Sumitomo Mitsui Financial Group, Inc.

Major Questions and Answers on the Financial Results for the Six Months ended September 30, 2004

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.

The followings are frequent questions and answers on the financial results for the six months ended September 30, 2004, announced on November 22, 2004.

1. SMBC's Financial Results for the Six Months ended September 30, 2004

Q. What were the reasons for the year-over-year change in Banking profit?

A. Gross banking profit decreased by JPY 32.6 billion due to the decrease in profits of the Treasury Unit, which were at a high level in the FY2003, though profits of the marketing units increased steadily mainly due to the increase in non-interest income generated from arrangement of loan syndication as well as sales of pension-type insurance, and so on. On the other hand, Expenses were JPY 4.9 billion lower thanks to the continued streamlining of the workforce, etc. Consequently, Banking profit was JPY 471.6 billion, a JPY 27.7 billion decrease year over year. Nevertheless, Banking profit was JPY 11.6 billion higher than in our original plan announced in May 2004, mainly because Gross banking profit was JPY 7.7 billion higher than originally planned.

Q. What was the progress in reducing Expenses?

A. In the first half of FY 2004, Expenses fell by JPY 4.9 billion year over year to JPY 291.1 billion. The reduction in Personnel expenses exceeded the amount increased due to the allocation of resources to strategic businesses, such as new unsecured loans to small- and medium-sized enterprises (SMEs) and mortgage loans, as well as the increase in taxes due to the introduction of enterprise taxes through external standards taxation in FY2004. The number of employees fell by 1,407 year over year to 22,431.

2. SMBC's Balance Sheet

Q. What was the reason for the change in loan balance?

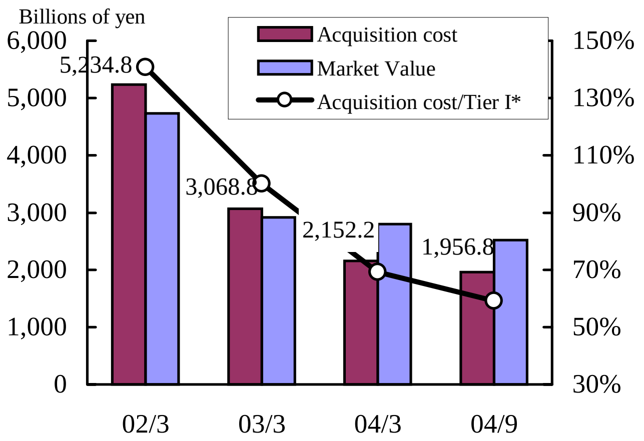
A. The loan balance as of September 30, 2004 decreased by JPY 86.5 billion from March 31, 2004. Domestic loans decreased by approximately JPY 430.0 billion, while overseas loans increased by approximately JPY 340.0 billion.

Domestic loans decreased mainly due to the reduction of Risk-monitored loans in the first half of FY2004. However, the changes in the balance of domestic marketing units have turned positive since the second half of FY2003 mainly due to the reinforcement of new unsecured loans to SMEs and mortgage loans.

Q. Was the reduction of stockholdings progressing? What's your strategy hereafter?

A. We sold approximately JPY 200.0 billion of stocks in the first half of FY2004. We continue to reduce stockholdings by selling stocks at optimal opportunities without affecting stock markets, in order to further reduce the exposure to stock price fluctuations.

< **Reduction of Stockholdings** >
[Listed stocks and OTC stocks (SMBC non-consolidated)]



* Tier I Capital figures are SMBC consolidated basis

Q. What were the reasons for the increase in the balance sheet amount of Net deferred tax assets, while revising down the earnings forecast for FY2004?

A. Balance sheet amount of Net deferred tax assets as of September 30, 2004, was JPY1,631.6 billion, an increase of JPY 41.1 billion compared with March 31, 2004, mainly due to a JPY 39.6 billion decrease in the Deferred tax liabilities related to Net unrealized gains on other securities (Deferred tax assets are recognized on the balance sheet on a net basis after offsetting against deferred tax liabilities). The taxable income for the next 5 years ("the amount of estimated future taxable income before adjustments”), which is the basis for recognizing deferred tax assets, is estimated conservatively, with conducting stress tests that reflects the uncertainty of the Banking profit projections and the disposal of non-performing loans.

3. SMBC's Asset Quality

Q. What were the reasons for the decrease in Problem assets based on the Financial Reconstruction Law ("Problem assets")?

A. We designated FY2003 and FY2004 as the "intensive resolution period" of non-performing loans (NPLs) and accelerated their disposal, setting the target of halving the Problem asset ratio of 8.9% (as of March 31, 2002) by March 31, 2005. As we reduced Problem assets by JPY 326.8 billion in the first half of FY2004, Problem assets as of September 30, 2004 was JPY 2,484.4 billion and Problem asset ratio was 4.4%, achieving the target of halving the Problem asset ratio six months ahead of the original schedule.

As for the breakdown of the change of Problem assets, the balance of Bankrupt and quasi-bankrupt assets increased by JPY 219.5 billion, Doubtful assets decreased by JPY 78.6 billion, and Substandard loans decreased by JPY 467.7 billion.

Q. Why did Total credit cost increase to JPY455.8 billion, compared with the original plan of JPY 250.0 billion announced in May 2004. Please explain a breakdown of Total credit cost as well.

A. Total credit cost was higher than originally planned, because credit cost had increased in the process of reducing Problem assets to less than JPY 2,500.0 billion and achieving the target of halving the Problem asset ratio six months ahead of the original schedule and because we had increased loan loss reserves to prepare better for future credit risks, thereby ensuring that credit costs will be incurred at "cruising speed" after FY2004.

We recognized approximately JPY 70.0 billion in cost for "off-balancing" and approximately JPY 385.0 billion in cost related to deterioration of borrowers' financial conditions.

Q. What were the reserve ratios for Problem assets? What were the reasons for the decrease in the reserve ratio for Doubtful assets?

A. The reserve ratio for the unsecured portion of total Problem assets was 64.8%, a 5.3% increase compared with March 31, 2004.

The reserve ratio for the unsecured portion of Bankrupt and quasi-bankrupt assets was 100%, that of Doubtful assets was 77.3% and that of Substandard loans was 38.7%. The reserve ratio for Doubtful assets decreased 6.3% from March 31, 2004, mainly due to the progress in disposing the NPLs for which loan loss reserves were provisioned relatively high.

Problem assets are assessed and reserved adequately under the rules of self-assessment and the criteria of write-offs/reserves, thoroughly taking into account borrowers' financial conditions and economic circumstances.

Q. What was the amount of credit cost on a consolidated basis? What were the reasons for the difference between the consolidated and non-consolidated amounts?

A. Credit cost in the first half of FY2004 was JPY 612.8 billion on SMFG consolidated basis and JPY 455.8 billion on SMBC non-consolidated basis. SMFG's consolidated credit cost is larger than SMBC non-consolidated credit cost by JPY 157.0 billion mainly due to the increase in reserves for possible loan losses at the subsidiaries engaged in guaranteeing mortgage loans and other types of loans. By strengthening the financial conditions of those subsidiaries, we believe we have established the base for further expansion of the loan business, one of our strategic businesses.

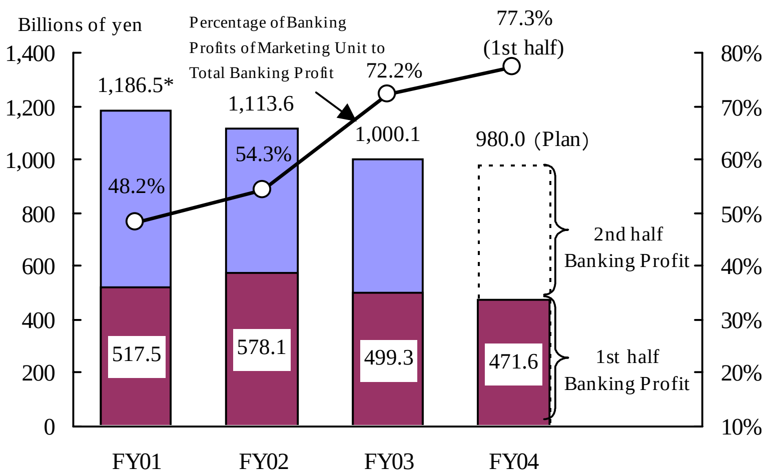
4. SMBC's Earnings Forecasts

Q. What is SMBC's Banking profit (excluding transfer to general reserve for possible loan losses) forecast for FY2004?

A. Banking profit (excluding transfer to general reserve for possible loan losses) forecast for FY2004 on SMBC non-consolidated basis is JPY 980.0 billion, unchanged from the original plan announced in May, 2004, despite the revision of consolidated earnings forecast for FY2004 on October 29, 2004.

We expect Gross banking profit to decrease approximately JPY 20.0 billion compared to FY2003 as we expect increases in the marketing units' profits will not be enough to offset the possible decrease in profits from Treasury Unit (Expected decease in profits from Treasury unit: approximately JPY 110.0 billion). Though we will continue to reduce Expenses through further rationalization, etc., we expect Expenses to remain flat as we will aggressively allocate resources to strategic businesses such as loans to SMEs and mortgage loans, in order to enhance profitability. Consequently, we expect Banking profit in FY2004 to decrease JPY 20.0 billion year over year to JPY 980.0 billion.

< **Banking Profits** >

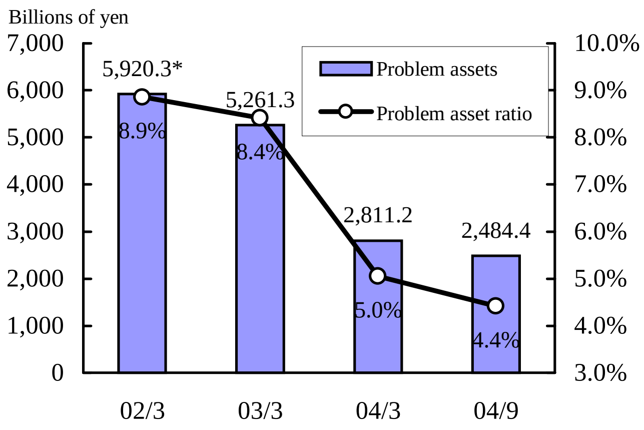


* Including the former Wakashio Bank

Q. Please explain SMBC's plan for reducing NPLs.

A. We have achieved the target of halving the Problem asset ratio of 8.9% as of March-end 2002 six months ahead of the schedule (Original target: March-end 2005). Furthermore, we plan to reduce the balance of Problem assets and the Problem asset ratio to less than JPY 2 trillion and less than 4% respectively, by the end of March 2005, through further efforts for off-balancing, corporate recoveries, and prevention of further deterioration of borrowers' financial conditions.

< Problem assets based on the Financial Reconstruction Law ("Problem assets") >



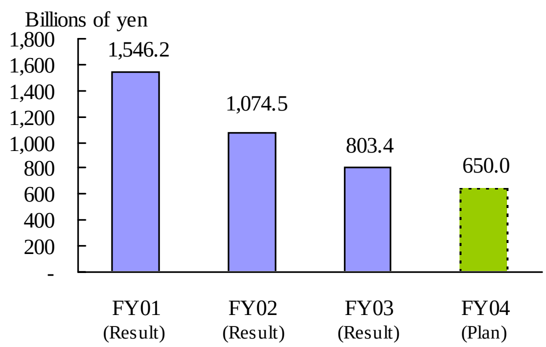
* Including the former Wakashio Bank

Q. Please give the Total credit cost forecast for the second half of fiscal 2004 and for the full term and onward.

A. We expect Total credit cost to total JPY 200.0 billion in the second half as previously forecasted. Consequently, we expect JPY 650.0 billion of credit cost on SMBC non-consolidated basis for the full term: approximately JPY 150.0 billion of cost for off-balancing and approximately JPY 500.0 billion of cost related to deterioration of borrowers' financial conditions.

We believe that the situation where credit cost is incurred at "cruising speed" is surely in sight for the next fiscal year and onward.

< Credit cost>



5. SMBC's Business Strategy

Q. Please explain the results of new unsecured loans to SMEs in the first half of FY2004 and the plan for the full term.

A. Origination of new unsecured loans to SMEs increased by approximately 30% year over year to approximately JPY 1.6 trillion in the first half of FY 2004, comprising of approximately JPY 540.0 billion in Business Select Loans and approximately JPY 1,080.0 billion in N Funds and others.

For the full year, we have revised our target of the origination to more than JPY 4 trillion; approximately 40% more than originally planned.

Q. Please give the results on the financial consulting business for individuals.

A. The balance of investment trust held by individuals increased by approximately JPY 140.0 billion from the end of FY2003, exceeding the significant JPY 2 trillion mark at the end of the first half of FY2004. Sales of pension-type insurances doubled year over year to approximately JPY 270.0 billion in the first half, and the accumulated amount of sales since the launch in October 2002 reached approximately JPY 750.0 billion. Origination of mortgage loans in the first half increased by approximately 20% compared with the second half of FY2003 to approximately JPY 860.0 billion, and the balance is steadily increasing.

6. SMFG's Business Strategy, Capital Policy and Earnings Forecast

Q. Please outline the recent repayment of public funds and the repayment plan for the remaining amount.

A. SMFG had requested the Deposit Insurance Corporation of Japan ("DIC") through the Resolution and Collection Corporation ("RCC") for a partial conversion of its Type1 and Type 3 preferred stocks (aggregate amount of conversion: JPY 201.0 billion) owned by RCC into common stock and disposal of such shares of common stock upon conversion, and the request was approved on September 30, 2004. With a view to repurchasing the common shares disposed of by RCC, SMFG repurchased its capital stock (common stock), thereby repaying JPY 201.0 billion of the public funds.

Our basic policy is to use retained earnings to repay the public funds. We intend to present our next plan for the early repayment of public funds after FY2004, taking our business environment into consideration.

Please refer to SMFG News Release for the details.

2004.09.30: Notice regarding Repayment of Public Fund Preferred Stocks and Repurchase of Capital Stock
http://www.smfg.co.jp/news_e/e100176_01.html

2004.11.01: Notice regarding Repurchase of Capital Stock through ToSTNeT-2 and Repayment of Public Funds
http://www.smfg.co.jp/news_e/e100180_01.html

2004.11.02: Notice regarding Results of Repurchase of Capital Stock
http://www.smfg.co.jp/news_e/e100181_01.html

Q. Please explain the aim of the recently announced strategic alliance with Promise Co., Ltd. ("Promise") and give an outline of the new consumer loan business.

A. The consumer finance business is expected to grow further as it changes significantly. Under such circumstances, SMFG and Promise, as strategic partners, have agreed to form a full-scale alliance forged from positions of strength and to establish the No.1 consumer finance business in Japan through providing the best products and services by leveraging their respective resources such as brands, customer base, expertise, and experience.

Regarding the consumer loan business that will start in April 2005, SMFG and Promise will jointly develop and promote a new consumer loan models in order to capture immediate cashing needs of a wide range of customers, including first-timers. Specifically, SMFG, Promise and a joint venture to be established by the two companies (At-Loan Co. Ltd. will be turned into the joint venture, “JV”) will provide loan products with interest rates ranging from 8% to 25.55%. To market these products, a new type of automatic contract machine that can handle applications and contracting of all loan products of SMBC, Promise, and JV will be installed at SMBC branches – 400 units at the start of the business in April 2005 and a total of 580 units by April 2006.

Though the three companies’ loans have different interest rates, a customer who applies for a loan at SMBC (or JV) but do not meet the credit screening criteria will be introduced to JV (or Promise) if he/she so desires. Moreover, Promise will guarantee SMBC’s and JV’s loan products, and the Promise Group will fully support SMBC and JV in credit screening, credit monitoring, and loan collection, for comprehensive credit management.

We are aiming for combined loan balance of SMFG Group and Promise Group to reach approximately JPY 500.0 billion in the third year of business under the alliance.

SMFG and Promise are entering into a capital alliance in order to share the profit from the business alliance and strengthen their relationship. SMBC has already acquired 15% of Promise’s outstanding shares of common stock by the end of September, 2004 and plans to increase the amount to 20%.

Please refer to SMFG News Release for further details.

2004.06.21: Strategic Alliance between Sumitomo Mitsui Financial Group and Promise
http://www.smfg.co.jp/news_e/e100164_01.html

2004.09.27: Business Alliance between Sumitomo Mitsui Financial Group and Promise
http://www.smfg.co.jp/news_e/e100175_01.html

Q. Please explain SMFG’s future policy on the proposal for integration with the UFJ Group.

A. We have submitted the terms and conditions for integration, such as the integration ratio and capital enhancement, to UFJ Holdings Inc. and UFJ Bank Limited (collectively “the UFJ Group”) in a highly transparent manner. We also sent a proposal titled “SMFG’s Proposal regarding the Extension of Expiration Date for Integration Ratio” to the UFJ Group on September 24, 2004, which includes the extension of expiration date to the end of June, 2005.

We will implement specific steps to realize the integration with UFJ, carefully observing the situation surrounding UFJ Group, such as how the discussion on the integration, including the one on the integration ratio, will progress between UFJ Group and Mitsubishi Tokyo Financial Group, and what the views of UFJ Holdings' shareholders will be.

Q. Please give SMFG's consolidated earnings forecast for fiscal 2004.

A. We expect Operating profit of JPY 470.0 billion and Net income of JPY 180.0 billion. On SMFG non-consolidated basis, we expect Operating profit of JPY 255.0 billion and Net income of JPY 255.0 billion.

(Please see the appendix, excerpted from the page 23 of "Financial Results for the Six Months ended September 30, 2004 –Supplementary Information.")

22. Earnings Forecast for FY2004

Sumitomo Mitsui Financial Group, Inc.

<Non-consolidated> (Billions of yen)

	FY2004 Forecast	Change	FY2003 Result
Operating income	260.0	204.5	55.5
Ordinary profit	255.0	203.8	51.2
Net income	255.0	204.5	50.5

Dividend per share forecast for the fiscal year end (Yen)

Common stock		4,000	1,000	3,000
Type 1 Preferred stock		10,500	-	10,500
Type 2 Preferred stock		28,500	-	28,500
Type 3 Preferred stock		13,700	-	13,700
Type 4 Preferred stock	1st - 12th series	135,000	-	135,000
	13th series	67,500	-	67,500

(Reference) (Billions of yen)

Total dividend planned	50.4	4.0	46.4

<Consolidated> (Billions of yen)

	FY2004 Forecast	Change	FY2003 Result
Ordinary income	3,450.0	(102.5)	3,552.5
Ordinary profit	470.0	127.2	342.8
Net income	180.0	(150.4)	330.4

(Reference)
Sumitomo Mitsui Banking Corporation

<Non-consolidated> (Billions of yen)

	FY2004 Forecast	Change	FY2003 Result
Gross banking profit	1,565.0	(19.1)	1,584.1
Expenses	(585.0)	(1.0)	(584.0)
Banking profit (excluding transfer to general reserve for possible loan losses)	980.0	(20.1)	1,000.1
Ordinary profit	440.0	254.9	185.1
Net income	250.0	(51.1)	301.1

Total credit cost (*)	(650.0)	153.4	(803.4)

(*) (Transfer to general reserve for possible loan losses) + (Credit cost included in non-recurring losses)