

### **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.