

Sumitomo Mitsui Financial Group, Inc. (SMFG)

Non-consolidated Financial Results for the Six Months ended September 30, 2004

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

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

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

President and 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.

	Operating Income		Operating Profit		Ordinary Profit		Net Income		Net Income per Share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Six Months ended September 30, 2004	205,265	—	203,953	—	203,119	—	202,194	—	34,489.13
ended September 30, 2003	7,146	—	5,637	—	5,035	—	4,829	—	833.45
Fiscal Year ended March 31, 2004	55,515		52,470		51,188		50,505		3,704.49

Notes: 1. Average number of common stocks outstanding

(a) for the six months ended September 30, 2004: 5,862,553 shares (b) for the six months ended September 30, 2003: 5,794,872 shares

(c) for the fiscal year ended March 31, 2004 : 5,794,588 shares

2. There is no change in accounting methods.

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

(2) Dividends (Common stock) Please see the next page for information of the preferred stock.

	Interim Dividends per Share	Annual Dividends per Share
Six Months ended September 30, 2004	¥ 0	—
ended September 30, 2003	¥ 0	—
Fiscal Year ended March 31, 2004	—	¥ 3,000

(3) Financial Position

	Total Assets	Stockholders' Equity	Stockholders' Equity to Total Assets	Stockholders' Equity per Share
	¥ million	¥ million	%	¥
September 30, 2004	3,558,800	3,328,039	93.5	279,738.68
September 30, 2003	3,357,722	3,127,494	93.1	229,727.04
March 31, 2004	3,403,007	3,172,721	93.2	232,550.74

Notes: 1. Number of common stocks outstanding

(a) as of September 30, 2004: 6,202,692 shares (b) as of September 30, 2003: 5,794,692 shares (c) as of March 31, 2004: 5,793,940 shares

2. Number of treasury stocks

(a) as of September 30, 2004: 2,686 shares (b) as of September 30, 2003: 1,318 shares (c) as of March 31, 2004: 2,069 shares

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

	Operating Income	Ordinary Profit	Net Income	Dividends per Share (Annual)	
				Year-end	
	¥ million	¥ million	¥ million	¥	¥
Fiscal Year ending March 31, 2005	260,000	255,000	255,000	4,000	4,000

(Reference) Forecasted net income per share for the fiscal year ending March 31, 2005 is 39,261.16 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)

	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	5,862,553	5,794,872	5,794,588
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

	As of September 30, 2004	As of September 30, 2003	As of March 31, 2004
Common stock	6,202,692	5,794,692	5,793,940
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

(Note) Change in the number of shares outstanding during the interim term is as follows:

		Number of shares issued	Issue price	Capitalized Amount
Conversion of Preferred stock (type 1) to Common stock	Common stock	101,362.06	–	–
	Preferred stock (type 1)	(32,000)	–	–
Conversion of Preferred stock (type 3) to Common stock	Common stock	300,343.25	–	–
	Preferred stock (type 3)	(105,000)	–	–
Conversion of Preferred stock (13th series type 4) to Common stock	Common stock	7,663.34	–	–
	Preferred stock (13th series type 4)	(797)	–	–

Dividends per share

	For the Six Months ended September 30, 2004	For the Six Months ended September 30, 2003	For the Fiscal Year ended March 31, 2004
	Interim dividends	Interim dividends	Annual dividends
Common stock	¥ 0	¥ 0	¥ 3,000
Preferred stock (type 1)	¥ 0	¥ 0	¥ 10,500
Preferred stock (type 2)	¥ 0	¥ 0	¥ 28,500
Preferred stock (type 3)	¥ 0	¥ 0	¥ 13,700
Preferred stock (1st to 12th series type 4)	¥ 0	¥ 0	¥ 135,000
Preferred stock (13th series type 4)	¥ 0	¥ 0	¥ 67,500

Forecast of Dividends per Share

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

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

- Forecasted Net Income per Share:

Forecasted net income – Forecasted preferred stock dividends

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.

NON-CONSOLIDATED BALANCE SHEETS

September 30, 2004 and 2003, and March 31, 2004	(Millions of yen, %)					
	September 30			March 31, 2004		
	2004		2003		(Condensed)	
Assets		%		%		%
Current assets						
Cash and due from banks	27,259		61,841		98,159	
Current portion of long-term loans to subsidiaries and affiliates	40,000		—		—	
Other current assets	40,931		3,613		12,789	
Total current assets	<u>108,191</u>	3.1	<u>65,455</u>	2.0	<u>110,948</u>	3.3
Fixed assets						
Premises and equipment	3		0		0	
Intangible assets	48		34		47	
Investments and other assets	3,449,803		3,291,175		3,291,105	
Investments in subsidiaries and affiliates	3,446,462		3,246,072		3,246,462	
Long-term loans to subsidiaries and affiliates	—		40,000		40,000	
Deferred tax assets	3,340		5,102		4,642	
Total fixed assets	<u>3,449,854</u>	96.9	<u>3,291,210</u>	98.0	<u>3,291,153</u>	96.7
Deferred charges	<u>754</u>	0.0	<u>1,056</u>	0.0	<u>905</u>	0.0
Total assets	<u><u>3,558,800</u></u>	100.0	<u><u>3,357,722</u></u>	100.0	<u><u>3,403,007</u></u>	100.0
Liabilities						
Current liabilities						
Short-term borrowings	230,000		230,000		230,000	
Reserve for employees bonuses	54		76		84	
Other current liabilities	706		151		201	
Total current liabilities	<u>230,761</u>	6.5	<u>230,228</u>	6.9	<u>230,286</u>	6.8
Total liabilities	<u>230,761</u>	6.5	<u>230,228</u>	6.9	<u>230,286</u>	6.8
Stockholders' equity						
Capital stock	1,247,650	35.0	1,247,650	37.1	1,247,650	36.7
Capital surplus						
Capital reserve	1,247,762		1,247,762		1,247,762	
Other capital surplus	499,524		499,501		499,510	
Total capital surplus	<u>1,747,286</u>	49.1	<u>1,747,263</u>	52.0	<u>1,747,273</u>	51.3
Retained earnings						
Voluntary reserve	30,420		30,420		30,420	
Unappropriated retained earnings	304,073		102,624		148,300	
Total retained earnings	<u>334,493</u>	9.4	<u>133,044</u>	4.0	<u>178,720</u>	5.2
Treasury stock	<u>(1,390)</u>	(0.0)	<u>(463)</u>	(0.0)	<u>(921)</u>	(0.0)
Total stockholders' equity	<u>3,328,039</u>	93.5	<u>3,127,494</u>	93.1	<u>3,172,721</u>	93.2
Total liabilities and stockholders' equity	<u><u>3,558,800</u></u>	100.0	<u><u>3,357,722</u></u>	100.0	<u><u>3,403,007</u></u>	100.0

NON-CONSOLIDATED STATEMENTS OF INCOMESix months ended September 30, 2004 and 2003, and
Year ended March 31, 2004

	Six months ended						(Millions of yen, %)			
	September 30						Year ended			
	2004		2003		March 31, 2004 (Condensed)					
Operating income										
Dividends on investments in subsidiaries and affiliates	201,285		3,020			47,332				
Fees and commissions received from subsidiaries	3,558		3,707			7,341				
Interest income on loans to subsidiaries and affiliates	420	205,265	100.0	419	7,146	100.0	841	55,515	100.0	
Operating expenses										
General and administrative expenses		1,312	0.6		1,508	21.1		3,044	5.5	
Operating profit		203,953	99.4		5,637	78.9		52,470	94.5	
Non-operating income		113	0.1		109	1.5		121	0.2	
Non-operating expenses		947	0.5		712	9.9		1,403	2.5	
Ordinary profit		203,119	99.0		5,035	70.5		51,188	92.2	
Income before income taxes		203,119	99.0		5,035	70.5		51,188	92.2	
Income taxes:										
Current		1			1			3		
Refund		329			—			—		
Deferred		1,252	924	0.5	204	205	2.9	679	683	1.2
Net income		202,194	98.5		4,829	67.6		50,505	91.0	
Unappropriated retained earnings carried forward		101,878			97,298			97,298		
Transfer from earned surplus reserve		—			496			496		
Unappropriated retained earnings at end of term (year)		<u>304,073</u>			<u>102,624</u>			<u>148,300</u>		

Significant Accounting Policies for Non-consolidated Interim Financial Statements

1. Valuation of securities
Investments in subsidiaries and affiliates, and other securities without market value are carried at cost using the moving-average method.
2. Depreciation of fixed assets
 - (1) Premises and equipment
Premises and equipment owned by Sumitomo Mitsui Financial Group, Inc. (SMFG) are depreciated using the straight-line method for premises and the declining-balance method for equipment.
 - (2) Intangible assets
SMFG computes depreciation for capitalized software for internal use using the straight-line method over its estimated useful life (five years).
3. Reserve
Reserve for employee bonuses is provided for payment of bonuses to employees, in the amount of estimated bonuses attributable to this interim term.
4. Lease transactions
Financing leases, excluding those in which the ownership of the property is transferred to the lessee, are accounted for in the same method as operating leases.
5. Consumption taxes
National and local consumption taxes are accounted for using the tax-excluded method.

Additional Information

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, enterprise taxes that are calculated based on “amount of added value” and “amount of capital” 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).

Notes to Non-consolidated Interim Balance Sheet

1. Amounts less than one million yen have been omitted.
2. Accumulated depreciation of premises and equipment was 0 million yen.
3. Subordinated loans
Current portion of long-term loans to subsidiaries and affiliates are subordinated loans.
4. Contingent liabilities
SMFG guarantees the Deposit Protection Fund within the Association of German Banks for the return of up to 55,234 million yen in customers’ deposits at SMBC’s Düsseldorf Branch.

Notes to Non-consolidated Interim Statement of Income

1. Amounts less than one million yen have been omitted.
2. Non-operating expenses include interest on borrowings of 438 million yen and amortization of organization costs of 150 million yen.
3. Depreciation for the interim term is as follows:

fixed assets	0 million yen
intangible assets	6 million yen.

Securities

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

Subsequent Events

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).