

Significant Accounting Policies for Non-consolidated 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. Deferred charges
Stock issuance costs are expensed when they are incurred. Organization cost is recognized as assets and depreciated using the straight-line method over five years pursuant to Article 35 of the Ordinance of the Commercial Code.
4. Reserve
Reserve for employee bonuses is provided, in provision for payment of bonuses to employees, in the amount of estimated bonuses attributable to this fiscal year.
5. Lease transactions
Financing leases, excluding those in which the ownership of the property is transferred to the lessee, are accounted for in the same manner as operating leases.
6. 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 fiscal year 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 Balance Sheet

1. Amounts less than one million yen have been omitted.
2. Accumulated depreciation of premises and equipment was 1 million yen.
3. Current portion of long-term loans to subsidiaries and affiliates are subordinated loans.
4. Assets and liabilities related to transactions with subsidiaries and affiliates are as follows:

Deposits	: 44,021 million yen
Short-term borrowings:	475,000 million yen
5. Contingent liabilities
SMFG has guaranteed the Deposit Protection Fund within the Association of German Banks for the return of up to 50,956 million yen in customers’ deposits at SMBC’s Düsseldorf Branch.
6. Number of stocks authorized

Common stock:	15,000,000 shares
Preferred stock:	1,622,087 shares

 Number of stocks issued and outstanding

Common stock:	6,273,792.49 shares
Preferred stock:	1,057,188 shares

7. Treasury stock
Number of treasury stock (common stock) as of year-end is 404,503.97.
8. Under the Articles of Incorporation of SMFG, followings are the maximum amounts of annual cash dividends to preferred shareholders:
- 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 (type 4): Amount to be resolved at meeting of the Board of Directors (Max. 200,000 yen per share)
 - Preferred stock (type 5): Amount to be resolved at meeting of the Board of Directors (Max. 200,000 yen per share)
 - Preferred stock (type 6): Amount to be resolved at meeting of the Board of Directors (Max. 300,000 yen per share)

Notes to Non-consolidated Statement of Income

1. Amounts less than one million yen have been omitted.
2. General and administrative expenses include salaries and related expenses of 1,065 million yen, rent and lease expenses of 316 million yen, advertising and publicity expenses of 206 million yen and outsourcing expenses of 563 million yen.
3. Non-operating expenses include interest on borrowings from a subsidiary of 1,274 million yen.

Securities

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

Tax Effect Accounting

1. Major components of deferred tax assets as of March 31, 2005 were as follows:

	(Millions of yen)
Deferred tax assets	
Stock of subsidiaries	1,196,650
Net operating loss carryforwards	2,997
Other	40
Subtotal	<u>1,199,688</u>
Valuation allowance	<u>(1,196,651)</u>
Deferred tax assets	<u>3,037</u>
Net deferred tax assets	<u><u>3,037</u></u>

2. A reconciliation of the effective income tax rate reflected in the accompanying statement of income to the statutory tax rate for the year ended March 31, 2005 was as follows:

Statutory tax rate	40.69%
[Adjustments]	
Dividends exempted for income tax purposes	<u>(40.21%)</u>
Effective income tax rate	<u><u>0.48%</u></u>

Per Share Data

Stockholders' equity per share was 257,487.78 yen.

Net income per share was 38,302.88 yen.

Net income per share (diluted) was 25,178.44 yen.

(Note)

“Net income per share” and “Net income per share (diluted)” are calculated based on the following data.

Net income per share

Net income	252,228	million yen
Amount not attributed to common stockholders	26,781	million yen
[preferred stock dividends]	[26,781]	million yen
Net income attributed to common stock	225,446	million yen
Average number of common stock during the year	5,885,899	shares

Net income per share (diluted)

Adjustment for net income	26,730	million yen
[preferred stock dividends]	[26,730]	million yen
Increase of number of common stock	4,129,724	shares
[preferred stock]	[4,129,631]	shares
[stock acquisition rights]	[92]	shares

Subsequent Events

On April 27, 2005, SMFG, Sumitomo Mitsui Card Co., Ltd. (SMCC) and SMBC agreed with NTT DoCoMo, Inc. to form a strategic, business and capital alliance for the launch of a credit-payment service using mobile phones. Pursuant to the agreement, NTT DoCoMo plans to acquire 34% of SMCC's common shares issued and outstanding for approximately 98 billion yen.