term loans to subsidiaries and affiliates	40,000		40,000	
Deferred tax assets	4,565		5,227	
Other investments	–		0	
Total investments and other assets	<u>3,291,105</u>	96.7	<u>3,306,185</u>	96.9
Total fixed assets	<u>3,291,153</u>	96.7	<u>3,306,213</u>	96.9
Deferred charges				
Organization cost	905		1,207	
Total deferred charges	<u>905</u>	0.0	<u>1,207</u>	0.0
Total assets	<u><u>3,403,007</u></u>	100.0	<u><u>3,413,529</u></u>	100.0
Liabilities				
Current liabilities				
Short-term borrowings	230,000		256,501	
Accounts payable	47		–	
Accrued expenses	97		651	
Income taxes payable	1		1	
Business office taxes payable	5		1	
Consumption taxes payable	–		106	
Reserve for employees bonuses	84		83	
Other current liabilities	48		96	
Total current liabilities	<u>230,286</u>	6.8	<u>257,442</u>	7.5
Total liabilities	<u><u>230,286</u></u>	6.8	<u><u>257,442</u></u>	7.5
Stockholders' equity				
Capital stock	1,247,650	36.7	1,247,650	36.6
Capital surplus				
Capital reserve	1,247,762		1,747,266	
Other capital surplus	499,510		–	
Gains on decrease of capital stock and capital reserve	499,503		–	
Gains on disposal of treasury stock	7		–	
Total capital surplus	<u>1,747,273</u>	51.3	<u>1,747,266</u>	51.2
Retained earnings				
Earned surplus reserve	–		496	
Voluntary reserve	30,420		30,420	
Special voluntary earned reserves	30,420		30,420	
Unappropriated retained earnings	148,300		130,605	
Total retained earnings	<u>178,720</u>	5.2	<u>161,521</u>	4.7
Treasury stock	(921)	(0.0)	(351)	(0.0)
Total stockholders' equity	<u>3,172,721</u>	93.2	<u>3,156,086</u>	92.5
Total liabilities and stockholders' equity	<u><u>3,403,007</u></u>	100.0	<u><u>3,413,529</u></u>	100.0

NON-CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Year ended March 31,					
	2004			2003		
			%			%
Operating income						
Dividends on investments in subsidiaries and affiliates	47,332			128,265		
Fees and commissions received from subsidiaries	7,341			3,124		
Interest income on loans to subsidiaries and affiliates	841	55,515	100.0	128	131,519	100.0
Operating expenses						
General and administrative expenses	3,044			971		
Other operating expenses	–	3,044	5.5	0	971	0.7
Operating profit		52,470	94.5		130,547	99.3
Non-operating income						
Interest income on deposits	101			9		
Fees and commissions income	9			4		
Other	11	121	0.2	–	13	0.0
Non-operating expenses						
Interest on borrowings	874			176		
Amortization of organization costs	301			301		
Stock issuance costs	–			9,994		
Fees and commissions expenses	206			73		
Other non-operating expenses	21	1,403	2.5	380	10,926	8.3
Ordinary profit		51,188	92.2		119,634	91.0
Income before income taxes		51,188	92.2		119,634	91.0
Income taxes, current	3			156		
deferred	679	683	1.2	(5,259)	(5,103)	(3.8)
Net income		50,505	91.0		124,738	94.8
Unappropriated retained earnings carried forward		97,298			–	
Unappropriated retained earnings inherited due to merger		–			5,867	
Transfer from earned surplus reserve		496			–	
Unappropriated retained earnings at end of year		148,300			130,605	

Significant Accounting Policies for Non-consolidated Financial Statements

1. Valuation of securities
Investments in subsidiaries and affiliates, and other securities without market value 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
Organization cost is recognized as assets and depreciated using the straight-line method over five years pursuant to Article 35 of the Ordinance of 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. Lease transactions
Financing leases, excluding those in which the ownership of the property is transferred to the lessee, are accounted for in the same manner as operating leases.
6. Consumption taxes
National and local consumption taxes are accounted for using the tax-excluded method.

Notes to Non-consolidated 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	98,079 million yen
Short-term borrowings	230,000 million yen
5. Contingent liabilities
SMFG has guaranteed the Deposit Protection Fund within the Association of German Banks for the return of up to 46,114 million yen in customers' deposits at SMBC's Düsseldorf Branch.
6. Number of stocks authorized

Common stock:	15,000,000 shares
Preferred stock:	1,766,999 shares

Number of stocks issued and outstanding	
Common stock:	5,796,010.53 shares
Preferred stock:	1,132,099 shares
7. Treasury stock
Number of treasury stock (common stock) as of year-end is 2,069.63.
8. 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 Non-consolidated Statement of Income

1. Amounts less than one million yen have been omitted.
2. General and administrative expenses include salaries and related expenses of 1,536 million yen, rent and lease expenses of 296 million yen, and publicity and outsourcing expenses of 573 million yen.
3. Non-operating expenses include interest on borrowings from a subsidiary of 874 million.

Securities

SMFG has no investments in subsidiaries and affiliates that have market value.

Tax Effect Accounting

1. Major components of deferred tax assets as of March 31, 2004 were as follows:

	(Millions of yen)
Deferred tax assets	
Stock of subsidiaries	1,196,650
Net operating loss carryforwards	4,565
Other	17
Subtotal	<u>1,201,234</u>
Valuation allowance	<u>(1,196,650)</u>
Deferred tax assets	<u>4,583</u>
Net deferred tax assets	<u><u>4,583</u></u>

2. A 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, 2004 was as follows:

Statutory tax rate	42.05%
[Adjustments]	
Dividends exempted for income tax purposes	(48.45%)
Valuation allowance	7.75%
Other	(0.02%)
Effective income tax rate	<u><u>1.33%</u></u>

3. Amendment of deferred tax assets and deferred tax liabilities due to change in income tax rate

With the implementation of the "Revision of the Local Tax Law" (Legislation No.9, 2003) on March 31, 2003, the tax basis of enterprise taxes, which was stipulated as "income and liquidation income" in Article 72-12 of the Local Tax Law before the revision, has been expanded to include "amount of added value" and "amount of capital" from the fiscal year starting April 1, 2004. Thus, "amount of added value" and "amount of capital" are excluded from the basis of profit related taxes. As a result, SMFG calculated its deferred tax assets and deferred tax liabilities using the effective statutory tax rate of 42.05% for fiscal 2003 and 40.49% for fiscal 2004 and onward.

Because some local governments decided to apply a higher tax rate than the standard rate to the revised enterprise taxes during this fiscal year, the statutory tax rate for fiscal 2004 and onward increased from 40.49% of fiscal 2003 to 40.69%. The change, however, has no material impact on "Deferred tax assets" and "Income taxes, deferred" of this fiscal year.

Per Share Data

Stockholders' equity per share was 232,550.74 yen.

Net income per share was 3,704.49 yen.

Net income per share (diluted) was 3,690.72 yen.

(Note)

“Net income per share” and “Net income per share (diluted)” are calculated based on the following data.

Net income per share

Net income	50,505	million yen
Amount not attributed to common stockholders	29,039	million yen
[preferred stock dividends]	[29,039]	million yen
Net income attributed to common stock	21,465	million yen
Average number of common stock during the year	5,794,588	shares

Net income per share (diluted)

Adjustment for net income	703	million yen
[preferred stock dividends]	[703]	million yen
Increase of number of common stock	212,226	shares
[preferred stock]	[212,226]	shares

Following potentially dilutive securities are not included in calculation of “Net income per share (diluted)” because they do not have dilutive effect:

Preferred stock

type 2: 100,000 shares outstanding

type 3: 800,000 shares outstanding

1st-12th series type 4: 50,100 shares outstanding

13th series type 4: 114,999 shares outstanding

Subscription right for shares: 1 type (1,620 units)

NON-CONSOLIDATED STATEMENTS OF APPROPRIATION OF RETAINED EARNINGS AND OTHER CAPITAL SURPLUS (PROPOSAL)

(Yen)

	Year ended March 31,	
	2004	2003
<u>Appropriation of unappropriated retained earnings</u>		
Unappropriated retained earnings at end of year	148,300,079,330	130,605,339,692
Retained earnings to be appropriated	46,421,255,200	33,306,812,050
Dividends on preferred stock (type 1)	(10,500 yen per share) 703,500,000	(10,500 yen per share) 703,500,000
Dividends on preferred stock (type 2)	(28,500 yen per share) 2,850,000,000	(28,500 yen per share) 2,850,000,000
Dividends on preferred stock (type 3)	(13,700 yen per share) 10,960,000,000	(13,700 yen per share) 10,960,000,000
Dividends on preferred stock (1st series type 4)	(135,000 yen per share) 563,625,000	(19,500 yen per share) 81,412,500
Dividends on preferred stock (2nd series type 4)	(135,000 yen per share) 563,625,000	(19,500 yen per share) 81,412,500
Dividends on preferred stock (3rd series type 4)	(135,000 yen per share) 563,625,000	(19,500 yen per share) 81,412,500
Dividends on preferred stock (4th series type 4)	(135,000 yen per share) 563,625,000	(19,500 yen per share) 81,412,500
Dividends on preferred stock (5th series type 4)	(135,000 yen per share) 563,625,000	(19,500 yen per share) 81,412,500
Dividends on preferred stock (6th series type 4)	(135,000 yen per share) 563,625,000	(19,500 yen per share) 81,412,500
Dividends on preferred stock (7th series type 4)	(135,000 yen per share) 563,625,000	(19,500 yen per share) 81,412,500
Dividends on preferred stock (8th series type 4)	(135,000 yen per share) 563,625,000	(19,500 yen per share) 81,412,500
Dividends on preferred stock (9th series type 4)	(135,000 yen per share) 563,625,000	(19,500 yen per share) 81,412,500
Dividends on preferred stock (10th series type 4)	(135,000 yen per share) 563,625,000	(19,500 yen per share) 81,412,500
Dividends on preferred stock (11th series type 4)	(135,000 yen per share) 563,625,000	(19,500 yen per share) 81,412,500
Dividends on preferred stock (12th series type 4)	(135,000 yen per share) 563,625,000	(19,500 yen per share) 81,412,500
Dividends on preferred stock (13th series type 4)	(67,500 yen per share) 7,762,432,500	(3,750 yen per share) 431,250,000
Dividends on common stock	(3,000 yen per share) 17,381,822,700	(3,000 yen per share) 17,385,112,050
Retained earnings carried forward to next year	101,878,824,130	97,298,527,642
<u>Appropriation of other capital surplus</u>		
Other capital surplus at end of year	499,510,883,420	-
Other capital surplus to be appropriated	0	-
Other capital surplus carried forward to next year	499,510,883,420	-