

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	1,201,234
Valuation allowance	(1,196,650)
Deferred tax assets	4,583
Net deferred tax assets	4,583

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	1.33%

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)