

Sumitomo Mitsui Financial Group, Inc. (SMFG)

Consolidated Financial Results for the Six Months ended September 30, 2004

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

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

President & CEO: Yoshifumi Nishikawa

Date of Approval of Financial Results by the Board of Directors: November 22, 2004

1. Financial Results (for the Six Months ended September 30, 2004)

(1) Operating Results

Amounts less than one million yen have been omitted.

	Ordinary Income		Ordinary Profit		Net Income		Net Income per Share	Net Income per Share (Diluted)
	¥ million	%	¥ million	%	¥ million	%	¥	¥
Six Months ended September 30, 2004	1,778,173	1.0	114,100	(31.1)	53,372	(62.8)	9,119.40	5,245.69
ended September 30, 2003	1,760,835	(0.1)	165,508	10.4	143,492	160.2	24,993.09	15,608.81
Fiscal Year ended March 31, 2004	3,552,510		342,844		330,414		52,314.76	35,865.20

Notes: 1. Equity in earnings of affiliates

(a) for the six months ended September 30, 2004 : 12,893 million yen (b) for the six months ended September 30, 2003 : 8,044 million yen

(c) for the fiscal year ended March 31, 2004 : 15,700 million yen

2. Average number of common stocks outstanding (consolidated)

(a) for the six months ended September 30, 2004 : 5,852,626 shares (b) for the six months ended September 30, 2003 : 5,741,297 shares

(c) for the fiscal year ended March 31, 2004 : 5,760,808 shares

3. There is no change in accounting methods.

4. Percentages shown in Ordinary Income, Ordinary Profit and Net Income are the increase (decrease) from the previous interim term.

(2) Financial Position

	Total Assets	Stockholders' Equity	Stockholders' Equity to Total Assets	Stockholders' Equity per Share	Capital Ratio (BIS Guidelines)
	¥ million	¥ million	%	¥	%
September 30, 2004	101,054,242	3,020,911	3.0	230,491.11	(Preliminary) 10.93
September 30, 2003	100,725,500	2,745,476	2.7	165,291.87	10.95
March 31, 2004	102,215,172	3,070,942	3.0	215,454.84	11.37

Note: Number of common stocks outstanding (consolidated)

(a) as of September 30, 2004: 6,195,492 shares (b) as of September 30, 2003: 5,742,447 shares (c) as of March 31, 2004: 5,781,284 shares

(3) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at term-end
	¥ million	¥ million	¥ million	¥ million
Six Months ended September 30, 2004	(3,230,728)	2,906,435	117,850	3,327,694
ended September 30, 2003	(1,753,848)	1,711,298	77,465	2,934,143
Fiscal Year ended March 31, 2004	3,522,118	(3,028,346)	137,134	3,529,479

(4) Scope of Consolidation and Application of the Equity Method

(a) Number of consolidated subsidiaries : 166

(b) Number of unconsolidated subsidiaries accounted for by the equity method: 4

(c) Number of affiliated companies accounted for by the equity method : 46

(5) Changes in Scope of Consolidation and Application of the Equity Method (change from March 2004)

Consolidation: Newly consolidated	8	Equity method: Newly applied	5
Excluded	7	Excluded	3

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

(Millions of yen)

	Ordinary Income	Ordinary Profit	Net Income
Fiscal year ending March 31, 2005	3,450,000	470,000	180,000

(Reference) Forecasted net income per share for the fiscal year ending March 31, 2005 is 26,367.06 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 material: 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 term (year) (consolidated)

	For the Six Months ended September 30, 2004	For the Six Months ended September 30, 2003	For the Fiscal Year ended March 31, 2004
Common stock	5,852,626	5,741,297	5,760,808
Preferred stock (type 1)	61,666	67,000	67,000
Preferred stock (type 2)	100,000	100,000	100,000
Preferred stock (type 3)	782,500	800,000	800,000
Preferred stock (1st to 12th series type 4)	50,100	50,100	50,100
Preferred stock (13th series type 4)	114,783	114,999	114,999

Number of shares outstanding as of term (year)-end (consolidated)

	As of September 30, 2004	As of September 30, 2003	As of March 31, 2004
Common stock	6,195,492	5,742,447	5,781,284
Preferred stock (type 1)	35,000	67,000	67,000
Preferred stock (type 2)	100,000	100,000	100,000
Preferred stock (type 3)	695,000	800,000	800,000
Preferred stock (1st to 12th series type 4)	50,100	50,100	50,100
Preferred stock (13th series type 4)	114,202	114,999	114,999

Calculation for Index (earnings forecast for the fiscal year ending March 31, 2005)

- Forecasted Net Income Per Share:

$$\frac{\text{Forecasted net income} - \text{Forecasted preferred stock dividends}}{\text{Number of common stocks outstanding as of the interim term-end (excluding treasury stock(*))}}$$

(*) Treasury stock shown above includes the own shares (400,805 common stocks) that were repurchased on November 2, 2004 pursuant to the resolution of the Board of Directors meeting held on September 30, 2004.

I. Overview of SMFG Group

SMFG Group conducts primary banking business through the following financial services: leasing, securities, credit card business, investment banking, loans and venture capital.

SMFG has 166 consolidated subsidiaries and 50 companies accounted for by the equity method.

Sumitomo Mitsui Financial Group, Inc.	Banking Business	<p>Principal subsidiaries</p> <p>Domestic</p> <ul style="list-style-type: none"> * Sumitomo Mitsui Banking Corporation * THE MINATO BANK, LTD. (Listed on the First Section of Tokyo Stock Exchange and Osaka Securities Exchange) * Kansai Urban Banking Corporation (Listed on the First Section of Osaka Securities Exchange) * The Japan Net Bank, Limited (Internet banking) * SMBC Guarantee Co., Ltd. (Credit guarantee) <p>Overseas</p> <ul style="list-style-type: none"> * Sumitomo Mitsui Banking Corporation Europe Limited * Manufacturers Bank * Sumitomo Mitsui Banking Corporation of Canada * Banco Sumitomo Mitsui Brasileiro S.A. * PT Bank Sumitomo Mitsui Indonesia
	Leasing	<p>Principal subsidiaries</p> <p>Domestic</p> <ul style="list-style-type: none"> * SMBC Leasing Company, Limited * SMBC Auto Leasing Company, Limited <p>Overseas</p> <ul style="list-style-type: none"> * SMBC Leasing and Finance, Inc.
	Other	<p>Principal subsidiaries and affiliated companies</p> <p>Domestic</p> <ul style="list-style-type: none"> * Sumitomo Mitsui Card Company, Limited (Credit card services) * SAKURA CARD CO., Ltd. (Credit card services) * At-Loan Co., Ltd. (Consumer loans) * SMBC Capital Co., Ltd. (Venture capital) * SMBC Consulting Co., Ltd. (Management consulting and information services) * SMBC Finance Service Co., Ltd. (Loans, factoring and collecting agent) * Financial Link Company, Limited (Data processing service and consulting) * SMBC Friend Securities Co., Ltd. (Securities) (Listed on the First Section of Tokyo Stock Exchange, Osaka Securities Exchange and Nagoya Stock Exchange) * The Japan Research Institute, Limited (System engineering, data processing, management consulting and economic research) * Sakura KCS Corporation (System engineering and data processing) (Listed on the Second Section of Osaka Securities Exchange) * Sakura Information Systems Co., Ltd. (System engineering and data processing) * SMFG Corporate Recovery Servicer Co., LTD. (Consulting on corporate recovery and servicer) ** Promise Co., Ltd. (consumer finance) (Listed on the First Section of Tokyo Stock Exchange) ** Daiwa Securities SMBC Co. Ltd. (Securities) ** Daiwa SB Investments Ltd. (Investment advisory and investment trust management) ** Sumitomo Mitsui Asset Management Company, Limited (Investment advisory and investment trust management) ** Japan Pension Navigator Co., Ltd. (Operational management of defined contribution pension plans) ** QUOQ Inc. (Shopping credit and credit card business) <p>Overseas</p> <ul style="list-style-type: none"> * SMBC Capital Markets, Inc. (Derivatives and investments) * SMBC Capital Markets Limited (Derivatives) * SMBC Securities, Inc. (Securities) * Sumitomo Mitsui Finance Australia Limited (Investments)

(Note) (*) means a consolidated subsidiary and (**) means an affiliated company accounted for by the equity method.

II. Principles and Management

1. Management Policy

SMFG's Groupwide management philosophy is as follows:

- To provide optimum added value to our customers and together with them achieve growth
- To create sustainable shareholder value through business growth
- To provide a challenging and professionally rewarding work environment for our dedicated employees

In line with this philosophy, SMFG's management policy is to strengthen the Group's earnings power and to fortify its financial base, to raise its net worth.

2. Dividend Policy

SMFG subscribes to a fundamental policy of distributing appropriate dividends while enhancing its Group's capital to maintain sound financial position.

3. Management Index to be Achieved

SMFG, while maintaining its BIS capital ratio of over 10%, will build up its Retained earnings for early repayment of public funds.

4. Mid- to Long-term Management Strategy

Our three basic policies to strengthen earnings power are: to expand business volume by utilizing the unified groupwide capabilities to provide higher value-added services that match customers' needs, to increase capital efficiency by improving the risk-return profile and focused allocation of business resources to high-profit businesses, and to strengthen cost efficiency by reinforcing low-cost operation. Following these policies, we aim to achieve higher sustainable corporate value by strengthening group profitability through further reinforcement of strategic businesses in which we have competitive advantage, establishment of new business models, and expansion of marketing channels and customer base on a group basis.

Specifically, along with further enhancement of new type unsecured loans to small and medium-sized enterprises (SMEs), financial consulting for individuals and investment banking business, in which we have competitive advantage, we aim to establish new business models in consumer finance and Asian business centered on China.

At the same time as we strengthen group profitability for achieving sustainable growth, in fiscal 2004, we make efforts to complete intensive improvement in asset quality. Sumitomo Mitsui Banking Corporation (SMBC) designates fiscal 2003 and 2004 as the intensive resolution period of non-performing loans (NPLs), and proactive measures are being taken to halve the NPL ratio at March end 2002 of 8.9% by the end of fiscal 2004. In addition, we continuously cut the balance of stockholdings in order to reduce price fluctuation risk further.

5. Issues to be Addressed

We have set "completion of intensive improvement in asset quality" and "enhancement of group profitability" as two issues to be addressed in fiscal 2004.

- Completion of Intensive Improvement in Asset Quality

In the first half of this fiscal year, SMBC reduced its NPLs (Problem Assets based on the Financial Reconstruction Law) by approximately ¥330 billion from March end 2004, resulting in an NPL balance of about ¥2.48 trillion and an NPL ratio of 4.4% at the end of September, thereby achieving the target of halving the NPL ratio at March end 2002 of 8.9% six months ahead of the original schedule. We plan to further reduce NPL balance to less than ¥2 trillion and NPL ratio to less than 4.0% at the end of fiscal year through further efforts for corporate recoveries, prevention of deterioration of borrowers' financial conditions and off-balancing. On stockholdings, although they have been reduced significantly and their balance is already below the level required in the restriction of banks' stockholdings, approximately ¥200 billion were sold in the first half, and will be continuously reduced onward.

- Enhancement of Group Profitability

Businesses of SMBC, Sumitomo Mitsui Card, SMBC Leasing, The Japan Research Institute, Daiwa Securities SMBC, Daiwa SB Investments, and other group companies with strong business base will be strengthened further, and collaboration among group companies and strategic alliances with leading companies will be proactively promoted to boost group profitability.

Specifically, we will increase SMBC's new type unsecured loans to SMEs, such as Business Select Loan and N-Fund Loan, by reinforcing SMBC's risk taking capability and expanding marketing channels. Financial consulting for individuals such as sales of investment trusts, pension type insurances and mortgage loans, will be reinforced by increasing the number of SMBC Consulting Plazas, the specialized channels, and adding new products to the lineups. In investment banking business, to enhance business profitability, solution providing such as loan syndication, structured finance will be strengthened, and collaboration with Daiwa Securities SMBC will be accelerated.

Furthermore, under the strategic alliance with Promise Co., Ltd. announced this June, SMBC's marketing channels, customer base and Promise's expertise, know-how are leveraged to establish new business models to dramatically strengthen consumer finance business. Preparations are being made to provide consumer loan products starting in April 2005.

We will continue to strengthen Asian business centered on China, and strategically allocate business resources in the Americas and Europe to increase business volume.

- Repayment of Public Fund

We recently repaid ¥201 billion of public fund preferred stocks owned by the government. The repayment of public fund was scheduled to start next fiscal year but was moved up thanks to the buildup of retained earnings and steady improvement in profitability as a result of our recent efforts. We are aiming for an early repayment of the remaining ¥1.1 trillion by further boosting profitability.

We hope to improve the market's overall evaluation of SMFG by steadily achieving results in both "completion of intensive improvement in asset quality" and "enhancement of group profitability" in fiscal 2004.

<<Principal Risk Factors>>

Principal risk factors that could materially affect SMFG's operating results and financial position are as follows. SMFG takes necessary measures to prevent such events from occurring, and responds quickly and appropriately when such events do occur.

- Risk related to increase in problem loans and credit costs
- Risk related to equity portfolio
- Risk related to trading business and holding bonds
- Risk related to foreign currency exchange rate
- Risk related to decline in BIS capital ratio
- Risk related to downgrade in SMFG group's debt ratings
- Risk related to failure of SMFG's strategy
- Risk related to failure of joint venture, alliance and acquisition
- Risk related to regulatory amendment of laws, rules and accounting rules etc.

(Note) SMFG recognizes the risk factors shown above on the day of announcement of financial results.

6. Corporate Governance Policy and Structure

(1) Corporate Governance Policy

Maintaining effective corporate governance is one of the most important issues of SMFG and the Group companies. Therefore, SMFG is committed to maintaining sound management, creating sustainable shareholder value and contributing to healthy development of society by observing the below "Management Philosophy" and "Business Ethics".

<<Management Philosophy>>

- To provide optimum added value to our customers and together with them achieve growth
- To create sustainable shareholder value through business growth
- To provide a challenging and professionally rewarding work environment for our dedicated employees

<<Business Ethics>>

- Satisfactory Customer Services

We intend to be a financial services complex that has the trust and support of our customers. For this purpose, we will always provide services that meet the true needs of our customers in order to obtain their satisfaction and confidence in the Group.

- Sound Management

We intend to be a financial services complex which maintains fair, transparent, and sound management based on the principle of self-responsibility. For this purpose, along with obtaining the firm confidence of our shareholders, our customers, and the general public, we take a long-term view of our business and operate it efficiently, and actively disclose accurate business information about the Group. Through these procedures, we will maintain continuous growth on a sound financial basis.

- Contribution to Social Development

We intend to be a financial services complex which contributes to the healthy development of society. For this purpose, we recognize the importance of our mission to serve as a crucial part of the public infrastructure and also our social responsibilities. With such recognition, we undertake business operations that contribute to the steady development of Japan and the rest of the world, and endeavor, as a good corporate citizen, to make a positive contribution to society.

- Free and Active Business Environment

We intend to be a financial services complex for which all officers and other employees work proudly and with great spirit. For this purpose, we respect people, and train and produce employees with professional knowledge and ability, thereby creating a free and active business environment.

- Compliance

We intend to be a financial services complex that always keeps in mind the importance of compliance. For this purpose, we constantly reflect our awareness of these Business Ethics in our business activities. In addition, we respond promptly to directives from auditors and inspectors. Through these actions, we observe all laws and regulations, and uphold moral standards in our business practices.

(2) Corporate Committees and Internal Control System**<<Directors>>**

SMFG employs the corporate auditor system consisting of eight directors and five auditors, and two of the directors and three of the auditors are from outside SMFG and its Group companies. To ensure that our business is conducted according to law, the outside directors are a certified public accountant and a lawyer.

<<Board of Directors>>

The Board of Directors basically meets once a month. The Chairman of the Board, not the President who oversee the overall operation of SMFG, chairs the Board meeting. Moreover, there are three committees to supplement the Board's oversight functions: the Risk Management Committee, Compensation Committee, and the Nominating Committee. The outside directors are members of all the committees (one is the Chairman of the Compensation Committee). This system allows supervision of our operations to be conducted from a suitably objective perspective.

- Risk Management Committee

Deliberates on Groupwide risk management and compliance issues

1. Issues related to the basic policies and the system of risk management
2. Other issues with a potential material impact on operations

- Compensation Committee

Deliberates on remuneration of Board members and executive officers of SMFG and SMBC

1. Issues related to remuneration, salaries, and incentive program
2. Other remuneration issues

- Nominating Committee

Deliberates on appointment of directors of SMFG and SMBC

1. Issues related to the selection of candidates for Board directorships
2. Issues related to the appointment of managing directors having specified management responsibilities, and issues related to the appointment of representative directors
3. Other major personnel issues related to directors

<< Auditors' Activities >>

The auditors ensure the proper business conduct of SMFG and the subsidiaries by attending the Board of Directors' meetings and other important meetings at which the directors and others present business reports, by examining documents on important decisions, and by obtaining reports from the internal audit departments, subsidiaries and outside auditors.

<< Business Execution >>

SMFG has a Management Committee, consisting of directors and chaired by the president of SMFG, to act as the top decision-making body on business administration and management supervision of the entire Group. The committee, in accordance with the basic policies set by the Board, considers important matters relating to the execution of business, and the president has the authority to make the final decision after considering the committee's recommendations. In addition, SMFG also has a Group Strategy Committee to serve as a forum for the management staff of all Group companies to exchange opinions and information on their respective business plans. Moreover, the directors in charge of Group companies are appointed as part-time directors of the major group companies to supervise the proper conduct of business.

<< Internal Audit System >>

The Audit Department of SMFG is responsible for objectively conducting internal audits for the Group in a process separate from the oversight exercised by the Board of Directors on the shareholders' behalf. The Audit Department conducts internal audits to assess the soundness of business operations and assets, as well as to verify that the Group's internal control system, including compliance and risk management, is appropriate and effective. The Audit Department is also responsible for supervising internal audits at each group company. It reviews the internal audit system of each company by monitoring the company's internal audits on a regular basis. The results of the audits are periodically reported to the Board of Directors and the Management Committee. Based on these findings, the Audit Department administers guidance and makes proposals to the audited departments and offices, as well as to the respective auditing departments of Group companies.

<< Compliance >>

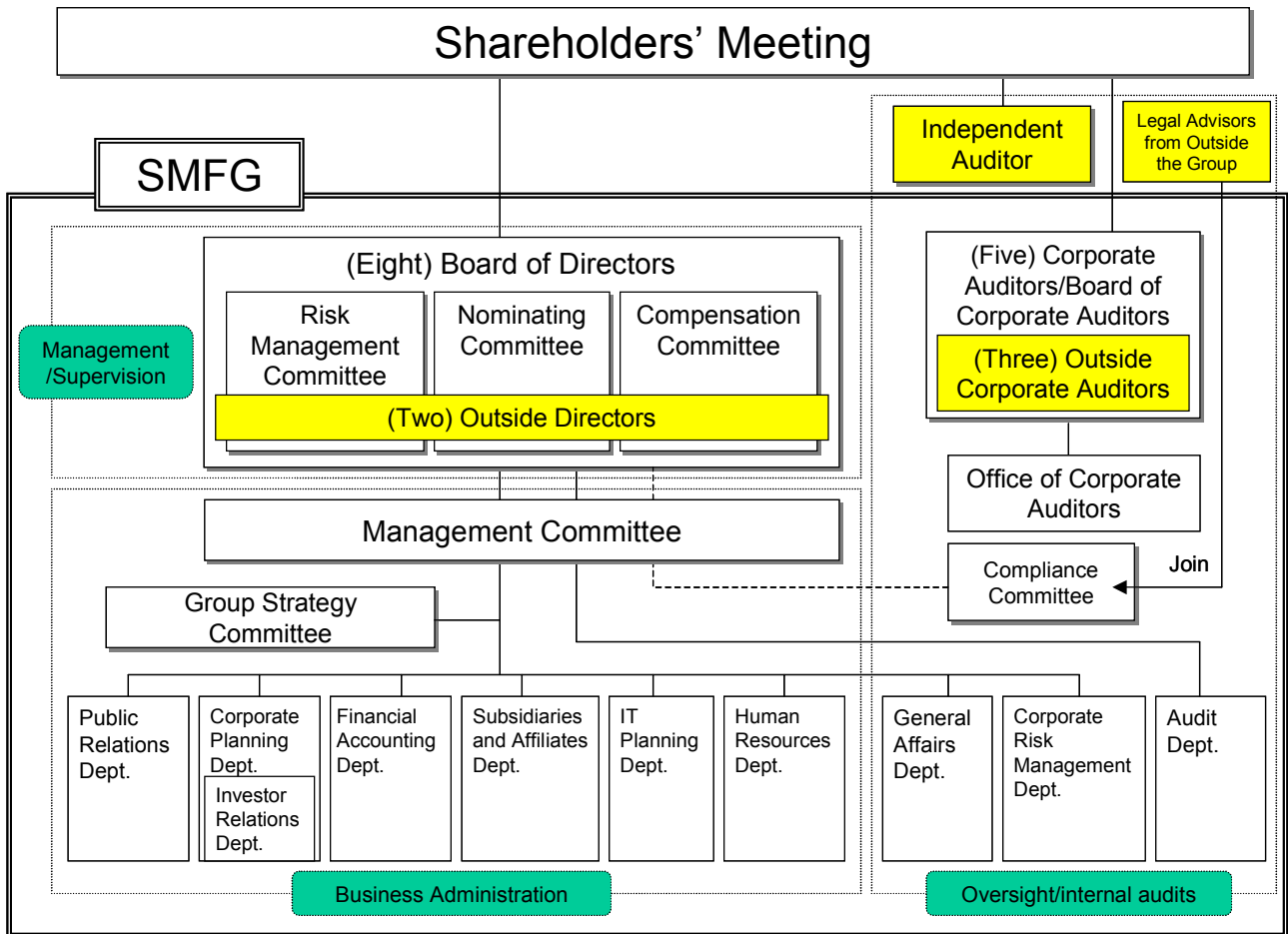
SMFG have implemented the following compliance system to ensure sound and appropriate business management by SMFG and our Group companies.

- The Board of Directors and Management Committee

The Board of Directors and Management Committee make important decisions concerning compliance policy, review the progress of those measures taken in connection with ensuring compliance, and give instructions concerning these matters as appropriate.

- The Compliance Committee

SMFG set up the Compliance Committee to reinforce the Groupwide compliance system. The committee comprises the designated Board member responsible for compliance issues, the heads of departments involved with compliance matters, and advisors from outside the Group.



III. Operating Results and Financial Position

1. Overview of Consolidated Operating Results and Financial Position as of and for the Six Months Ended September 30, 2004

(1) Operating Results

SMFG continued to enhance profitability through business restructuring and reduce expenses by pursuing operational efficiency in the six months ended September 30, 2004.

Ordinary income increased 1.0% to 1,778.1 billion yen as a result of increase of other operating income, other income and fees and commissions though interest income and trading profits decreased. Ordinary expenses increased 4.3% to 1,664.0 billion yen mainly due to increase of other expenses as a result of increase in provision for credit cost though other operating expenses and general and administrative expenses decreased.

As a result, Ordinary profit and Net income (after adjusting extraordinary gains/losses and other factors) amounted to 114.1 billion yen and 53.3 billion yen, respectively.

(2) Assets and Liabilities

Deposits amounted to 67,619.9 billion yen (up 2,286.5 billion yen from the previous fiscal year-end) and Negotiable certificates of deposit amounted to 3,038.3 billion yen (down 481.1 billion yen).

Loans and bills discounted amounted to 55,422.0 billion yen (up 39.2 billion yen).

Total assets amounted to 101,054.2 billion yen (down 1,160.9 billion yen).

(3) Stockholders' Equity

Stockholders' equity decreased by 50.0 billion yen from the previous fiscal year-end to 3,020.9 billion yen, mainly due to the decrease in net unrealized gains on other securities in spite of recording net income for this six months period.

(4) Cash Flows

SMFG used 3,230.7 billion yen of Cash flows from operating activities, generated 2,906.4 billion yen of Cash flows from investing activities and generated 117.8 billion yen of Cash flows from financing activities.

Consequently, Cash and cash equivalents amounted to 3,327.6 billion yen.

(5) Segments

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

By business

Ordinary income		
Banking business	65%	(down 4 points from the previous interim term)
Leasing business	19%	(up 2 points)
Other business	16%	(up 2 points)

By country

Ordinary income		
Japan	91%	(up 1 point from the previous interim term)
The Americas	4%	(down 1 point)
Europe	2%	(down 1 point)
Asia and Oceania	3%	(up 1 point)

(6) Capital Ratio (BIS Guidelines) (preliminary)

Capital ratio was 10.93% on a consolidated basis.

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

(1) Earnings Forecast

In fiscal 2004, SMFG will enhance Group profitability by strengthening businesses and further promoting collaboration between the Group companies that have strong operating bases. In addition, it will make efforts to complete intensive improvement in asset quality through further reduction in non-performing loans and stockholdings.

As for earnings forecast on a consolidated basis, Ordinary income, Ordinary profit and Net income are expected to amount to 3,450 billion yen, 470 billion yen, and 180 billion yen, respectively. On a non-consolidated basis, Operating income, Ordinary profit and Net income are expected to amount to 260 billion yen, 255 billion yen, and 255 billion yen, respectively.

(2) Dividend Forecast

SMFG will pay the following fiscal year-end dividends on common stock and preferred stock according to the level of retained earnings. SMFG will not pay interim dividends.

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

(Note) Dividend forecast is not revised from the previous announcement in May 2004.

IV. Consolidated Interim Financial Statements

Significant Accounting Policies for Consolidated Interim Financial Statements

1. Scope of consolidation

(1) Consolidated subsidiaries 166 companies

Principal companies

Sumitomo Mitsui Banking Corporation
 THE MINATO BANK, LTD.
 Kansai Urban Banking Corporation
 Sumitomo Mitsui Banking Corporation Europe Limited
 Manufacturers Bank
 SMBC Leasing Company, Limited
 Sumitomo Mitsui Card Company, Limited
 SMBC Capital Co., Ltd.
 SMBC Finance Service Co., Ltd.
 SMBC Friend Securities Co., Ltd.
 The Japan Research Institute, Limited
 SMBC Capital Markets, Inc.

From this interim term, eight companies including SMBC Financial Business Planning Co., Ltd. were newly consolidated due to establishment.

From this interim term, Minato Card Co., Ltd. was excluded from the scope of consolidation because it was no longer a subsidiary due to merger.

From this interim term, six companies including SMLC Indus Co., Ltd. became unconsolidated subsidiaries that are not accounted for by the equity method because they became silent partnerships for lease transactions.

(2) Unconsolidated subsidiaries

Principal company

SBCS Co., Ltd.

One hundred and sixteen subsidiaries including S.B.L. Mercury Co., Ltd. are silent partnerships for lease transactions and their assets and profits/losses do not belong to them substantially. Therefore, they were excluded from the scope of consolidation pursuant to Article 5 Paragraph 1 Item 2 of Consolidated Interim Financial Statements Regulations.

Total assets, ordinary income, net income and retained earnings of other unconsolidated subsidiaries have no material impact on the consolidated interim financial statements.

2. Application of the equity method

(1) Unconsolidated subsidiaries accounted for by the equity method 4 companies

Principal company

SBCS Co., Ltd.

(2) Affiliates accounted for by the equity method 46 companies

Principal companies

Promise Co., Ltd.
 Daiwa Securities SMBC Co. Ltd.
 Daiwa SB Investments Ltd.
 Sumitomo Mitsui Asset Management Company, Limited
 QUOQ Inc.

From this interim term, five companies including Promise Co., Ltd. newly became affiliated companies accounted for by the equity method due to acquirement of shares.

From this interim term, three companies including Sony Bank Incorporated were excluded from the scope of affiliated companies due to decrease in ratio of voting share ownership and other reasons.

(3) Unconsolidated subsidiaries and affiliates that are not accounted for by the equity method

One hundred and sixteen subsidiaries including S.B.L. Mercury Co., Ltd. are silent partnerships for lease transactions and their assets and profits/losses do not belong to them substantially. Therefore, they are not treated as affiliated companies accounted for by the equity method pursuant to Article 7 Paragraph 1 Item 2 of Consolidated Interim Financial Statements Regulation.

Net income and retained earnings of other unconsolidated subsidiaries and affiliates that are not accounted for by the equity method have no material impact on the consolidated interim financial statements.

3. The interim balance sheet dates of consolidated subsidiaries

(1) The interim account closing dates of the consolidated subsidiaries are as follows:

March 31	6	Companies
April 30	1	Company
June 30	66	Companies
July 31	2	Companies
September 30	91	Companies

(2) As for the companies whose interim balance sheet dates are March 31 and April 30, the accounts are provisionally closed for the purpose of consolidation as of September 30 and July 31, respectively. The other companies are consolidated on the basis of their respective balance sheet dates.

Appropriate adjustments were made for material transactions during the periods from their respective balance sheet dates to the consolidated interim closing date.

4. Accounting policies

Please refer to the “Notes to Consolidated Interim Balance Sheet” and “Notes to Consolidated Interim Statement of Income.”

5. Scope of “Cash and cash equivalents” on Consolidated Interim Statement of Cash Flows

Please refer to the “Notes to Consolidated Interim Statement of Cash Flows.”

CONSOLIDATED INTERIM BALANCE SHEET

September 30, 2004	(Millions of yen)
Assets:	
Cash and due from banks	5,846,400
Call loans and bills bought	406,571
Receivables under resale agreements	125,306
Receivables under securities borrowing transactions	1,621,384
Commercial paper and other debt purchased	521,454
Trading assets	3,274,740
Money held in trust	3,783
Securities	24,073,122
Loans and bills discounted	55,422,034
Foreign exchanges	964,066
Other assets	2,919,297
Premises and equipment	946,685
Lease assets	991,190
Deferred tax assets	1,743,246
Deferred tax assets for land revaluation	75
Goodwill	17,544
Customers' liabilities for acceptances and guarantees	3,399,727
Reserve for possible loan losses	(1,222,391)
Total assets	<u>101,054,242</u>
Liabilities:	
Deposits	67,619,961
Negotiable certificates of deposit	3,038,333
Call money and bills sold	4,823,293
Payables under repurchase agreements	720,461
Payables under securities lending transactions	4,602,167
Commercial paper	352,000
Trading liabilities	1,780,073
Borrowed money	2,213,432
Foreign exchanges	533,545
Bonds	4,480,668
Due to trust account	42,202
Other liabilities	3,250,878
Reserve for employee bonuses	21,548
Reserve for employee retirement benefits	31,282
Reserve for expenses related to EXPO 2005 Japan	172
Other reserves	1,093
Deferred tax liabilities	46,821
Deferred tax liabilities for land revaluation	58,100
Acceptances and guarantees	3,399,727
Total liabilities	<u>97,015,765</u>
Minority interests	<u>1,017,565</u>
Stockholders' equity:	
Capital stock	1,247,650
Capital surplus	866,870
Retained earnings	612,438
Land revaluation excess	99,514
Net unrealized gains on other securities	270,252
Foreign currency translation adjustments	(73,509)
Treasury stock	(2,303)
Total stockholders' equity	<u>3,020,911</u>
Total liabilities, minority interests and stockholders' equity	<u>101,054,242</u>

Notes to Consolidated Interim Balance Sheet

1. Amounts less than one million yen have been omitted.
2. Transactions for trading purposes (seeking gains arising from short-term changes in interest rates, currency exchange rates, or market prices of securities and other market related indices or from variation among markets) are included in “Trading assets” or “Trading liabilities” on the consolidated interim balance sheet on a contract date basis.
Securities and monetary claims purchased for trading purposes are stated at the interim term-end market value, and financial derivatives such as swaps, futures and options are stated at amounts that would be settled if the transactions were terminated at the consolidated interim balance sheet date.
3. Debt securities that consolidated subsidiaries have the positive intent and ability to hold to maturity are classified as held-to-maturity securities and are carried at amortized cost (straight-line method) using the moving-average method.
Investments in unconsolidated subsidiaries and affiliates that are not accounted for by the equity method are carried at cost using the moving-average method.
Securities other than trading purpose securities, held-to-maturity securities and investments in unconsolidated subsidiaries and affiliates are classified as “other securities” (available-for-sale securities). Stocks in other securities that have market prices are carried at the average market prices during the final month of the interim term, and bonds and others that have market prices are carried at their interim term-end market prices (cost of securities sold is calculated using primarily the moving-average method). Other securities with no available market prices are carried at cost or amortized cost using the moving-average method. Net unrealized gains (losses) on other securities, net of income taxes, are included in “Stockholders’ equity,” after deducting the amount that is reflected in the interim term’s earnings because of application of fair value hedge accounting.
4. Securities included in “Money held in trust” are carried in the same way as in Notes 2 and 3.
5. Derivative transactions, excluding those classified as trading derivatives, are carried at fair value, though some consolidated overseas subsidiaries account for derivative transactions in accordance with their local accounting standards.
6. Premises and equipment owned by Sumitomo Mitsui Financial Group, Inc. (SMFG) and its consolidated subsidiary, Sumitomo Mitsui Banking Corporation (SMBC) are depreciated using the straight-line method for premises and the declining-balance method for equipment. They calculated the depreciation cost for the interim term by proportionally allocating the estimated annual cost to the interim term. The estimated useful lives of major items are as follows:
Buildings: 7 to 50 years
Equipment: 2 to 20 years
Other consolidated subsidiaries depreciate premises and equipment, and lease assets primarily using the straight-line method over the estimated useful lives of the respective assets and the straight-line method over the lease term based on the residual value of assets at the end of the lease term, respectively.
7. Capitalized software for internal use owned by SMFG and its consolidated domestic subsidiaries is depreciated using the straight-line method over its estimated useful life (basically five years).
8. SMBC’s assets and liabilities denominated in foreign currencies and overseas branches’ accounts are translated into Japanese yen mainly at the exchange rate prevailing at the consolidated interim balance sheet date, with the exception of stocks of subsidiaries and affiliates translated at rates prevailing at the time of acquisition.
Other consolidated subsidiaries’ assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at their respective balance sheet dates.
9. Reserve for possible loan losses of major consolidated subsidiaries is provided as detailed below in accordance with the internal standards for write-offs and reserves.
For claims on borrowers that have entered into bankruptcy, special liquidation proceedings or similar legal proceedings (“bankrupt borrowers”) or borrowers that are not legally or formally insolvent but are regarded as substantially in the same situation (“effectively bankrupt borrowers”), a reserve is provided based on the amount of claims, after the write-off stated below, net of the expected amount of recoveries from collateral and guarantees.
For claims on borrowers that are not currently bankrupt but are likely to become bankrupt in the future (“potentially bankrupt borrowers”), a reserve is provided in the amount deemed necessary based on an overall solvency assessment of the claims, net of the expected amount of recoveries from collateral and guarantees.
Discounted Cash Flows (DCF) method is used for claims on borrowers whose cash flows from collection of principals and interest can be rationally estimated and SMBC applies it to claims on large potentially bankrupt borrowers and claims on large borrowers requiring close monitoring that have been classified as “Past due loans (3 months or more)” or “Restructured loans,” whose total loans from SMBC exceed a certain amount. SMBC establishes a reserve for possible loan losses using the DCF method for such claims in the amount of the difference between the present value of principal and interest (calculated using the rationally estimated cash flows discounted at the initial contractual interest rate) and the book value.
For other claims, a reserve is provided based on the historical loan-loss ratio.
For claims originated in specific countries, an additional reserve is provided in the amount deemed necessary based on the assessment of political and economic conditions.

Branches and credit supervision departments assess all claims in accordance with the internal rules for self-assessment of assets, and the Credit Review Department, independent from these operating sections, audits their assessment. The reserves are provided based on the results of these assessments.

Reserve for possible loan losses of other consolidated subsidiaries for general claims is provided in the amount deemed necessary based on the historical loan-loss ratios, and for doubtful claims in the amount deemed uncollectible based on assessment of each claim.

For collateralized or guaranteed claims on bankrupt borrowers and effectively bankrupt borrowers, the amount exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and written off against the total outstanding amount of the claims. The amount of write-off was 1,774,043 million yen.

10. Reserve for employee bonuses is provided for payment of bonuses to employees, in the amount of estimated bonuses, which are attributable to this interim term.
11. Reserve for employee retirement benefits is provided for payment of retirement benefits to employees, in the amount deemed accrued at interim term-end, based on the projected retirement benefit obligation and fair value of plan assets at this fiscal year-end.
 - Unrecognized prior service cost is amortized using the straight-line method, primarily over 10 years within the employees' average remaining service period at incurrence.
 - Unrecognized net actuarial gain (loss) is amortized using the straight-line method, primarily over 10 years within the employees' average remaining service period, commencing from the next fiscal year of incurrence.
 - Unrecognized net transition obligation from the initial application of the new accounting standard for employee retirement benefits is amortized primarily using the straight-line method over five years and is charged 50% of the annual amortized cost to its income for the six months ended September 30, 2004.
12. Financing leases of SMFG and its consolidated domestic subsidiaries, excluding those in which the ownership of the property is transferred to the lessee, are accounted for in the same method as operating leases.
13. As for the hedge accounting method applied to hedging transactions for interest rate risk arising from financial assets and liabilities, SMBC applies deferred hedge accounting or fair value hedge accounting.
 - SMBC applies deferred hedge accounting stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No.24) to portfolio hedges of large-volume, small-value monetary claims and debts.
 - As for the portfolio hedges to offset market fluctuation, SMBC assesses the effectiveness of such hedges by classifying the hedged items (such as deposits and loans) and the hedging instruments (such as interest rate swaps) by their maturity. As for the portfolio hedges to fix cash flows, SMBC assesses the effectiveness of such hedges by verifying the correlation between the hedged items and the hedging instruments.
 - As for the individual hedges, SMBC also basically applies deferred hedge accounting. But, SMBC applies fair value hedge accounting to hedging transactions for reducing the market volatility of bonds classified as other securities that are held for the purpose of Asset and Liability Management.
 - As a result of the application of JICPA Industry Audit Committee Report No.24, SMBC discontinued the application of hedge accounting or applied fair value hedge accounting to a portion of the hedging instruments using "macro hedge," which had been applied in order to manage interest rate risk arising from large-volume transactions in loans, deposits and other interest-earning assets and interest-bearing liabilities as a whole using derivatives pursuant to "Temporary Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No.15). The deferred hedge losses and gains related to such a portion of hedging instruments are charged to "Interest income" or "Interest expenses" over a 12-year period (maximum) according to their maturity from the fiscal year ended March 31, 2004. At this interim term-end, gross amounts of deferred hedge losses and gains on "macro hedge" were 254,000 million yen and 221,851 million yen, respectively.
14. SMBC applies deferred hedge accounting stipulated in "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No.25) to currency swap and foreign exchange swap transactions executed for the purpose of lending or borrowing funds in different currencies.
 - Pursuant to JICPA Industry Audit Committee Report No.25, SMBC assesses the effectiveness of currency swap and foreign exchange swap transactions executed for the purpose of offsetting the risk of changes in currency exchange rates by verifying that there are foreign-currency monetary claims and debts corresponding to the foreign-currency positions.
 - In order to hedge risk arising from volatility of exchange rates for stocks of subsidiaries and affiliates and other securities (excluding bonds) denominated in foreign currencies, SMBC applies deferred hedge accounting or fair value hedge accounting, on the conditions that the hedged securities are designated in advance and that sufficient on-balance (actual) or off-balance (forward) liability exposure exists to cover the cost of the hedged securities denominated in the same foreign currencies.
15. As for derivative transactions between consolidated subsidiaries or internal transactions between trading accounts and other accounts (or among internal sections), SMBC manages the interest rate swaps and currency swaps that are designated as hedging instruments in accordance with the strict criteria for external transactions stipulated in JICPA Industry Audit Committee Report No.24 and No.25. Therefore, SMBC accounts for the gains or losses that arise from interest rate swaps and currency swaps in its earnings or defers them, rather than eliminating them.
 - Certain other consolidated subsidiaries use the deferred hedge accounting or the special treatment for interest rate swaps. A consolidated domestic subsidiary (a leasing company) partly applies the accounting method that is permitted by "Temporary

Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Leasing Industry” (JICPA Industry Audit Committee Report No.19).

16. National and local consumption taxes of SMFG and its consolidated domestic subsidiaries are accounted for using the tax-excluded method.
17. SMBC accounts for the exhibition expenses related to “The 2005 World Exposition, Aichi, Japan” that will be held in Aichi Prefecture in 2005 as “Reserve for expenses related to EXPO 2005 Japan.” This reserve is stipulated in Article 43 of the Ordinance of the Commercial Code and includes the reserve that is stipulated in Article 57-2 of the Specific Taxation Measures Law.
18. Other reserves required by special laws are reserve for contingent liabilities from financial futures transactions of 18 million yen in accordance with Article 82 of the Financial Futures Transaction Law, and reserve for contingent liabilities from securities transactions of 1,075 million yen in accordance with Article 51 of the Securities and Exchange Law.
19. Accumulated depreciation on premises and equipment and accumulated depreciation on lease assets amounted to 588,735 million yen and 1,550,472 million yen, respectively.
20. Bankrupt loans and Non-accrual loans were 86,972 million yen and 1,844,061 million yen, respectively. These amounts include the trusted amount with The Resolution and Collection Corporation of 3,792 million yen, which is treated as off-balancing. “Bankrupt loans” are loans, after write-off, to legally bankrupt borrowers as defined in Article 96-1-3 and 96-1-4 of the Enforcement Ordinance No.97 of the Japanese Corporate Tax Law (issued in 1965) and on which accrued interest income is not recognized as there is substantial doubt about the ultimate collectability of either principal or interest because they are past due for a considerable period of time or for other reasons. “Non-accrual loans” are loans on which accrued interest income is not recognized, excluding “Bankrupt loans” and loans on which interest payments are deferred in order to support the borrowers’ recovery from financial difficulties.
21. Past due loans (3 months or more) totaled 52,918 million yen. “Past due loans (3 months or more)” are loans on which the principal or interest is past due for three months or more, excluding “Bankrupt loans” and “Non-accrual loans.”
22. Restructured loans totaled 884,745 million yen. “Restructured loans” are loans on which terms and conditions have been amended in favor of the borrowers (e.g. reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt forgiveness) in order to support the borrowers’ recovery from financial difficulties, excluding “Bankrupt loans,” “Non-accrual loans” and “Past due loans (3 months or more).”
23. The total amount of Bankrupt loans, Non-accrual loans, Past due loans (3 months or more) and Restructured loans was 2,868,696 million yen. This amount includes the trusted amount with The Resolution and Collection Corporation of 3,837 million yen, which is treated as off-balancing. The amounts of loans presented in Notes 20 to 23 above are the amounts before deduction of reserve for possible loan losses.
24. Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No.24. SMFG’s banking subsidiaries have rights to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions. The total face value was 1,031,613 million yen.
25. Assets pledged as collateral were as follows:

	(Millions of yen)
Assets pledged	
Cash and due from banks	90,583
Trading assets	651,906
Securities	7,457,751
Loans and bills discounted	1,465,657
Other assets (installment account receivable etc.)	1,030
Liabilities corresponding to assets pledged	
Deposits	10,528
Call money and bills sold	3,655,999
Payables under repurchase agreements	715,530
Payables under securities lending transactions	4,460,991
Trading liabilities	125,597
Borrowed money	3,893
Other liabilities	14,617
Acceptances and guarantees	149,029

In addition, Cash and due from banks of 50,227 million yen, Trading assets of 1,663 million yen, Securities of 6,962,079 million yen and Loans and bills discounted of 581,956 million yen were pledged as collateral for cash settlements, variation margins of futures markets and certain other purposes.

Premises and equipment include surety deposits and intangible of 110,928 million yen, and Other assets include initial margins of futures markets of 9,216 million yen.

26. Net amount of deferred unrealized gains (losses) on hedging instruments to which deferred hedge accounting is applied is reported as deferred loss on hedge and is included in "Other assets." Gross deferred unrealized losses and gains on hedging instruments were 573,789 million yen and 457,780 million yen, respectively.
27. SMBC revaluated its own land for business activities in accordance with the "Law Concerning Land Revaluation" (the "Law") effective March 31, 1998 and the law concerning amendment of the Law effective March 31, 2001. The income taxes corresponding to the net unrealized gains are deferred and reported in "Liabilities" as "Deferred tax liabilities for land revaluation," and the net unrealized gains, net of deferred taxes, are reported as "Land revaluation excess" in "Stockholders' equity."

Certain other consolidated subsidiaries revaluated their own land for business activities in accordance with the Law. The income taxes corresponding to the net unrealized gains (losses) are deferred and reported in "Liabilities" or "Assets" as "Deferred tax liabilities for land revaluation" or "Deferred tax assets for land revaluation," and the net unrealized gains (losses), net of deferred taxes, are reported as "Land revaluation excess" in "Stockholders' equity."

Date of the revaluation

SMBC:

March 31, 1998 and March 31, 2002

Certain other consolidated subsidiaries:

March 31, 1999 and March 31, 2002

Method of revaluation (stipulated in Article 3-3 of the Law)

SMBC:

Fair values were determined by applying appropriate adjustments for land shape and timing of appraisal to the values stipulated in Article 2-3, 2-4 or 2-5 of the Enforcement Ordinance of the Law Concerning Land Revaluation (the Enforcement Ordinance No.119) effective March 31, 1998.

Certain other consolidated subsidiaries:

Fair values were determined based on the values stipulated in Article 2-3 and 2-5 of the Enforcement Ordinance No.119.

28. The balance of subordinated debt included in "Borrowed money" was 771,570 million yen.
29. The balance of subordinated bonds included in "Bonds" was 1,861,560 million yen.
30. Stockholders' equity per share was 230,491.11 yen.

31. Market value and unrealized gains (losses) on securities are shown as below:

In addition to "Securities" in the consolidated interim balance sheet, trading securities, commercial paper and short-term corporate bonds classified as "Trading assets," negotiable certificates of deposit bought classified as "Cash and due from banks," and commercial paper and beneficiary claim on loan trust classified as "Commercial paper and other debt purchased" are also included in the amounts of the following tables. This definition is applied up to Notes 34.

(1) Securities classified as trading purposes

As of and for the six months ended September 30, 2004	(Millions of yen)
Consolidated interim balance sheet amount	1,209,190
Valuations gains (losses) included in profit/loss during the interim term	(2,548)

(2) Bonds classified as held-to-maturity with market value

As of September 30, 2004	(Millions of yen)				
	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds	508,400	502,551	(5,848)	1,684	7,533
Other	36,235	36,794	558	681	122
Total	544,636	539,346	(5,289)	2,365	7,655

(3) Other securities with market value

As of September 30, 2004	(Millions of yen)				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	2,035,061	2,616,748	581,686	637,425	55,738
Bonds	13,744,918	13,686,800	(58,118)	18,409	76,527
Japanese government bonds	12,421,472	12,371,625	(49,846)	13,933	63,780
Japanese local government bonds	504,080	497,812	(6,267)	1,094	7,361
Japanese corporate bonds	819,366	817,362	(2,003)	3,381	5,385
Other	4,079,116	4,039,623	(39,492)	8,902	48,395
Total	19,859,096	20,343,172	484,076	664,737	180,661

Of the total net unrealized gains shown above, 22,199 million yen is included in this term's earnings because of the application of fair value hedge accounting.

"Net unrealized gains on other securities" includes 270,172 million yen that is the sum of the following items:

	(Millions of yen)
Net unrealized gains to be included in stockholders' equity, as a result of applying fair value hedge accounting (a)	461,876
(-) Deferred tax liabilities (b)	187,907
(c) = (a) - (b)	273,969
(-) Minority interests corresponding to (c)	4,981
(+) SMFG's interests of net unrealized gains (losses) on other securities held by affiliates accounted for by the equity method	1,185
Total	270,172

Other securities with market value are considered as impaired if the market value decreases materially below the acquisition cost and such decline is not considered as recoverable. The market value is recognized as the consolidated interim balance sheet amount and the amount of write-down is accounted for as valuation loss (impaired) for this interim term. Valuation loss for this interim term was 39 million yen. The rule for determining "material decline" is as follows and is based on the classification of issuing company under self-assessment of assets.

Bankrupt/ Effectively bankrupt/ Potentially bankrupt issuers	Market value is lower than acquisition cost
Issuers requiring caution	Market value is 30% or more lower than acquisition cost
Normal issuers	Market value is 50% or more lower than acquisition cost

Bankrupt issuers: issuers that are legally bankrupt or formally declared bankrupt
 Effectively bankrupt issuers: issuers that are not legally bankrupt but regarded as substantially bankrupt
 Potentially bankrupt issuers: issuers that are not bankrupt now, but are perceived to have a high risk of falling into bankruptcy
 Issuers requiring caution: issuers that are identified for close monitoring
 Normal issuers: issuers other than the above four categories of issuers

32. The amount of other securities sold during the interim term is as follows:

Six months ended September 30, 2004		(Millions of yen)
Sales amount	Gains on sales	Losses on sales
16,678,701	117,923	27,549

33. Summary information on securities with no available market value is as follows:

As of September 30, 2004	(Millions of yen)
	Consolidated balance sheet amount
Bonds classified as held-to-maturity	
Unlisted foreign securities	3,492
Other	11,290
Other securities	
Unlisted stocks (excluding OTC stocks)	580,961
Unlisted bonds	1,768,325
Unlisted foreign securities	394,347
Other	150,646

34. Redemption schedule of other securities with maturities and held-to-maturity bonds is as follows:

As of September 30, 2004	(Millions of yen)			
	1 year or less	More than 1 year to 5 years	More than 5 years to 10 years	More than 10 years
Bonds	2,927,449	7,891,459	2,987,501	2,157,117
Japanese government bonds	2,701,723	5,793,773	2,234,942	2,149,585
Japanese local government bonds	13,233	252,642	231,433	503
Japanese corporate bonds	212,492	1,845,044	521,125	7,028
Other	378,578	2,956,785	417,839	511,709
Total	3,306,028	10,848,244	3,405,341	2,668,827

35. Information on money held in trust is as follows:

Other money held in trust

As of September 30, 2004		(Millions of yen)		
Acquisition cost	Consolidated balance sheet amount	Net unrealized gains	Unrealized gains	Unrealized losses
3,628	3,783	154	271	116

Net unrealized gains on other money held in trust of 92 million yen (after deducting 62 million yen in deferred tax liabilities from 154 million yen in net unrealized gains) are included in "Net unrealized gains on other securities."

36. "Japanese government bonds" as a sub-account of "Securities" include 16,294 million yen of unsecured loaned securities for which borrowers have the right to sell or pledge.

As for the unsecured borrowed securities for which SMBC has the right to sell or pledge and the securities which SMBC purchased under resale agreements, that are permitted to be sold or pledged without restrictions, 1,579,675 million yen in securities are pledged, and 167,303 million yen in securities are held in hand as of the consolidated interim balance sheet date.

37. Commitment line contracts on overdrafts and loans are agreements to lend to customers up to a prescribed amount, as long as there is no violation of any condition established in the contracts. The amount of unused commitments was 34,368,593 million yen, and the amount of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time was 30,841,376 million yen. Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily represent actual future cash flow requirements. Many of these commitments include clauses under which SMBC and other consolidated subsidiaries can reject an application from customers or reduce the contract amounts in the event that economic conditions change, SMBC and other consolidated subsidiaries need to secure claims, or other events occur. In addition, SMBC and other consolidated subsidiaries may request the customers to pledge collateral such as premises and securities at the time of the contracts, and take necessary measures such as monitoring the customers' financial positions, revising contracts when need arises and securing claims after contracts are made.

38. SMFG repurchased its own shares on November 2, 2004 pursuant to the resolution of the Board of Directors meeting held on September 30, 2004 as follows:

- (1) Type of capital stock repurchased: SMFG's common stock
- (2) Total number of shares repurchased: 400,805 shares
- (3) Repurchase price: 668,000 yen per share (Total amount: 267,737,740,000 yen)
- (4) Method of repurchase: Through ToSTNet-2 (closing price orders) of Tokyo Stock Exchange

Deposit Insurance Corporation of Japan announced that The Resolution and Collection Corporation (RCC) sold 401,705.31 shares of SMFG's common stock at 268,339,153,590 yen on November 2, 2004 (RCC converted 32,000 shares of preferred stock (type 1) worth 96,000 million yen and 105,000 shares of preferred stock (type 3) worth 105,000 million yen on September 30, 2004).

CONSOLIDATED INTERIM STATEMENT OF INCOME

Six months ended September 30, 2004 (Millions of yen)

Ordinary income:	
Interest income	752,495
Interest on loans and discounts	567,082
Interest and dividends on securities	121,740
Trust fees	729
Fees and commissions	281,955
Trading profits	30,927
Other operating income	551,794
Other income	160,271
Total ordinary income	1,778,173
Ordinary expenses:	
Interest expenses	156,704
Interest on deposits	52,872
Fees and commissions	46,575
Trading losses	605
Other operating expenses	394,061
General and administrative expenses	423,612
Other expenses	642,513
Total ordinary expenses	1,664,072
Ordinary profit	114,100
Extraordinary gains	2,671
Extraordinary losses	20,056
Income before income taxes and minority interests	96,715
Income taxes:	
Current	17,079
Refund	8,104
Deferred	5,277
Minority interests in net income	29,090
Net income	53,372

Notes to Consolidated Interim Statement of Income

1. Amounts less than one million yen have been omitted.
2. Net income per share is 9,119.40 yen.
3. Net income per share (diluted) is 5,245.69 yen.
4. Profits and losses on trading-purpose transactions are recognized on a trade date basis, and recorded as "Trading profits" and "Trading losses." Both accounts include interest received or paid during the interim term. The valuation differences of securities and money claims between the previous fiscal year-end and this interim term-end are recorded in the above-mentioned accounts. As for the derivatives, assuming that the settlement will be made in cash, the valuation differences between the previous fiscal year-end and this interim term-end are recorded in the above-mentioned accounts.
5. Standards for recognizing rental income on lease transactions and income/expenses on installment sales are as follows:
 - (1) Recognition of lease-related income on lease transactions
Primarily, lease-related income is recognized on a straight-line basis over the full term of the lease, based on the contractual amount of lease fees per month.
 - (2) Recognition of income and expenses on installment sales
Primarily, installment-sales-related income and installment-sales-related expenses are recognized on a due-date basis over the full term of the installment sales.
6. "Other income" includes gains on sales of stocks and other securities of 65,914 million yen and gains on securities contributed to employee retirement benefit trusts of 75,275 million yen.
7. "Other expenses" includes transfer to reserve for possible loan losses of 165,267 million yen, write-off of loans of 391,236 million yen and losses on delinquent loans sold of 56,321 million yen.
8. "Extraordinary gains" consists of gains on disposal of premises and equipment of 2,185 million yen and collection of written-off claims of 485 million yen.
9. "Extraordinary losses" include amortized cost of unrecognized net transition obligation from initial application of the new accounting standard for employee retirement benefits of 8,938 million yen and losses on disposal of premises and equipment of 10,901 million yen.
10. With the implementation of the "Revision of the Local Tax Law" (Legislation No.9, 2003) on March 31, 2003, a part of the tax basis of enterprise taxes comprises "amount of added value" and "amount of capital" from the fiscal year commenced April 1, 2004. As a result, SMFG and its consolidated domestic subsidiaries calculate enterprise taxes based on "amount of added value" and "amount of capital" and they are included in "General and administrative expenses" from this interim term pursuant to "Practical Treatment for Presentation of External Based-Corporate Enterprise Taxes in the Statement of Income" (Accounting Standards Board, Practical Solution Report No.12).

CONSOLIDATED INTERIM STATEMENT OF CAPITAL SURPLUS AND RETAINED EARNINGS

Six months ended September 30, 2004

(Millions of yen)

Capital surplus

Capital surplus at beginning of year	865,282
Increase of capital surplus	1,588
Gains on disposal of treasury stock	1,588
Capital surplus at end of interim term	866,870

Retained earnings

Retained earnings at beginning of year	611,189
Increase of retained earnings	55,122
Net income	53,372
Increase due to decrease of consolidated subsidiaries	3
Increase due to decrease of affiliates accounted for by the equity method	1,747
Decrease of retained earnings	53,873
Dividends paid	46,421
Decrease due to decrease of consolidated subsidiaries	0
Decrease due to decrease of affiliates accounted for by the equity method	4,466
Decrease due to transfer of land revaluation excess	2,985
Retained earnings at end of interim term	612,438

(Note) Amounts less than one million yen have been omitted.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

Six months ended September 30, 2004

(Millions of yen)

1. Cash flows from operating activities:	
Income before income taxes and minority interests	96,715
Depreciation of premises, equipment and others	41,082
Depreciation of lease assets	168,782
Amortization of goodwill	4,280
Equity in earnings of affiliates	(12,893)
Net change in reserve for possible loan losses	(200,035)
Net change in reserve for employee bonuses	(855)
Net change in reserve for employee retirement benefits	131,309
Net change in reserve for expenses related to EXPO 2005 Japan	55
Interest income	(752,495)
Interest expenses	156,704
Net (gains) losses on securities	(74,018)
Net exchange (gains) losses	(172,849)
Net (gains) losses from disposal of premises and equipment	8,716
Net (gains) losses from disposal of lease assets	(1,143)
Net change in trading assets	37,897
Net change in trading liabilities	(98,289)
Net change in loans and bills discounted	(18,373)
Net change in deposits	2,245,859
Net change in negotiable certificates of deposit	(478,870)
Net change in borrowed money (excluding subordinated debt)	(142,894)
Net change in deposits with banks	(683,001)
Net change in call loans, bills bought and receivables under resale agreements	(59,546)
Net change in receivables under securities borrowing transactions	(612,055)
Net change in call money, bills sold and payables under repurchase agreements	(1,845,325)
Net change in commercial paper	69,300
Net change in payables under securities lending transactions	(1,344,179)
Net change in foreign exchanges (assets)	(219,887)
Net change in foreign exchanges (liabilities)	(39,119)
Issuance and redemption of bonds (excluding subordinated bonds)	279,933
Net change in due to trust account	6,169
Interest received	797,421
Interest paid	(158,410)
Other, net	(332,096)
Subtotal	(3,202,113)
Income taxes paid	(28,614)
Net cash used in operating activities	(3,230,728)
2. Cash flows from investing activities:	
Purchases of securities	(21,283,083)
Proceeds from sale of securities	16,679,189
Proceeds from maturity of securities	7,674,230
Proceeds from sale of money held in trust	0
Purchases of premises and equipment	(22,183)
Proceeds from sale of premises and equipment	28,080
Purchases of lease assets	(185,819)
Proceeds from sale of lease assets	18,991
Purchases of stocks of subsidiaries	(2,970)
Net cash provided by investing activities	2,906,435
3. Cash flows from financing activities:	
Proceeds from issuance of subordinated debt	20,000
Repayment of subordinated debt	(22,240)
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights	237,275
Repayment of subordinated bonds and bonds with stock acquisition rights	(48,000)
Dividends paid	(46,447)
Dividends paid to minority stockholders	(26,171)
Purchases of treasury stock	(502)
Proceeds from sale of treasury stock	3,936
Net cash provided by financing activities	117,850
4. Effect of exchange rate changes on cash and cash equivalents	716
5. Net change in cash and cash equivalents	(205,726)
6. Cash and cash equivalents at beginning of year	3,529,479
7. Change in cash and cash equivalents due to merger of consolidated subsidiaries	3,941
8. Cash and cash equivalents at end of term	3,327,694

Notes to Consolidated Interim Statement of Cash Flows

1. Amounts less than one million yen have been omitted.
2. For the purposes of presenting the consolidated interim statement of cash flows, “Cash and cash equivalents” are cash on hand and non-interest earning deposits with banks.
3. Reconciliation of “Cash and due from banks” of the consolidated interim balance sheet to “Cash and cash equivalents” at the interim term-end is as follows:

<u>September 30, 2004</u>	<u>(Millions of yen)</u>
Cash and due from banks	5,846,400
<u>Interest-earning deposits</u>	<u>(2,518,706)</u>
Cash and cash equivalents	<u><u>3,327,694</u></u>

COMPARATIVE CONSOLIDATED BALANCE SHEETS (CONDENSED)

(Millions of yen)

	September 30			March 31	
	2004 (A)	2003 (B)	Difference (A-B)	2004 (C)	Difference (A-C)
September 30, 2004 and 2003, and March 31, 2004					
Assets:					
Cash and due from banks	5,846,400	3,898,506	1,947,894	5,328,950	517,450
Call loans and bills bought	406,571	654,263	(247,692)	360,509	46,062
Receivables under resale agreements	125,306	90,979	34,327	152,070	(26,764)
Receivables under securities borrowing transactions	1,621,384	625,010	996,374	1,009,328	612,056
Commercial paper and other debt purchased	521,454	444,540	76,914	480,847	40,607
Trading assets	3,274,740	3,485,349	(210,609)	3,306,780	(32,040)
Money held in trust	3,783	27,498	(23,715)	3,749	34
Securities	24,073,122	22,451,050	1,622,072	27,049,901	(2,976,779)
Loans and bills discounted	55,422,034	59,666,363	(4,244,329)	55,382,800	39,234
Foreign exchanges	964,066	774,597	189,469	743,957	220,109
Other assets	2,919,297	3,349,993	(430,696)	3,034,182	(114,885)
Premises and equipment	946,685	988,386	(41,701)	984,060	(37,375)
Lease assets	991,190	1,006,315	(15,125)	991,781	(591)
Deferred tax assets	1,743,246	1,845,975	(102,729)	1,706,586	36,660
Deferred tax assets for land revaluation	75	723	(648)	706	(631)
Goodwill	17,544	12,733	4,811	21,706	(4,162)
Customers' liabilities for acceptances and guarantees	3,399,727	3,102,644	297,083	3,079,738	319,989
Reserve for possible loan losses	(1,222,391)	(1,699,431)	477,040	(1,422,486)	200,095
Total assets	101,054,242	100,725,500	328,742	102,215,172	(1,160,930)
Liabilities:					
Deposits	67,619,961	63,142,263	4,477,698	65,333,426	2,286,535
Negotiable certificates of deposit	3,038,333	3,379,610	(341,277)	3,519,464	(481,131)
Call money and bills sold	4,823,293	8,019,874	(3,196,581)	6,292,495	(1,469,202)
Payables under repurchase agreements	720,461	1,897,172	(1,176,711)	1,098,449	(377,988)
Payables under securities lending transactions	4,602,167	4,624,779	(22,612)	5,946,346	(1,344,179)
Commercial paper	352,000	247,500	104,500	282,700	69,300
Trading liabilities	1,780,073	2,046,766	(266,693)	1,873,245	(93,172)
Borrowed money	2,213,432	2,476,833	(263,401)	2,360,474	(147,042)
Foreign exchanges	533,545	448,316	85,229	572,755	(39,210)
Bonds	4,480,668	3,779,852	700,816	4,002,965	477,703
Due to trust account	42,202	24,944	17,258	36,032	6,170
Other liabilities	3,250,878	3,551,051	(300,173)	3,591,818	(340,940)
Reserve for employee bonuses	21,548	20,908	640	22,226	(678)
Reserve for employee retirement benefits	31,282	93,220	(61,938)	40,842	(9,560)
Reserve for possible losses on loans sold	-	2,628	(2,628)	-	-
Reserve for expenses related to EXPO 2005 Japan	172	57	115	116	56
Other reserves	1,093	531	562	862	231
Deferred tax liabilities	46,821	58,494	(11,673)	40,181	6,640
Deferred tax liabilities for land revaluation	58,100	56,685	1,415	56,391	1,709
Acceptances and guarantees	3,399,727	3,102,644	297,083	3,079,738	319,989
Total liabilities	97,015,765	96,974,137	41,628	98,150,534	(1,134,769)
Minority interests	1,017,565	1,005,886	11,679	993,696	23,869
Total stockholders' equity	3,020,911	2,745,476	275,435	3,070,942	(50,031)
Total liabilities, minority interests and stockholders' equity	101,054,242	100,725,500	328,742	102,215,172	(1,160,930)

(Note) Amounts less than one million yen have been omitted.

COMPARATIVE CONSOLIDATED STATEMENTS OF INCOME (CONDENSED)

(Millions of yen)

Six months ended September 30, 2004 and 2003, and Year ended March 31, 2004	Six months ended September 30			Year ended March 31
	2004 (A)	2003 (B)	Difference (A-B)	2004
Ordinary income:	1,778,173	1,760,835	17,338	3,552,510
Interest income	752,495	826,407	(73,912)	1,591,338
Interest on loans and discounts	567,082	585,813	(18,731)	1,167,622
Interest and dividends on securities	121,740	138,520	(16,780)	256,600
Trust fees	729	84	645	334
Fees and commissions	281,955	237,159	44,796	501,028
Trading profits	30,927	163,904	(132,977)	305,011
Other operating income	551,794	459,685	92,109	946,474
Other income	160,271	73,594	86,677	208,323
Ordinary expenses:	1,664,072	1,595,326	68,746	3,209,665
Interest expenses	156,704	163,169	(6,465)	310,267
Interest on deposits	52,872	56,717	(3,845)	104,644
Fees and commissions	46,575	41,969	4,606	76,851
Trading losses	605	–	605	916
Other operating expenses	394,061	432,980	(38,919)	886,649
General and administrative expenses	423,612	448,094	(24,482)	866,549
Other expenses	642,513	509,112	133,401	1,068,430
Ordinary profit	114,100	165,508	(51,408)	342,844
Extraordinary gains	2,671	41,421	(38,750)	117,020
Extraordinary losses	20,056	20,050	6	54,971
Income before income taxes and minority interests	96,715	186,880	(90,165)	404,894
Income taxes:				
Current	17,079	22,436	(5,357)	24,289
Refund	8,104	–	8,104	–
Deferred	5,277	(5,137)	10,414	8,593
Minority interests in net income	29,090	26,087	3,003	41,596
Net income	53,372	143,492	(90,120)	330,414

(Note) Amounts less than one million yen have been omitted.

**COMPARATIVE CONSOLIDATED STATEMENTS OF
CAPITAL SURPLUS AND RETAINED EARNINGS (CONDENSED)**

(Millions of yen)

Six months ended September 30, 2004 and 2003, and Year ended March 31, 2004	Six months ended September 30			Year ended March 31
	2004 (A)	2003 (B)	Difference (A-B)	2004

Capital surplus

Capital surplus at beginning of year	865,282	856,237	9,045	856,237
Increase of capital surplus	1,588	–	1,588	9,044
Decrease of capital surplus	–	1,439	(1,439)	–
Capital surplus at end of term (year)	<u>866,870</u>	<u>854,798</u>	<u>12,072</u>	<u>865,282</u>

Retained earnings

Retained earnings at beginning of year	611,189	311,664	299,525	311,664
Increase of retained earnings	55,122	147,018	(91,896)	334,898
Decrease of retained earnings	53,873	35,373	18,500	35,373
Retained earnings at end of term (year)	<u>612,438</u>	<u>423,309</u>	<u>189,129</u>	<u>611,189</u>

(Note) Amounts less than one million yen have been omitted.

COMPARATIVE CONSOLIDATED STATEMENTS OF CASH FLOWS

Six months ended September 30, 2004 and 2003, and Year ended March 31, 2004	Six months		(Millions of yen)	
	ended September 30		Year	
	2004 (A)	2003 (B)	Difference (A-B)	ended March 31 2004
1. Cash flows from operating activities:				
Income before income taxes and minority interests	96,715	186,880	(90,165)	404,894
Depreciation of premises, equipment and others	41,082	41,894	(812)	82,464
Depreciation of lease assets	168,782	167,285	1,497	336,271
Amortization of goodwill	4,280	4,191	89	(4,260)
Equity in earnings of affiliates	(12,893)	(8,044)	(4,849)	(15,700)
Net change in reserve for possible loan losses	(200,035)	(550,977)	350,942	(824,917)
Net change in reserve for possible losses on loans sold	–	(18,036)	18,036	(20,665)
Net change in reserve for employee bonuses	(855)	(1,134)	279	221
Net change in reserve for employee retirement benefits	131,309	7,969	123,340	(40,069)
Net change in reserve for expenses related to EXPO 2005 Japan	55	57	(2)	116
Interest income	(752,495)	(826,407)	73,912	(1,591,338)
Interest expenses	156,704	163,169	(6,465)	310,267
Net (gains) losses on securities	(74,018)	(40,431)	(33,587)	(67,928)
Net (gains) losses from money held in trust	–	1,007	(1,007)	(121)
Net exchange (gains) losses	(172,849)	221,477	(394,326)	407,340
Net (gains) losses from disposal of premises and equipment	8,716	7,985	731	30,697
Net (gains) losses from disposal of lease assets	(1,143)	49	(1,192)	(1,870)
Net change in trading assets	37,897	1,003,098	(965,201)	1,131,864
Net change in trading liabilities	(98,289)	(802,432)	704,143	(929,787)
Net change in loans and bills discounted	(18,373)	1,985,803	(2,004,176)	6,198,239
Net change in deposits	2,245,859	(428,206)	2,674,065	1,829,914
Net change in negotiable certificates of deposit	(478,870)	(1,479,196)	1,000,326	(1,338,888)
Net change in borrowed money (excluding subordinated debt)	(142,894)	(51,542)	(91,352)	(112,211)
Net change in deposits with banks	(683,001)	(432,383)	(250,618)	(1,299,305)
Net change in call loans, bills bought and receivables under resale agreements	(59,546)	(508,664)	449,118	(318,516)
Net change in receivables under securities borrowing transactions	(612,055)	1,356,233	(1,968,288)	971,914
Net change in call money, bills sold and payables under repurchase agreements	(1,845,325)	(3,181,690)	1,336,365	(5,704,903)
Net change in commercial paper	69,300	59,700	9,600	94,900
Net change in payables under securities lending transactions	(1,344,179)	(182,466)	(1,161,713)	1,139,101
Net change in foreign exchanges (assets)	(219,887)	(24,440)	(195,447)	5,016
Net change in foreign exchanges (liabilities)	(39,119)	50,442	(89,561)	175,444
Issuance and redemption of bonds (excluding subordinated bonds)	279,933	8,655	271,278	152,514
Net change in due to trust account	6,169	18,990	(12,821)	30,078
Interest received	797,421	856,081	(58,660)	1,636,935
Interest paid	(158,410)	(174,330)	15,920	(336,704)
Net change in payable on trading and securities contracts	–	–	–	1,188,672
Other, net	(332,096)	809,744	(1,141,840)	27,099
Subtotal	(3,202,113)	(1,759,666)	(1,442,447)	3,546,782
Income taxes paid	(28,614)	5,817	(34,431)	(24,664)
Net cash provided by (used in) operating activities	(3,230,728)	(1,753,848)	(1,476,880)	3,522,118
2. Cash flows from investing activities:				
Purchases of securities	(21,283,083)	(23,707,428)	2,424,345	(47,305,660)
Proceeds from sale of securities	16,679,189	15,807,610	871,579	30,688,033
Proceeds from maturity of securities	7,674,230	9,806,287	(2,132,057)	13,967,819
Purchases of money held in trust	–	(21,111)	21,111	(21,225)
Proceeds from sale of money held in trust	0	17,268	(17,268)	42,259
Purchases of premises and equipment	(22,183)	(22,248)	65	(80,932)
Proceeds from sale of premises and equipment	28,080	17,330	10,750	20,839
Purchases of lease assets	(185,819)	(192,936)	7,117	(368,159)
Proceeds from sale of lease assets	18,991	15,526	3,465	37,678
Purchases of stocks of subsidiaries	(2,970)	(8,999)	6,029	(8,999)
Net cash provided by (used in) investing activities	2,906,435	1,711,298	1,195,137	(3,028,346)
3. Cash flows from financing activities:				
Proceeds from issuance of subordinated debt	20,000	34,500	(14,500)	89,500
Repayment of subordinated debt	(22,240)	(95,500)	73,260	(195,000)
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights	237,275	238,362	(1,087)	436,453
Repayment of subordinated bonds and bonds with stock acquisition rights	(48,000)	(42,962)	(5,038)	(150,713)
Dividends paid	(46,447)	(33,330)	(13,117)	(33,360)
Proceeds from minority stockholders	–	–	–	25
Dividends paid to minority stockholders	(26,171)	(24,388)	(1,783)	(33,196)
Purchases of treasury stock	(502)	(152)	(350)	(632)
Proceeds from sale of treasury stock	3,936	936	3,000	24,058
Net cash provided by financing activities	117,850	77,465	40,385	137,134
4. Effect of exchange rate changes on cash and cash equivalents	716	(1,763)	2,479	(2,417)
5. Net change in cash and cash equivalents	(205,726)	33,151	(238,877)	628,488
6. Cash and cash equivalents at beginning of year	3,529,479	2,900,991	628,488	2,900,991
7. Change in cash and cash equivalents due to merger of consolidated subsidiaries	3,941	–	3,941	–
8. Change in cash and cash equivalents due to decrease of consolidated subsidiaries	–	(0)	0	(0)
9. Cash and cash equivalents at end of term (year)	3,327,694	2,934,143	393,551	3,529,479

(Note) Amounts less than one million yen have been omitted.

V. SEGMENT INFORMATION

(1) Business segment information

Six months ended September 30, 2004 (Millions of yen)

	Banking business	Leasing	Other	Total	Elimination and unallocated corporate assets	Consolidated
Ordinary income						
(1) External customers	1,226,811	344,806	206,554	1,778,173	–	1,778,173
(2) Intersegment	15,719	10,000	95,613	121,334	(121,334)	–
Total	1,242,531	354,807	302,168	1,899,507	(121,334)	1,778,173
Ordinary expenses	1,210,191	333,222	232,405	1,775,819	(111,747)	1,664,072
Ordinary profit	32,340	21,584	69,763	123,688	(9,587)	114,100

(Notes)

1. The business segmentation is classified based on SMFG's internal administrative purpose.

Ordinary income and ordinary profit are presented as counterparts of sales and operating profit of companies in other industries.

2. "Other" includes securities, credit card, investment banking, loans, venture capital, system development and information processing.

Six months ended September 30, 2003 (Millions of yen)

	Banking business	Leasing	Other	Total	Elimination and unallocated corporate assets	Consolidated
Ordinary income						
(1) External customers	1,276,476	317,650	166,708	1,760,835	–	1,760,835
(2) Intersegment	14,913	9,527	90,622	115,063	(115,063)	–
Total	1,291,389	327,177	257,331	1,875,898	(115,063)	1,760,835
Ordinary expenses	1,168,804	313,395	220,912	1,703,112	(107,786)	1,595,326
Ordinary profit	122,584	13,782	36,418	172,785	(7,277)	165,508

Year ended March 31, 2004 (Millions of yen)

	Banking business	Leasing	Other	Total	Elimination and unallocated corporate assets	Consolidated
Ordinary income						
(1) External customers	2,492,168	674,243	386,098	3,552,510	–	3,552,510
(2) Intersegment	26,911	18,466	182,955	228,333	(228,333)	–
Total	2,519,079	692,709	569,054	3,780,844	(228,333)	3,552,510
Ordinary expenses	2,295,451	658,092	472,737	3,426,281	(216,616)	3,209,665
Ordinary profit	223,627	34,616	96,317	354,562	(11,717)	342,844

(2) Geographic segment information

Six months ended September 30, 2004							(Millions of yen)
	Japan	The Americas	Europe	Asia and Oceania	Total	Elimination and unallocated corporate assets	Consolidated
Ordinary income							
(1) External customers	1,654,502	56,534	31,188	35,947	1,778,173	–	1,778,173
(2) Intersegment	21,527	24,310	2,143	12,142	60,123	(60,123)	–
Total	1,676,029	80,844	33,331	48,090	1,838,296	(60,123)	1,778,173
Ordinary expenses	1,609,260	48,580	28,499	31,670	1,718,011	(53,939)	1,664,072
Ordinary profit	66,768	32,264	4,832	16,419	120,284	(6,184)	114,100

(Notes)

- The geographic segmentation is classified based on the degrees of following factors:
geographic proximity, similarity of economic activities and relationship of business activities among regions.
Ordinary income and ordinary profit are presented as counterparts of sales and operating profit of companies in other industries.
- The Americas includes the United States, Brazil, Canada and others; Europe includes the United Kingdom, Germany and France and others; Asia and Oceania includes Hong Kong, Singapore, Australia and others except Japan.

Six months ended September 30, 2003							(Millions of yen)
	Japan	The Americas	Europe	Asia and Oceania	Total	Elimination and unallocated corporate assets	Consolidated
Ordinary income							
(1) External customers	1,606,056	71,757	43,371	39,649	1,760,835	–	1,760,835
(2) Intersegment	21,629	19,230	2,464	6,062	49,386	(49,386)	–
Total	1,627,685	90,988	45,836	45,712	1,810,221	(49,386)	1,760,835
Ordinary expenses	1,521,296	56,531	37,252	25,388	1,640,469	(45,143)	1,595,326
Ordinary profit	106,388	34,456	8,583	20,323	169,752	(4,243)	165,508

Year ended March 31, 2004							(Millions of yen)
	Japan	The Americas	Europe	Asia and Oceania	Total	Elimination and unallocated corporate assets	Consolidated
Ordinary income							
(1) External customers	3,250,452	135,908	75,566	90,582	3,552,510	–	3,552,510
(2) Intersegment	50,138	39,129	6,113	11,360	106,742	(106,742)	–
Total	3,300,591	175,038	81,680	101,942	3,659,252	(106,742)	3,552,510
Ordinary expenses	3,067,985	109,837	65,586	59,397	3,302,806	(93,140)	3,209,665
Ordinary profit	232,606	65,201	16,093	42,545	356,446	(13,601)	342,844

(3) Ordinary income from overseas operations

Six months ended September 30, 2004				(Millions of yen)
	Consolidated ordinary income from overseas operations (A)	Consolidated ordinary income (B)	(A) / (B)	
Six months ended September 30, 2004	123,670	1,778,173	7.0 %	
Six months ended September 30, 2003	154,778	1,760,835	8.8 %	
Year ended March 31, 2004	302,057	3,552,510	8.5 %	

(Notes)

- Consolidated ordinary income from overseas operations are presented as counterparts of overseas sales of companies in other industries.
- The above table shows ordinary income from transactions of overseas branches of SMBC and transactions of overseas consolidated subsidiaries, excluding internal income. These extensive transactions are not categorized by transaction party and the geographic segment information is not presented because such information is not available.

VI. Products, Orders and Sales

This information is not available because of the specialty of banking business.

[Supplemental Information]

Market Value of Securities and Money Held in Trust

[1] Securities

1. As of September 30, 2004

(Notes)

- In addition to "Securities" stated in the consolidated interim balance sheet, trading securities, commercial paper and short-term corporate bonds classified as "Trading assets," negotiable certificates of deposit bought classified as "Cash and due from banks" and commercial paper and beneficiary claim on loan trust classified as "Commercial paper and other debt purchased" are also included in the amounts of the following tables.
- Stocks of subsidiaries and affiliates that have market value are presented in notes to non-consolidated interim financial statements.

(1) Securities classified as trading purposes

As of and for the six months ended September 30, 2004	(Millions of yen)	
	Consolidated balance sheet amount	Valuation gains (losses) included in profit/loss during the term
Securities classified as trading purposes	1,209,190	(2,548)

(2) Bonds classified as held-to-maturity with market value

As of September 30, 2004	(Millions of yen)				
	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds	508,400	502,551	(5,848)	1,684	7,533
Japanese local government bonds	-	-	-	-	-
Japanese corporate bonds	-	-	-	-	-
Other	36,235	36,794	558	681	122
Total	544,636	539,346	(5,289)	2,365	7,655

(Note) Market value is calculated using the market price at the interim term-end.

(3) Other securities with market value

As of September 30, 2004	(Millions of yen)				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	2,035,061	2,616,748	581,686	637,425	55,738
Bonds	13,744,918	13,686,800	(58,118)	18,409	76,527
Japanese government bonds	12,421,472	12,371,625	(49,846)	13,933	63,780
Japanese local government bonds	504,080	497,812	(6,267)	1,094	7,361
Japanese corporate bonds	819,366	817,362	(2,003)	3,381	5,385
Other	4,079,116	4,039,623	(39,492)	8,902	48,395
Total	19,859,096	20,343,172	484,076	664,737	180,661

(Notes)

- Of the total net unrealized gains shown above, 22,199 million yen is included in this term's earnings because of the application of fair value hedge accounting.
- Market value is calculated as follows:

Stocks	Average market price during one month before the interim term-end
Bonds and others	Market price at the interim term-end
- Other securities with market value are considered as impaired if the market value decreases materially below the acquisition cost and such decline is not considered as recoverable. The market value is recognized as the consolidated interim balance sheet amount and the amount of write-down is accounted for as valuation loss (impaired) for this interim term. Valuation loss for this interim term was 39 million yen. The rule for determining "material decline" is as follows and is based on the classification of issuing company under self-assessment of assets.

Bankrupt/ Effectively bankrupt/ Potentially bankrupt issuers	: Market value is lower than acquisition cost.
Issuers requiring caution	: Market value is 30% or more lower than acquisition cost.
Normal issuers	: Market value is 50% or more lower than acquisition cost.

Bankrupt issuers: Issuers that are legally bankrupt or formally declared bankrupt

Effectively bankrupt issuers: Issuers that are not legally bankrupt but regarded as substantially bankrupt

Potentially bankrupt issuers: Issuers that are not bankrupt now, but are perceived to have a high risk of falling into bankruptcy

Issuers requiring caution: Issuers that are identified for close monitoring

Normal issuers: Issuers other than the above four categories of issuers

(4) Held-to-maturity bonds sold during the interim term

There are no corresponding transactions.

(5) Other securities sold during the interim term

Six months ended September 30, 2004	(Millions of yen)		
	Sales amount	Gains on sales	Losses on sales
Other securities	16,678,701	117,923	27,549

(6) Securities with no available market value

As of September 30, 2004	(Millions of yen)
	Consolidated balance sheet amount
Bonds classified as held-to-maturity	
Unlisted foreign securities	3,492
Other	11,290
Other securities	
Unlisted stocks (excluding OTC stocks)	580,961
Unlisted bonds	1,768,325
Unlisted foreign securities	394,347
Other	150,646

(7) Change of classification of securities

There are no corresponding transactions.

(8) Redemption schedule of other securities with maturities and held-to-maturity bonds

As of September 30, 2004	(Millions of yen)			
	1 year or less	More than 1 year to 5 years	More than 5 years to 10 years	More than 10 years
Bonds	2,927,449	7,891,459	2,987,501	2,157,117
Japanese government bonds	2,701,723	5,793,773	2,234,942	2,149,585
Japanese local government bonds	13,233	252,642	231,433	503
Japanese corporate bonds	212,492	1,845,044	521,125	7,028
Other	378,578	2,956,785	417,839	511,709
Total	3,306,028	10,848,244	3,405,341	2,668,827

2. As of September 30, 2003

(Notes)

- In addition to "Securities" stated in the consolidated interim balance sheet, the amounts below include trading securities, commercial paper and short-term corporate bonds (electronic commercial paper) classified as "Trading assets," negotiable certificates of deposit bought classified as "Cash and due from banks" and commercial paper and beneficiary claim on loan trust classified as "Commercial paper and other debt purchased."
- Stocks of subsidiaries and affiliates that have market value are presented in notes to non-consolidated interim financial statements.

(1) Securities classified as trading purposes

As of and for the six months ended September 30, 2003	(Millions of yen)	
	Consolidated balance sheet amount	Valuation gains (losses) included in profit/loss during the term
Securities classified as trading purposes	1,205,895	(1,705)

(2) Bonds classified as held-to-maturity with market value

As of September 30, 2003	(Millions of yen)				
	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds	510,142	498,990	(11,152)	884	12,037
Japanese local government bonds	-	-	-	-	-
Japanese corporate bonds	-	-	-	-	-
Other	21,329	22,379	1,049	1,166	117
Total	531,472	521,369	(10,103)	2,051	12,155

(Note) Market value is calculated using the market price at the interim term-end.

(3) Other securities with market value

As of September 30, 2003	(Millions of yen)				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	2,606,121	3,077,101	470,979	578,166	107,187
Bonds	12,436,715	12,281,842	(154,872)	6,597	161,470
Japanese government bonds	11,240,557	11,103,803	(136,754)	2,865	139,619
Japanese local government bonds	413,692	403,548	(10,143)	924	11,067
Japanese corporate bonds	782,465	774,489	(7,975)	2,808	10,783
Other	4,187,030	4,174,553	(12,477)	20,171	32,649
Total	19,229,867	19,533,496	303,629	604,936	301,307

(Notes)

- Of the total net unrealized gains shown above, 22,029 million yen is included in this term's profit because of the application of fair value hedge accounting.
- Market value is calculated as follows:

Stocks	Average market price during one month before the interim term-end
Bonds and others	Market price at the interim term-end
- Other securities with market value are considered as impaired if the market value decreases materially below the acquisition cost and such decline is not considered as recoverable. The market value is recognized as the consolidated interim balance sheet amount and the amount of write-down is accounted for as valuation loss (impaired) for this interim term. Valuation loss for this interim term was 530 million yen. The rule for determining "material decline" is as follows and is based on the classification of issuing company under self-assessment of assets.

Bankrupt/ Effectively bankrupt/ Potentially bankrupt issuers	: Market value is lower than acquisition cost.
Issuers requiring caution	: Market value is 30% or more lower than acquisition cost.
Normal issuers	: Market value is 50% or more lower than acquisition cost.

Bankrupt issuers: Issuers that are legally bankrupt or formally declared bankrupt
 Effectively bankrupt issuers: Issuers that are not legally bankrupt but regarded as substantially bankrupt
 Potentially bankrupt issuers: Issuers that are not bankrupt now, but are perceived to have a high risk of falling into bankruptcy
 Issuers requiring caution: Issuers that are identified for close monitoring
 Normal issuers: Issuers other than the above four categories of issuers

(4) Held-to-maturity bonds sold during the interim term

Six months ended September 30, 2003	(Millions of yen)			
	Cost of securities sold	Sales amount	Gains on sales	Reason for sales
Japanese government bonds	21,063	21,709	645	A consolidated subsidiary, THE MINATO BANK, LTD. ("Minato") changed its investment policy.
Japanese local government bonds	23,060	23,796	736	
Total	44,123	45,506	1,382	

(5) Other securities sold during the interim term

Six months ended September 30, 2003	(Millions of yen)		
	Sales amount	Gains on sales	Losses on sales
Other securities	15,761,524	145,995	95,693

(6) Securities with no available market value

As of September 30, 2003	(Millions of yen)
	Consolidated balance sheet amount
Bonds classified as held to maturity	
Unlisted foreign securities	5,411
Other	10,112
Other securities	
Unlisted stocks (excluding OTC stocks)	338,389
Unlisted bonds	1,457,321
Unlisted foreign securities	325,123
Other	109,236

(7) Change of classification of securities

Minato changed its investment policy and sold some of the held-to-maturity bonds during this interim term. As a result, Minato changed the classification of the remaining bonds that Minato holds, 28,281 million yen, from "held-to-maturity" to "other securities" pursuant to Article 83 of the "Practical Guidelines for Accounting for Financial Instruments" (JICPA Accounting Committee Report No.14). According to this change of classification, "Securities" increased by 66 million yen and "Deferred tax assets" decreased by 26 million yen, and "Minority interests" and "Net unrealized gains on other securities" increased by 36 million yen and 2 million yen, respectively, compared with the former classification of bonds.

(8) Redemption schedule of other securities with maturities and held-to-maturity bonds

As of September 30, 2003	(Millions of yen)			
	1 year or less	More than 1 year to 5 years	More than 5 years to 10 years	More than 10 years
Bonds	2,916,076	6,936,933	3,780,495	615,803
Japanese government bonds	2,717,215	5,160,392	3,125,480	610,858
Japanese local government bonds	6,726	197,435	198,853	533
Japanese corporate bonds	192,133	1,579,106	456,162	4,411
Other	471,659	2,977,811	434,399	606,081
Total	3,387,735	9,914,745	4,214,895	1,221,884

3. As of March 31, 2004

(Notes)

- In addition to "Securities" stated in the consolidated balance sheet, the amounts below include trading securities, commercial paper and short-term corporate bonds classified as "Trading assets," negotiable certificates of deposit bought classified as "Cash and due from banks" and beneficiary claim on loan trust classified as "Commercial paper and other debt purchased."
- Stocks of subsidiaries and affiliates that have market value are presented in notes to non-consolidated financial statements.

(1) Securities classified as trading purposes

As of and for the year ended March 31, 2004	(Millions of yen)	
	Consolidated balance sheet amount	Valuation gains (losses) included in profit/loss during the year
Securities classified as trading purposes	1,170,727	(1,707)

(2) Bonds classified as held-to-maturity with market value

As of March 31, 2004	(Millions of yen)				
	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds	509,458	500,930	(8,527)	1,739	10,266
Japanese local government bonds	-	-	-	-	-
Japanese corporate bonds	-	-	-	-	-
Other	17,272	18,374	1,101	1,101	-
Total	526,731	519,305	(7,425)	2,840	10,266

(Note) Market value is calculated using the market price at the year-end.

(3) Other securities with market value

As of March 31, 2004	(Millions of yen)				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	2,234,577	2,904,362	669,784	736,878	67,094
Bonds	15,604,771	15,501,515	(103,256)	18,590	121,847
Japanese government bonds	14,028,689	13,939,482	(89,207)	14,225	103,432
Japanese local government bonds	515,362	506,263	(9,098)	1,075	10,173
Japanese corporate bonds	1,060,720	1,055,769	(4,950)	3,289	8,240
Other	5,354,322	5,363,406	9,084	32,047	22,963
Total	23,193,672	23,769,285	575,612	787,517	211,904

(Notes)

- Of the total net unrealized gains shown above, 23,452 million yen is included in this year's profit because of the application of fair value hedge accounting.
- Market value is calculated as follows:

Stocks	Average market price during one month before the year-end
Bonds and others	Market price at the year-end
- Other securities with market value are considered as impaired if the market value decreases materially below the acquisition cost and such decline is not considered as recoverable. The market value is recognized as the consolidated balance sheet amount and the amount of write-down is accounted for as valuation loss (impaired) for the current fiscal year. Valuation loss for the fiscal year was 5,625 million yen. The rule for determining "material decline" is as follows and is based on the classification of issuing company under self-assessment of assets.

Bankrupt/ Effectively bankrupt/ Potentially bankrupt issuers	: Market value is lower than acquisition cost.
Issuers requiring caution	: Market value is 30% or more lower than acquisition cost.
Normal issuers	: Market value is 50% or more lower than acquisition cost.

Bankrupt issuers: Issuers that are legally bankrupt or formally declared bankrupt
 Effectively bankrupt issuers: Issuers that are not legally bankrupt but regarded as substantially bankrupt
 Potentially bankrupt issuers: Issuers that are not bankrupt now, but are perceived to have a high risk of falling into bankruptcy
 Issuers requiring caution: Issuers that are identified for close monitoring
 Normal issuers: Issuers other than the above four categories of issuers

(4) Held-to-maturity bonds sold during the fiscal year

Year ended March 31, 2004	(Millions of yen)			
	Cost of securities sold	Sales amount	Gains on sales	Reason for sales
Japanese government bonds	21,063	21,709	645	A consolidated subsidiary, THE MINATO BANK, LTD. ("Minato") changed its investment policy.
Japanese local government bonds	23,060	23,796	736	
Total	44,123	45,506	1,382	

(5) Other securities sold during the fiscal year

Year ended March 31, 2004	(Millions of yen)		
	Sales amount	Gains on sales	Losses on sales
Other securities	30,640,639	281,085	154,031

(6) Securities with no available market value

As of March 31, 2004	(Millions of yen)
	Consolidated balance sheet amount
Bonds classified as held-to-maturity	
Unlisted foreign securities	3,371
Other	9,713
Other securities	
Unlisted stocks (excluding OTC stocks)	532,446
Unlisted bonds	1,596,199
Unlisted foreign securities	316,217
Other	144,433

(7) Change of classification of securities

During this fiscal year, Minato changed its investment policy and sold some of the held-to-maturity bonds before their maturities. As a result, Minato changed the classification of the remaining bonds that Minato holds, 28,281 million yen, from "held-to-maturity" to "other securities" pursuant to Article 83 of the "Practical Guidelines for Accounting for Financial Instruments" (JICPA Accounting Committee Report No.14). In addition, 12,063 million yen in reclassified bonds were sold during this fiscal year and net gains on sale of 18 million yen were recorded.

As a result of this change of classification, "Securities" increased by 35 million yen and "Deferred tax assets" decreased by 14 million yen, and "Minority interests" and "Net unrealized gains on other securities" increased by 19 million yen and 1 million yen, respectively, compared with the previous classification of bonds.

(8) Redemption schedule of other securities with maturities and held-to-maturity bonds

As of March 31, 2004	(Millions of yen)			
	1 year or less	More than 1 year to 5 years	More than 5 years to 10 years	More than 10 years
Bonds	2,879,079	9,470,889	3,999,979	1,257,227
Japanese government bonds	2,706,787	7,223,369	3,266,491	1,252,292
Japanese local government bonds	7,759	263,194	234,789	519
Japanese corporate bonds	164,531	1,984,324	498,698	4,415
Other	441,373	4,212,911	457,429	538,094
Total	3,320,453	13,683,800	4,457,409	1,795,322

[2] Money Held in Trust

1. As of September 30, 2004

(1) Money held in trust classified as trading purposes

There are no corresponding transactions.

(2) Money held in trust classified as held-to-maturity

There are no corresponding transactions.

(3) Other money held in trust

As of September 30, 2004	(Millions of yen)				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Other money held in trust	3,628	3,783	154	271	116

(Note) Consolidated interim balance sheet amount is calculated using the market price at the interim term-end.

2. As of September 30, 2003

(1) Money held in trust classified as trading purposes

As of and for the six months ended September 30, 2003	(Millions of yen)	
	Consolidated balance sheet amount	Valuation gains (losses) included in profit/loss during the term
Money held in trust classified as trading purposes	7,443	-

(2) Money held in trust classified as held-to-maturity

There are no corresponding transactions.

(3) Other money held in trust

As of September 30, 2003	(Millions of yen)				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Other money held in trust	20,070	20,054	(16)	249	265

(Note) Consolidated interim balance sheet amount is calculated using the market price at the interim term-end.

3. As of March 31, 2004

(1) Money held in trust classified as trading purposes

There are no corresponding transactions.

(2) Money held in trust classified as held-to-maturity

There are no corresponding transactions.

(3) Other money held in trust

As of March 31, 2004	(Millions of yen)				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Other money held in trust	3,628	3,749	121	222	100

(Note) Consolidated balance sheet amount is calculated using the market prices at the fiscal year-end.

[3] Net Unrealized Gains on Other Securities**1. As of September 30, 2004**

Net unrealized gains on other securities that is reported on the consolidated interim balance sheet is as follows:

As of September 30, 2004	(Millions of yen)
Net unrealized gains	462,018
Other securities	461,863
Other money held in trust	154
(-) Deferred tax liabilities	187,970
Net unrealized gains on other securities (before following adjustment)	<u>274,048</u>
(-) Minority interests	4,981
(+) SMFG's interest in net unrealized gains on valuation of other securities held by affiliates accounted for by the equity method	<u>1,185</u>
Net unrealized gains on other securities	<u><u>270,252</u></u>

(Notes)

1. Of the total net unrealized gains shown above, 22,199 million yen is included in this term's earnings because of the application of fair value hedge accounting.
2. Net unrealized gains included foreign currency translation adjustments on non-marketable securities denominated in foreign currency.

2. As of September 30, 2003

Net unrealized gains on other securities that is reported on the consolidated interim balance sheet is as follows:

As of September 30, 2003	(Millions of yen)
Net unrealized gains	281,549
Other securities	281,565
Other money held in trust	(16)
(-) Deferred tax liabilities	110,389
Net unrealized gains on other securities (before following adjustment)	<u>171,159</u>
(-) Minority interests	(4,343)
(+) SMFG's interest in net unrealized gains on valuation of other securities held by affiliates accounted for by the equity method	<u>722</u>
Net unrealized gains on other securities	<u><u>176,225</u></u>

(Notes)

1. Of the total net unrealized gains shown above, 22,029 million yen is included in this term's earnings because of the application of fair value hedge accounting.
2. Net unrealized gains included foreign currency translation adjustments on non-marketable securities denominated in foreign currency.

3. As of March 31, 2004

Net unrealized gains on other securities that is reported on the consolidated balance sheet is shown as follows:

As of March 31, 2004	(Millions of yen)
Net unrealized gains	552,271
Other securities	552,149
Other money held in trust	121
(-) Deferred tax liabilities	225,309
Net unrealized gains on other securities (before following adjustment)	<u>326,962</u>
(-) Minority interests	3,207
(+) SMFG's interest in net unrealized gains on valuation of other securities held by affiliates accounted for by the equity method	<u>1,258</u>
Net unrealized gains on other securities	<u><u>325,013</u></u>

(Notes)

1. Of the total net unrealized gains shown above, 23,452 million yen is included in this fiscal year's earnings because of the application of fair value hedge accounting.
2. Net unrealized gains included foreign currency translation adjustments on non-marketable securities denominated in foreign currency.

Market Value Information on Derivative Transactions

Please refer to EDINET system (<http://www.fsa.go.jp/edinet/edinet.html>) after the middle of December, 2004 (available in Japanese). SMFG will also disclose derivative information on our Interim Financial Report that will be issued in late January.