

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 document: 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.

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

May 24, 2005

Explanation of Financial Results for Fiscal Year 2004

Point

We would now like to explain our financial results for FY2004, by using the two reports, *Financial Results for the Fiscal Year 2004 ended March 31, 2005*, and *Financial Results Fiscal Year 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 before provision for general reserve for possible loan losses was JPY 940.5 billion, a JPY 59.6 billion decrease year over year.

Gross banking profit, shown in line 1, was JPY 1,522.9 billion, a decrease of JPY 61.2 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, offsetting the steady rise in the Marketing Units’ profits from increases in Net fees and commissions.

Meanwhile, despite the increase in Non-personnel expenses, which was due to allocation of resources to focal businesses, and the increase in Taxes due to the effect of new nationwide external standard taxation introduced from this fiscal year, Expenses shown in line 18 fell year over year by JPY 1.6 billion, to JPY 582.4 billion, thanks to the decrease in Personnel expenses from further workforce streamlining and so on.

<SMBC Non-consolidated> (Billions of yen)

		FY2004		FY2003
			Change	
Gross banking profit	1	1,522.9	(61.2)	1,584.1
Expenses (excluding non-recurring losses)	18	(582.4)	1.6	(584.0)
Banking profit (before provision for general reserve for possible loan losses)	22	940.5	(59.6)	1,000.1

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 Provision for general reserve for possible loan losses in line 24, was JPY 954.8 billion as shown in line 57 at the bottom of the page.

Credit cost consists of cost related to increasing loan loss reserves in order to be better prepared for future credit risks by taking a more conservative stance, in order to surely reduce future credit costs to a normalized level.

<SMBC Non-consolidated> (Billions of yen)

		FY2004		FY2003
			Change	
Provision for general reserve for possible loan losses	24	351.5	351.5	-
Non-recurring gains (losses)	27	(1,363.7)	(548.7)	(815.0)
Credit related costs	28	(1,306.3)	(437.1)	(869.2)
Extraordinary gains (losses)	40	(28.4)	(162.1)	133.7
Reversal of loan loss reserves	45	-	(65.3)	65.3
Reversal of reserve for losses on loans sold	49	-	(0.5)	0.5
Total credit cost (24+28+45+49)	57	(954.8)	(151.4)	(803.4)

Now looking at Gains (losses) on stocks in line 34, there was a net loss of JPY 118.7 billion mainly due to Losses on devaluation of stocks (line 37) of JPY 227.6 billion.

<SMBC Non-consolidated>

(Billions of yen)

		FY2004		FY2003
			Change	
Gains (losses) on stocks	34	(118.7)	(222.6)	103.9
Gains on sale of stocks	35	113.1	(38.1)	151.2
Losses on sale of stocks	36	(4.2)	32.4	(36.6)
Losses on devaluation of stocks	37	(227.6)	(216.9)	(10.7)

These items added up to Ordinary loss of JPY 71.7 billion as shown in line 39.

Extraordinary gains (losses) were a net loss of JPY 28.4 billion as shown in line 40.

Regarding income taxes, refunds of income taxes totaled JPY 8.2 billion due to the refund from overseas governments, as shown in line 54.

Also, in order to secure a sound financial base, deferred income tax has been recorded conservatively as in last fiscal year. Deferred income tax was JPY 38.5 billion, as shown in line 55.

As a result, in line 56, we regrettably inform you that we posted Net loss of JPY 136.8 billion.

<SMBC Non-consolidated>

(Billions of yen)

		FY2004		FY2003
			Change	
Ordinary profit (loss)	39	(71.7)	(256.8)	185.1
Extraordinary gains (losses)	40	(28.4)	(162.1)	133.7
Reversal of loan loss reserves	45	-	(65.3)	65.3
Refund of enterprise tax from Tokyo Government and interest on the refund	50	-	(40.4)	40.4
Income (loss) before income taxes	52	(100.1)	(418.9)	318.8
Income taxes, current	53	(6.4)	6.3	(12.7)
Income taxes, refund	54	8.2	8.2	-
Income taxes, deferred	55	(38.5)	(33.5)	(5.0)
Net income (loss)	56	(136.8)	(437.9)	301.1

<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, Total credit

cost was JPY 1,196.8 billion as shown in line 28. Consequently, Ordinary loss was JPY 30.3 billion (as shown in line 16) and Net loss was JPY 234.2 billion (as shown in line 27).

<SMFG Consolidated> (Billions of yen)

		FY2004		FY2003
			Change	
Consolidated gross profit	1	2,025.0	(44.5)	2,069.5
General and administrative expenses	7	(852.7)	13.8	(866.5)
Credit related costs	8	(1,196.8)	(225.3)	(971.5)
Gains (losses) on stocks	13	(101.9)	(203.4)	101.5
Equity in earnings of affiliates	14	27.1	11.4	15.7
Other income (expenses)	15	69.0	74.9	(5.9)
Ordinary profit (loss)	16	(30.3)	(373.1)	342.8
Net income (loss)	27	(234.2)	(564.6)	330.4
Total credit cost	28	(1,196.8)	(240.2)	(956.6)

<Unrealized Gains (Losses) on Securities>

Next, let us look at page 4 for Unrealized gains (losses) on securities. Figures on 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 651.4 billion, consisting of gains on Stocks (JPY 667.3 billion), gains on Bonds (JPY 7.7 billion), and losses on Others (JPY 23.6 billion).

<SMBC Non-consolidated> (Billions of yen)

		Mar. 31, 2005		
		Net unrealized gains (losses)		
		Change from Mar. 31, 2004	Gains	Losses
Other securities	651.4	95.2	750.1	(98.7)
Stocks	667.3	16.2	708.6	(41.3)
Bonds	7.7	109.6	27.3	(19.6)
Others	(23.6)	(30.6)	14.2	(37.8)

<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 on the consolidated BIS capital ratio as of March 31, 2005 was 9.94%, a 1.43% decrease compared with March 31, 2004, mainly due to the recording of net loss.

<SMFG Consolidated>

	Mar. 31, 2005		Mar. 31, 2004
	[Preliminary]	Change	
Capital ratio (%)	9.94	(1.43)	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 as follows:

Bankrupt and quasi-bankrupt assets:	JPY 448.3 billion
Doubtful assets:	JPY 924.4 billion
Substandard loans:	JPY 451.9 billion

The aggregate amount was JPY 1,824.6 billion (a JPY 986.6 billion decrease compared with March 31, 2004), achieving the original target of reducing the balance to less than JPY 2 trillion.

Meanwhile, Problem asset ratio, a ratio of Problem assets to Total assets including Normal assets, was 3.3%, more than a 60% decrease of the Problem asset ratio as of March 31, 2002, 8.9%, achieving the target of halving the Problem asset ratio.

<SMBC Non-consolidated>

(Billions of yen, %)

	Mar. 31, 2005	
		Change from Mar. 31, 2004
Bankrupt and quasi-bankrupt assets	448.3	86.7
Doubtful assets	924.4	(278.3)
Substandard loans	451.9	(795.0)
Total (A)	1,824.6	(986.6)
Normal assets	53,452.6	578.2
Total (B)	55,277.2	(408.4)
Problem asset ratio (A/B)	3.3	(1.7)

The Reserve ratio for each category of borrowers is as follows:

- 100% for the unsecured portion of Bankrupt and quasi-bankrupt assets, which is the same as March 31, 2004

- 94.6% for the unsecured portion of Doubtful assets, a 11.0% increase compared with March 31, 2004
- 45.0% for the unsecured portion of Substandard loans, a 6.0% increase compared with March 31, 2004

For Normal assets, the Reserve ratio for total claims on Borrowers requiring caution excluding Substandard borrowers was 6.7%, a 2.5% increase compared with March 31, 2004.

As a result of additional provisions for possible loan losses to reduce future credit risks, all the Reserve ratios increased.

Meanwhile, the Reserve ratio for total claims on Normal borrowers was 0.2%.

The progress in “off-balancing” of Problem assets is summarized on pages 12 to 15. The total amount off-balanced in the second half of FY2004 was JPY 858.4 billion, as shown in the “Reference” of page 15.

<Deferred Tax Assets>

On pages 21 to 22, an explanation of Deferred tax assets for SMBC non-consolidated is provided.

First, on page 21, the amount of Net deferred tax assets on the Balance Sheet and the breakdown by factors are provided. The amount of Net deferred tax assets recorded in the Balance Sheet as of March 31, 2005 was JPY 1,502.2 billion as shown in line 16, a JPY 88.3 billion decrease compared with March 31, 2004. This decrease was mainly due to the increase in Net unrealized gains on other securities as shown in line 19.

Please also refer to “(2) Reason for Recognition of Deferred Tax Assets” on page 22.

<SMBC Non-consolidated>

(Billions of yen)

		Mar. 31, 2005		Mar. 31, 2004
			Change	
Net deferred tax assets (Balance sheet amount)	16	1,502.2	(88.3)	1,590.5
Amounts corresponding to the estimated taxable income before adjustments	17	1,694.1	(35.5)	1,729.6
Amounts to be realized after more than a certain period	18	72.6	(4.8)	77.4
Amount corresponding to the deferred tax liabilities related to Net unrealized gains on other securities	19	(264.5)	(48.0)	(216.5)

< Earnings Forecast for FY2005 >

Lastly, we will explain about the earnings forecast for FY2005, which you can see on page 23.

Let us look at SMFG's non-consolidated earnings forecast for FY2005. We forecast Operating income of JPY 54.0 billion, Ordinary profit of JPY 48.0 billion and Net income of JPY 70.0 billion.

SMFG is planning to pay dividends totaling JPY 46.4 billion, with dividend per common share of JPY 3,000, which is the same as in FY 2004 in order to build up retained earnings, and dividend per preferred share is as originally set.

<SMFG Non-consolidated>

(Billions of yen)

	FY2005 Forecast
Operating income	54.0
Ordinary profit	48.0
Net income	70.0

Next, let us look at SMFG's consolidated earnings forecast for FY2005 shown in the middle of the page. Ordinary profit and Net income are expected to be JPY 780.0 billion and JPY 460.0 billion respectively.

SMBC's non-consolidated earnings forecast for FY2005 is shown at the bottom of the page. We expect:

Banking profit (before provision for general reserve for possible loan losses)	: JPY 950.0 billion
Ordinary profit:	: JPY 610.0 billion
Net income	: JPY 350.0 billion
Total credit cost	: JPY 300.0 billion

On page 24 and 25, we have attached the "FY2004: Management Policy and Achievement" and "Management Policy in FY2005" as "Reference."

Our management policy in FY2004 was:

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

First, in the intensive improvement in asset quality, we achieved the target of reducing the balance of problem assets and problem asset ratio.

Furthermore, because we have made additional provision for possible loan loss in order to be better prepared for future credit risks, we expect credit cost to surely decrease to a normalized level in FY2005 onward.

Meanwhile, in FY2004, we took further financial measures on our securities portfolio, including reduction of stockholdings and impairment of preferred shares that we previously acquired for supporting borrowers' financial conditions.

With regard to the acceleration of the offensive in strategic businesses, profits of Marketing Units steadily increased, thanks to the expansion of business volume in new type unsecured loans to SMEs, financial consulting business for individuals, investment banking business, and so on.

Next, let us look at page 25 for Management policy in FY2005 (Reference 2).

In order to secure a solid profit level in the first year of the Mid-term Management Plan:

- Further strengthen profitability through aggressive allocation of resources to strategic business areas
- Decrease credit cost to a normalized level

Thus, we aim to secure a solid profit level as explained earlier in our explanation of earnings forecast. Regarding NPLs, with the minimum targets shown on the page 25 in the *Financial Results Fiscal Year 2004 Supplementary Information*, we aim at reducing the balance of Problem assets based on the Financial Reconstruction Law down to less than JPY 1 trillion and Problem asset ratio to less than 2 %, at the end of FY2005, respectively.

Next, as for the Mid-term Management Strategy from FY2005 to FY2008, in order to become the No. 1 bank with "the highest trust of customers, markets and society," we have set five core strategies as follows:

- Challenge new types of risks, new regions and new business areas
- Proactively seek strategic alliances
- Aggressively allocate resources to strategic business areas, as well as improve efficiency of existing businesses
- Improve capital efficiency by improving risk-return profile of each business, and by reallocating risk capital and risk-weighted assets
- Continue to develop and reinforce corporate governance in order to increase corporate value and fulfill corporate social responsibility

Above all, we have designated "consumer finance business," "financial consulting for individuals," "financial consulting for corporations," and "overseas business" as the strategic business areas for the Marketing Units and will reinforce these businesses to secure a solid profit level.

By steadily implementing these strategies, we aim to achieve the following management indices in FY 2008 ending March 31, 2009 and, by achieving these goals, earn the greater trust of the market and raise our market capitalization to more than JPY 10 trillion.

- Consolidated ROE: More than 15%
- Consolidated net income: More than JPY 650 billion
- Consolidated BIS capital ratio: Approximately 11%
- Consolidated TierI ratio: Approximately 7%

(Reference 1) FY2004: Management Policy and Achievement

1. Completion of Intensive Improvement in Asset Quality

Take further financial measures with regard to NPLs

* Considerably reduce the source of potential loss and surely decrease credit cost for the following fiscal years to a normalized level

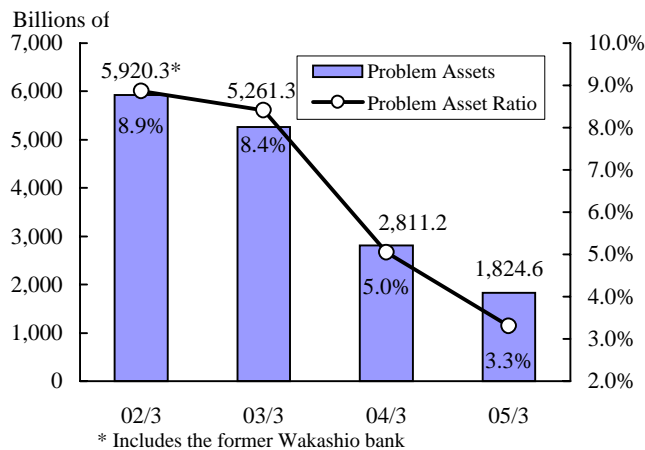
- Downgrading of borrowers' categories with more conservative stance
- Additional provision for claims to borrowers requiring caution etc.

	Mar. 31, 2002		Mar. 31, 2005
Problem Assets based on the Financial Reconstruction Law	5,920.3 billion	Achieved the target of halving	1,824.6 billion
Problem Asset Ratio	8.9%		3.3%

Take further financial measures on securities portfolio

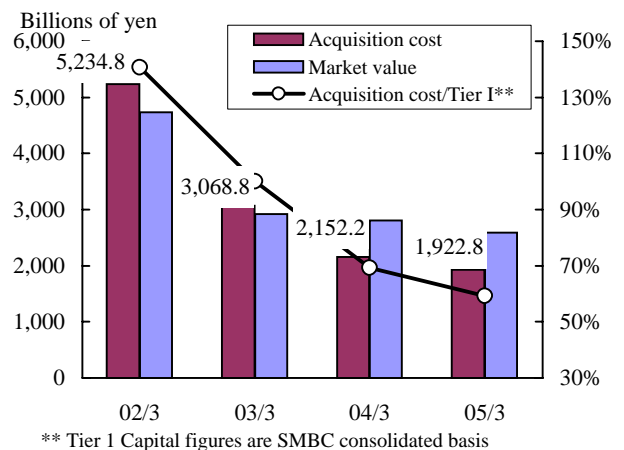
- * Reduction of stockholdings: sold approximately 340 billion
- * Impairment of preferred shares, which previously acquired for supporting borrowers' financial conditions
- * Disposal of unrealized losses on bonds including JGBs

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



(Ref. 2) Stockholdings

[Listed stocks and OTC stocks (SMBC non-consolidated)]



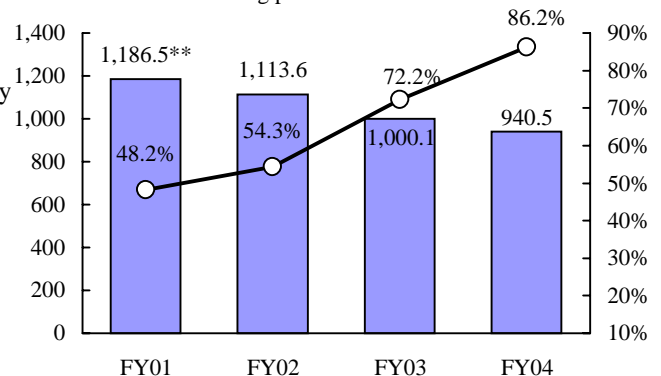
2. Accelerating the Offensive in Strategic Businesses

Steady progress in strategic businesses

- * New type unsecured loans to SMEs
 - => Balance of "Business Select Loan" exceeded JPY 1.2 trillion
- * Financial consulting for individuals
 - => Started securities intermediary business (in 04/12) and sold approximately JPY 80 billion of foreign currency bonds, etc.
 - => Accumulated sales amount of pension-type insurances: more than JPY 1 trillion
 - => Balance of investment trusts for individual clients under SMBC account: approximately JPY 2.3 trillion
- * Investment banking business
 - => Annual origination of domestic loan syndication: more than JPY 6 trillion
- * Consumer finance
 - => Business alliance with Promise (04/9)
 - Install 427 ACMs (new type of Automatic Contract Machines) in SMBC domestic marketing channels and start consumer finance business by SMBC, Promise, and At-Loan
- * Asian business centered on China
 - => Opened Hangzhou Branch as the ninth branch in China

(Ref. 3) Banking Profit* <SMBC>

Percentage of Banking profits of Marketing Units to Total Banking profit



* before provision for general reserve for possible loan losses
 **includes the former Wakashio Bank

(Reference 2) Management Policy in FY2005

Secure solid profit level in the first year of Mid-term Management Plan

- Further strengthen profitability through aggressive allocation of resources to strategic businesses

Net income <SMFG consolidated>	<05/3 result> (JPY 234.2 billion)	⇒	<06/3 forecast> JPY 460 billion
Net income <SMBC non-consolidated>	(JPY 136.8 billion)		JPY 350 billion

- Decrease credit cost to a normalized level

<SMBC non-consolidated> Total credit cost	<05/3 result> JPY 954.8 billion	⇒	<06/3 forecast> JPY 300 billion
Problem assets based on the Financial Reconstruction Law	JPY 1,824.6 billion		Level at or above JPY 1 trillion
Problem asset ratio	3.3%		Level at or above 2% } Target

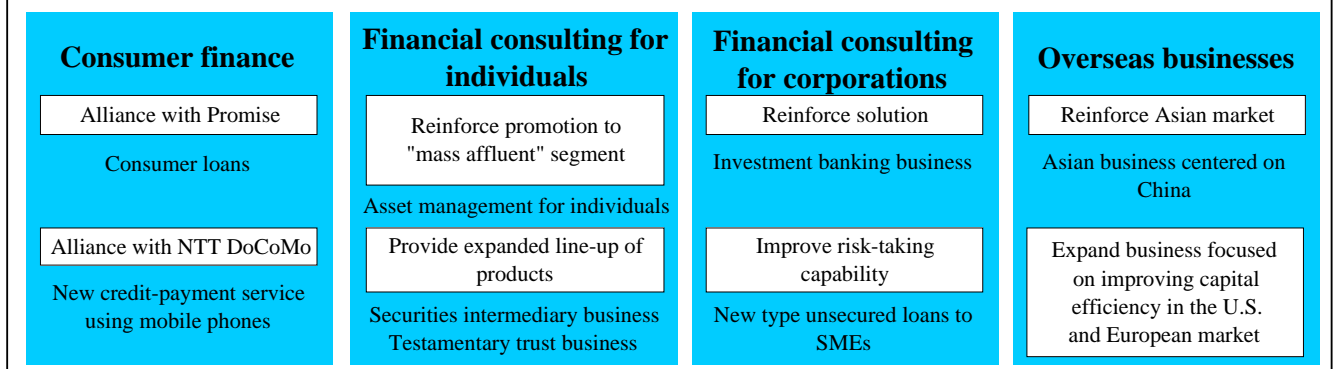
Management strategy of the Mid-term Management Plan (FY2005-FY2008)

Become the No. 1 bank with "the highest trust of customers, markets, and society"

- Raise SMFG's market capitalization to more than JPY 10 trillion -



Focal areas of Marketing Units



Continue to develop and reinforce corporate governance in order to increase corporate value and fulfill corporate social responsibility

Early repayment of public funds

<FY2008 Target>

Consolidated ROE:
More than 15%

Consolidated net income:
More than JPY 650 billion

Consolidated BIS capital ratio: Approximately 11%
Consolidated TierI ratio: Approximately 7%