

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).