

Figures in the charts are round numbers. Figures in parenthesis indicate loss or decrease.

November 22, 2004

**Announcement of Financial Results  
for the Six Months ended September 30, 2004**

We would now like to explain our financial results for the six months ended September 30, 2004, by using the two reports, *Financial Results for the Six Months ended September 30, 2004*, and *Financial Results for the Six Months ended September 30, 2004 Supplementary Information*.

The *Financial Results* of Sumitomo Mitsui Financial Group (“SMFG”) is provided pursuant to the listing rules. Financial statements of Sumitomo Mitsui Banking Corporation (“SMBC”) are provided at the end of SMFG’s *Supplementary Information* as “Reference.”

Let us look at the *Supplementary Information*. In this report, <Non-consolidated> indicates SMBC’s non-consolidated figures and <Consolidated> indicates SMFG’s consolidated figures if not otherwise specified.

**<SMBC Non-consolidated Financial Results>**

Please look at page 1. This is an overview of SMBC’s non-consolidated financial results. In line 22, Banking profit excluding transfer to general reserve for possible loan losses was JPY 471.6 billion, a JPY 27.7 billion decrease year over year.

Gross banking profit, shown in line 1, was JPY 762.7 billion, a decrease of JPY 32.6 billion year over year. The profit decline was due to the decrease in profits of the Treasury Unit, which were at a high level in FY2003, despite steady increases in profits of the marketing units.

Meanwhile, Expenses shown in line 18 fell year over year by JPY 4.9 billion, to JPY 291.1 billion, as a result of further workforce streamlining and so on.

<SMBC Non-consolidated>

(Billions of yen)

		Six months ended Sep. 30, 2004	Change	Six months ended Sep. 30, 2003
Gross banking profit	1	762.7	(32.6)	795.3
Expenses (excluding non-recurring losses)	18	(291.1)	4.9	(296.0)
Banking profit (excluding transfer to general reserve for possible loan losses)	22	471.6	(27.7)	499.3

Let us move on to Non-recurring gains (losses). Total credit cost, calculated by adding the amount of Credit related costs in line 28 and Transfer to general reserve for possible loan losses in line 24, was JPY 455.8 billion as shown in line 56 at the bottom of the page.

Credit cost consists of cost of work-outs for halving the problem asset ratio and cost related to increasing loan loss reserves to prepare better for future credit risks.

<SMBC Non-consolidated>

(Billions of yen)

		Six months ended Sep. 30, 2004	Change	Six months ended Sep. 30, 2003
Transfer to general reserve for possible loan losses	24	349.7	349.7	-
Non-recurring gains (losses)	27	(696.1)	(302.0)	(394.1)
Credit related costs	28	(805.5)	(431.9)	(373.6)
Extraordinary gains (losses)	40	(12.1)	(49.9)	37.8
Reversal of loan loss reserves	45	-	(13.8)	13.8
Reversal of reserve for losses on loans sold	49	-	(0.4)	0.4
Total credit cost (24+28+45+49)	56	(455.8)	(96.4)	(359.4)

Now looking at Gains (losses) on stocks in line 34, despite Losses on devaluation of stocks (line 37) of JPY 14.8 billion due to devaluation of unlisted stocks, foreign stocks, and so on, there was a net gain of JPY 44.8 billion (JPY 26.0 billion increase year over year) thanks to Gains on sale of stocks as a result of the reduction of stockholdings.

<SMBC Non-consolidated>

(Billions of yen)

		Six months ended Sep. 30, 2004	Change	Six months ended Sep. 30, 2003
Gains (losses) on stocks	34	44.8	26.0	18.8
Gains on sale of stocks	35	60.0	9.1	50.9
Losses on sale of stocks	36	(0.4)	24.3	(24.7)
Losses on devaluation of stocks	37	(14.8)	(7.4)	(7.4)

The amount of stockholdings sold was approximately JPY 200 billion.

These items added up to Ordinary profit of JPY 125.2 billion (JPY 20.0 billion increase year over year) as shown in line 39.

Extraordinary gains (losses) was a net loss of JPY 12.1 billion as shown in line 40. Extraordinary gains (losses) decreased by JPY 49.9 billion compared with the first half of FY2003, in which there was Reversal of loan loss reserves (JPY 13.8 billion in line 45) and Refund of enterprise tax from the Tokyo Government and interest on the refund (JPY 40.3 billion in line 50).

Regarding income taxes, there was a refund of income tax of JPY 7.4 billion mainly due to the refund from overseas governments, as shown in line 53.

Also, deferred income tax was JPY 0.2 billion, as shown in line 54.

As a result, in line 55, we can see Net income of JPY 118.6 billion, a year-over-year decrease of JPY 21.0 billion.

<SMBC Non-consolidated>

(Billions of yen)

		Six months ended Sep. 30, 2004	Change	Six months ended Sep. 30, 2003
Ordinary profit	39	125.2	20.0	105.2
Extraordinary gains (losses)	40	(12.1)	(49.9)	37.8
Reversal of loan loss reserves	45	-	(13.8)	13.8
Refund of enterprise tax from Tokyo Government and interest on the refund	50	-	(40.3)	40.3
Income before income taxes	51	113.1	(29.9)	143.0
Income taxes, current	52	(1.7)	10.9	(12.6)
Income taxes, refund	53	7.4	7.4	-
Income taxes, deferred	54	(0.2)	(9.4)	9.2
Net income	55	118.6	(21.0)	139.6

#### <SMFG Consolidated Financial Results>

Let us now look at SMFG's consolidated financial results on the next page. SMFG additionally provided reserve for possible loan losses at the subsidiaries engaged in loan guarantees in order to strengthen SMFG's financial position. As a result, Credit related costs reached JPY 612.8 billion as shown in line 8. Consequently, Ordinary profit was JPY 114.1 billion (as shown in line 16) and Net income was JPY 53.4 billion (as shown in line 23).

<SMFG Consolidated>

(Billions of yen)

		Six months ended Sep. 30, 2004	Change	Six months ended Sep. 30, 2003
Consolidated gross profit	1	1,020.0	(29.2)	1,049.1
General and administrative expenses	7	(423.6)	24.5	(448.1)
Credit related costs	8	(612.8)	(171.3)	(441.5)
Gains (losses) on stocks	13	48.8	28.2	20.6
Equity in earnings of affiliates	14	12.9	4.8	8.0
Other income (expenses)	15	68.9	91.5	(22.6)
Ordinary profit	16	114.1	(51.4)	165.5
Net income	23	53.4	(90.1)	143.5

### <Unrealized Gains (Losses) on Securities>

Next, let us look at page 4 for Unrealized gains (losses) on securities. Figures of non-consolidated Unrealized gains (losses) on securities portfolio of SMBC are shown in the middle of the page. In the table, you can find Unrealized gains on Other securities totaling JPY 457.4 billion, consisting of gains on Stocks (JPY 558.9 billion), losses on Bonds (JPY 62.2 billion), and losses on Others (JPY 39.3 billion).

<SMBC Non-consolidated>

(Billions of yen)

		Sep. 30, 2004		
		Net unrealized gains (losses)		
		Change from Mar. 31, 2004	Gains	Losses
Other securities	457.4	(98.8)	628.3	(170.9)
Stocks	558.9	(92.2)	607.7	(48.8)
Bonds	(62.2)	39.7	13.3	(75.4)
Others	(39.3)	(46.3)	7.3	(46.6)

### <BIS Capital Ratio>

Next, we would like to explain about the consolidated BIS capital ratio on page 7. As you can see, the preliminary figure of the consolidated BIS capital ratio as of September 30, 2004 was 10.93%, a 0.44% decrease compared with March 31, 2004, due to the increase in Risk-adjusted assets as a result of focusing on lending business to high credit customers in the country and overseas.

<SMFG Consolidated>

		Sep. 30, 2004 [Preliminary]	Change	Mar. 31, 2004
Capital ratio (%)		10.93	(0.44)	11.37

### <Non-Performing Loans>

Let us now move on to page 8, which shows the situation of non-performing loans.

The breakdown of Problem assets based on the Financial Reconstruction Law is:

Bankrupt and quasi-bankrupt assets:	JPY 581.1 billion (a JPY 219.5 billion increase compared with March 31, 2004)
Doubtful assets:	JPY 1,124.1 billion (a JPY 78.6 billion decrease compared with March 31, 2004)
Substandard loans:	JPY 779.2 billion (a JPY 467.7 billion decrease compared with March 31, 2004)

The aggregate amount was JPY 2,484.4 billion (a JPY 326.8 billion decrease compared with March 31, 2004), achieving the original target of reducing the balance to less than JPY 2,500 billion.

Meanwhile, Problem asset ratio, a ratio of Problem assets to Total assets including Normal assets, was 4.4%, achieving the target of halving the Problem asset ratio as of March 31, 2002, 8.9%, six months ahead of the schedule.

<SMBC Non-consolidated>		(Billions of yen, %)	
		Sep. 30, 2004	
			Change from Mar. 31, 2004
Bankrupt and quasi-bankrupt assets	581.1	219.5	
Doubtful assets	1,124.1	(78.6)	
Substandard loans	779.2	(467.7)	
Total (A)	2,484.4	(326.8)	
Normal assets	53,673.4	799.0	
Total (B)	56,157.8	472.2	
Problem asset ratio (A/B)	4.4	(0.6)	

\*Excerpted from the  
Supplementary  
Information page11

The Reserve ratio for each category of borrowers is:

- 100% for the unsecured portion of Bankrupt and quasi-bankrupt assets
- 77.3% for the JPY 662.5 billion unsecured portion of Doubtful assets
- 38.7% for the unsecured portion of Substandard loans

For Normal assets, the Reserve ratio for total claims on Borrowers requiring caution excluding Substandard borrowers was 3.8%, and the Reserve ratio for total claims on Normal borrowers was 0.1%.

The progress in “off-balancing” of Problem assets is summarized on pages 12 to 14. The total amount off-balanced in the first half of FY2004 was JPY 904.0 billion, as shown in the Reference of page 14.

**<Deferred Tax Assets>**

On pages 20 to 22, an explanation of Deferred tax assets for SMBC non-consolidated is provided.

First, on page 20, the amount of Net deferred tax assets on the Balance Sheet and the breakdown by factors are provided. The amount of Deferred tax assets recorded in the Balance Sheet as of September 30, 2004 was JPY 1,631.6 billion as shown in line 17, a JPY 41.1 billion increase compared with March 31, 2004. This increase was mainly due to the decrease in Net unrealized gains on other securities as shown in line 20. Major components of Deferred tax assets are items related to write-off of non-performing loans and reserve for possible loan losses, items related to write-offs and revaluation of securities, and items related to Net operating loss carryforwards.

<SMBC Non-consolidated>		(Billions of yen)		
		Sep. 30, 2004	Change	Mar. 31, 2004
Net deferred tax assets (Balance sheet amount)	17	1,631.6	41.1	1,590.5
Amounts corresponding to the estimated taxable income before adjustments	18	1,733.4	3.8	1,729.6
Amounts to be realized after more than a certain period	19	75.1	(2.3)	77.4
Amount corresponding to the deferred tax liabilities related to Net unrealized gains on other securities	20	(176.9)	39.6	(216.5)

Please also see “(2) Reason for Recognition of Deferred Tax Assets” on page 21 and “(Reference 2) Explanatory Example of Deferred Tax Asset Estimation” on page 22.

**< Earnings Forecast for FY2004 >**

Lastly, we will explain about the earnings forecast for FY2004, which you can see on page 23. The earnings forecast for FY2004 is the same as we have announced on October 29, 2004.

Let us look at SMFG’s non-consolidated earnings forecast for FY2004. We forecast

Operating income of JPY 260.0 billion, Ordinary profit of JPY 255.0 billion and Net income of JPY 255.0 billion.

<SMFG Non-consolidated>	(Billions of yen)
	<b>FY2004 Forecast</b>
Operating income	260.0
Ordinary profit	255.0
Net income	255.0

SMFG is planning to pay dividends totaling JPY 50.4 billion, with dividend per common stock of JPY 4,000, which is a JPY 1,000 increase compared with FY2003, and dividends per preferred stocks as originally set.

Next, let us look at SMFG's consolidated earnings forecast for FY2004 shown in the middle of the page. Ordinary profit and Net income are expected to be JPY 470.0 billion and JPY 180.0 billion respectively.

SMBC's non-consolidated earnings forecast for FY2004 is shown at the bottom of the page. We expect:

Banking profit (excluding transfer to general reserve for possible loan losses)	: JPY 980.0 billion
Ordinary profit:	: JPY 440.0 billion
Net income	: JPY 250.0 billion
Total credit cost	: JPY 650.0 billion

On the next page, we have attached the Progress in the Management Policy in FY2004 as "Reference."

Our management policy in FY2004 is:

1. Completion of Intensive Improvement in Asset Quality
2. Accelerating the Offensive in Strategic Businesses

First, as for the intensive improvement in asset quality, we have achieved the target of halving the Problem asset ratio six months ahead of schedule.

Furthermore, we plan to reduce the balance of Problem assets to less than JPY 2.0 trillion and the Problem asset ratio to less than 4.0% by the end of March 2005.

Meanwhile, we expect a situation where credit cost is generated at “cruising speed” after FY2004 because we have increased loan loss reserves to prepare better for future credit risks during the first half of FY2004.

Second, we have sold approximately JPY 200 billion in stocks during the first half of FY2004. We plan to reduce our stockholdings further.

Third, with regard to the acceleration of the offensive in strategic businesses, we have achieved Banking profit (excluding transfer to general reserve for possible loan losses) of JPY 471.6 billion in the first half of FY 2004, exceeding the original plan (460.0 billion), mainly due to the increase in marketing units’ profits thanks to the steadily expanding loans to SMEs, financial consulting business for individuals, investment banking business, etc. We will continue to further reinforce our competitive advantages in these strategic businesses, as well as aim for an early establishment of revenue bases by strengthening the consumer finance business under the strategic alliance with Promise Co., Ltd., the Asian business, and so on.

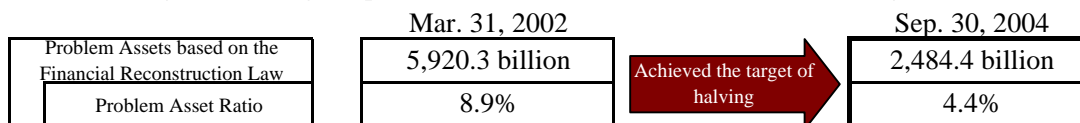


# (Reference) Progress in the Management Policy in FY2004

## 1. Completion of Intensive Improvement in Asset Quality

### Putting behind the NPL problem

- \* Achieved the target of halving the problem asset ratio six months ahead of the original schedule



=> Planning to reduce the balance to less than 2 trillion yen (and the Problem Asset Ratio to less than 4.0%) by the end of March 2005

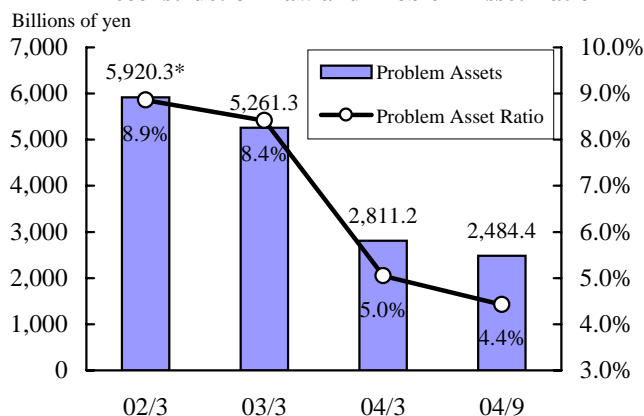
- \* Increased loan loss reserves to prepare better for future credit risks
- \* Additionally provided reserve for possible loan losses at the subsidiaries engaged in loan guarantees, in order to improve SMFG's financial soundness on a consolidated basis

Leading to a situation where credit costs is generated at "cruising speed" after FY2004, due to the reduction of future credit risk exposures

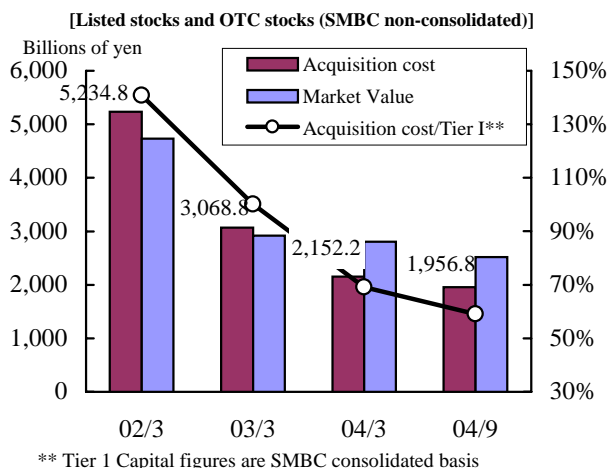
### Further reduction of stockholdings

- \* Sold approximately 200 billion yen during the first half of FY2004 => Planning to reduce further

(Ref. 1) Problem Assets Based on the Financial Reconstruction Law and Problem Asset Ratio



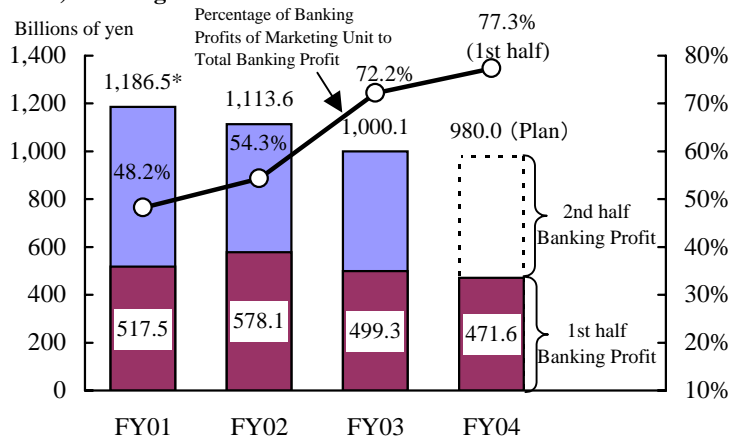
(Ref. 2) Stockholdings



## 2. Accelerating the Offensive in Strategic Businesses

- \* Banking profit (excluding transfer to general reserve for possible loan losses) in the first half of FY2004 reached 471.6 billion yen, exceeding the original plan (460.0 billion), mainly due to the increase in marketing units' profits

(Ref. 3) Banking Profits



### Further reinforcement of competitive advantages

- Loans to SMEs
- Financial consulting for individuals
- Investment banking business

Steadily expanding

### Early establishment of revenue base

- Consumer Finance
  - => Strategic alliance with Promise Co., Ltd.
- Asian Business
  - => Strengthening and reorganizing marketing channels in Asia

This material 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.