

Major Questions and Answers on the Financial Results for Fiscal 2004

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.

The followings are frequent questions and answers on the financial results for Fiscal 2004, announced on May 24, 2005.

1. SMBC's Financial Results for Fiscal 2004

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

A. Banking profit (before provision for general reserve for possible loan losses) decreased by JPY 59.6 billion to JPY 940.5 billion.

Gross banking profit decreased by JPY 61.2 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 sales of pension-type insurance and investment trust, arrangement of loan syndication, etc. Decrease in Expenses of JPY 1.6 billion mainly due to the continued streamlining of the workforce also contributed to partially offset the decrease in Gross banking profit.

Q. What was the progress in reducing Expenses?

A. In FY 2004, Expenses fell by JPY 1.6 billion year over year to JPY 582.4 billion. The reduction in Personnel expenses exceeded the increase from the allocation of resources to strategic businesses, such as new-type 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 1,328 year over year to 21,020.

2. SMBC's Balance Sheet

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

A. The loan balance as of March 31, 2005 decreased by approximately JPY 740.0 billion from March 31, 2004. Domestic loans decreased by approximately JPY 1,280.0 billion, while overseas loans increased by approximately JPY 540.0 billion.

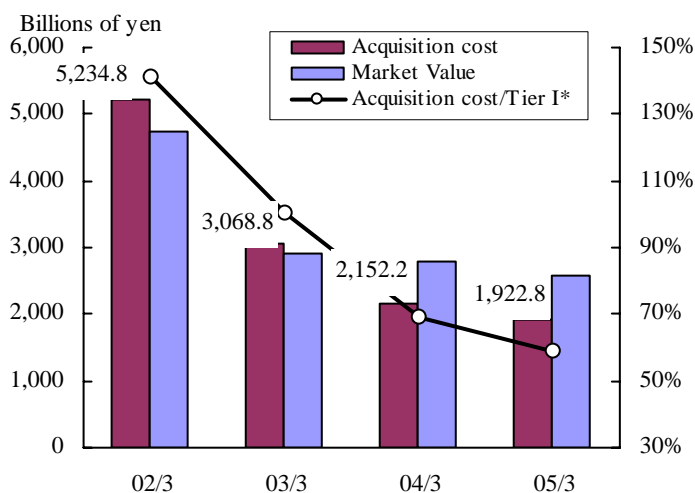
Domestic loans decreased mainly due to the reduction of JPY 1,039 billion in Risk-monitored loans as a result of the disposal of non-performing loans ("NPLs"). However, the loan balance of domestic marketing units increased in FY2004 mainly due to the reinforcement of origination of new-type unsecured loans to SMEs and mortgage loans.

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

A. We sold approximately JPY 340.0 billion worth of stocks in FY 2004, thereby reducing the balance. We will continue to reduce stockholdings by selling stocks at optimal opportunities without affecting stock markets, in order to achieve our mid-term target of reducing stockholdings to approximately 50% of Tier I capital.

< Reduction of Stockholdings >

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



Q. What was the amount of Net deferred tax assets as of March 31, 2005? What was the reason for the change?

A. The balance sheet amount of Net deferred tax assets as of March 31, 2005, was JPY 1,502.2 billion, a decrease of JPY 88.3 billion compared with March 31, 2004.

This is due to (1) a JPY 35.5 billion change in Deferred tax assets corresponding to estimated taxable income before adjustments for the next 5 years and (2) a JPY 48.0 billion increase in the Deferred tax liabilities related to the increase in 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 amount of estimated future taxable income before adjustments for the next 5 years, which is the basis for recognizing deferred tax assets, is estimated conservatively each fiscal period by conducting stress tests that reflects uncertainty of Banking profit projections and disposal of NPLs.

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 had designated FY2003 and FY2004 as the "intensive resolution period" of 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. In FY2004, we reduced Problem assets by JPY 986.6 billion to JPY 1,824.6 billion and Problem asset ratio to 3.3% as of March 31, 2005, thereby over-achieving the target of halving the Problem asset ratio.

As for the breakdown in the change of Problem assets, the balance of Bankrupt and quasi-bankrupt assets increased by JPY 86.7 billion, Doubtful assets decreased by JPY 278.3 billion, and Substandard loans decreased by JPY 795.0 billion.

Q. Why did Total credit cost increase by approximately JPY 300 billion to JPY954.8 billion, compared with the announcement in November 2004. Please give a breakdown of Total credit cost as well.

A. As announced in February 2005 when we revised our earnings forecast, total credit cost was approximately JPY 500.0 billion higher than originally planned and approximately JPY 300.0 billion higher than announced in November 2004, because we had increased loan loss reserves in order to be better prepared for future credit risks by taking a more conservative stance, thereby ensuring that credit cost will decrease to a normalized level from FY2005 onward.

We recognized approximately JPY 200.0 billion in cost for "off-balancing" and approximately JPY 750.0 billion in cost related to deterioration of borrowers' financial conditions.

Q. What were the reserve ratios for Problem assets?

A. The reserve ratio for the unsecured portion of Problem assets as of March 31, 2005 was 80.0%, a 20.5% 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 94.6% and that of Claims to Substandard borrowers was 45.0%. As a result of additional provisioning so as to be better prepared for future credit risks, the reserve ratios for Doubtful assets and Claims to Substandard borrowers increased by 11.0 percentage points and 6.0 percentage points respectively.

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. Total Credit cost in FY2004 was JPY 1,196.8 billion on SMFG consolidated basis and JPY 954.8 billion on SMBC non-consolidated basis. SMFG consolidated credit cost is JPY 242.0 billion higher than SMBC non-consolidated credit cost 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 Business Strategy

Q. Please explain the results of new-type unsecured loans to SMEs in FY2004 and the plan for FY 2005.

A. Origination of new-type unsecured loans to SMEs increased by approximately 30% year over year to approximately JPY 3.6 trillion in FY 2004, comprising of approximately JPY 1.45 trillion in "Business Select Loan" and approximately JPY 2.22 trillion in N Funds and others.

Our origination target for FY2005 is approximately JPY 4 trillion.

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 340.0 billion to approximately JPY 2.3 trillion in FY 2004. Sales of pension-type insurances was approximately JPY 580.0 billion, a increase of approximately JPY 200.0 billion compared with FY 2003, and the accumulated amount of sales since the launch in October 2002 reached more than JPY 1 trillion. Origination of mortgage loans in FY 2004 increased by approximately 15% compared with FY2003 to approximately JPY 1.9 trillion, and the balance is steadily rising.

5. Earnings Forecasts

Q. Please give the consolidated earnings forecast of SMFG for FY2005. How about SMBC's non-consolidated earnings forecast for FY2005?

A. With respect to SMFG's consolidated earnings forecast for FY2005, we expect Ordinary profit of JPY 780.0 billion and Net income of JPY 460.0 billion. With respect to SMBC's non-consolidated earnings forecast for FY2005, we expect Banking profit (before provision for general reserve for possible loan losses) of JPY 950.0 billion, and Net income of JPY 350.0 billion.

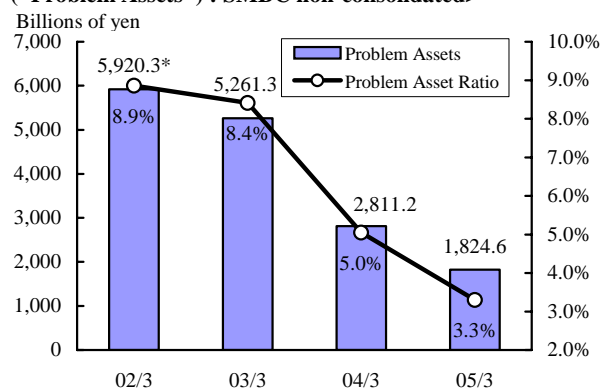
Q. Please explain SMBC's non-consolidated Banking profit (before provision for general reserve for possible loan losses) forecast for FY 2005.

A. We expect SMBC's non-consolidated Banking profit for FY2005 to be JPY 950.0 billion. We expect the marketing units' Gross banking profit to increase by approximately JPY 50.0 billion mainly due to increases in non-interest income. On the other hand, we expect decreases in Dividend income because of the reduction of stockholdings. Moreover, we also expect increases in Expenses mainly due to increases in anticipatory investment for strengthening consumer finance businesses under the strategic alliance with Promise.

Q. Please explain SMBC's plan for reducing NPLs for FY 2005.

A. Through continuing efforts for off-balancing, corporate recoveries, and prevention of further deterioration of borrowers' financial conditions, we plan to reduce the balance of NPLs and the Problem asset ratio on SMBC non-consolidated basis. With the minimum targets to decrease the balance down to the level at or above JPY 1 trillion and the ratio to the level at or above 2%, we aim at decreasing the balance down to less than JPY 1 trillion and the ratio down to less than 2%, respectively

< Problem Assets Based on the Financial Reconstruction Law
 ("Problem Assets") : SMBC non-consolidated >

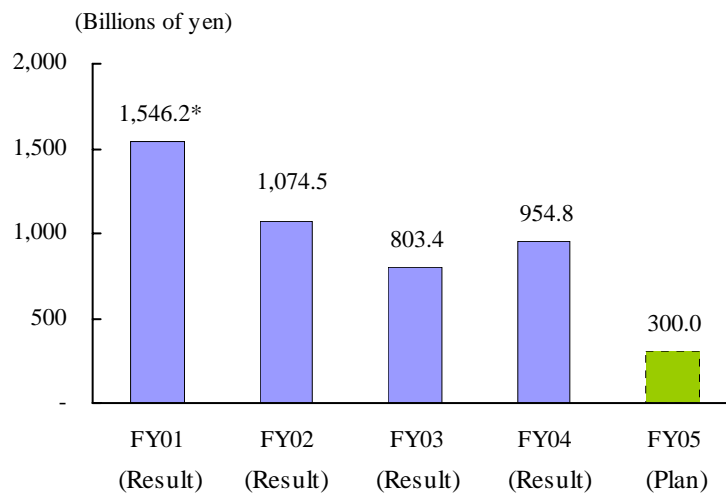


* Includes the former Wakashio bank

Q. Please give SMBC's Total credit cost forecast for FY2005 and onward.

A. SMBC's credit cost will decrease to a normalized level. We expect Total credit cost to be approximately JPY 300 billion on SMBC non-consolidated basis in FY2005.

< Total credit cost: SMBC non-consolidated >



*Includes the former Wakashio Bank

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

Q. What is SMFG's mid-term management strategy in Fiscal 2005 onward?

A. In our mid-term management plan which commenced this fiscal year, we have set the policy of "becoming the No.1 bank with the highest trust of customers, markets and society." To achieve this goal, we have set five basic strategies as follows.

First, to grow gross profit and achieve sufficient growth by challenging new types of risks, new regions and new business areas.

Second, to strengthen strategic business areas by aggressively allocating resources, while continuing to improve efficiency of existing businesses further.

Third, to improve capital efficiency and thereby maximizing profitability and growth, by improving risk-return profile of each business and by reallocating risk capital and risk-weighted assets. Also, we are aiming for an early repayment of the remaining JPY 1.1 trillion in public fund preferred stock.

Fourth, to proactively seek alliances which raise our corporate value.

Fifth, to continue to develop and reinforce corporate governance in order to increase corporate value and fulfill our social responsibility.

By implementing these strategies, we aim to achieve high profitability and growth, and thereby continuously raising our corporate value. We have set the following four management indices as the targets to be achieved in fiscal 2008 ending March 31, 2009.

- Consolidated ROE	More than 15%
- Consolidated net income	More than 650 billion yen
- Consolidated BIS capital ratio	Approximately 11%
- Consolidated Tier I ratio	Approximately 7%

By achieving these targets and thereby earning greater trust from the market, we expect to raise SMFG's market capitalization to more than 10 trillion yen.

Q. Please give an overview of the strategic and business alliance between NTT DoCoMo and SMFG which was announced recently?

A. We announced the strategic business and capital alliance with NTT DoCoMo in the credit card business on April 27, 2005.

NTT DoCoMo and SMFG will collaborate in establishing a business base for a new

credit-payment service using DoCoMo “Mobile Wallet” phones and to meet various customer needs. In the capital alliance, NTT DoCoMo plans to acquire 34% of the common shares of Sumitomo Mitsui Card, a SMFG group credit card company, for approximately JPY 98 billion.

Please refer to our press release for details:

2005.04.27 Joint Promotion of New-Credit-Payment Service using Mobile-Wallet Handsets – NTT DoCoMo and Sumitomo Mitsui Financial Group to Form Strategic Business and Capital Alliance –

http://www.smfg.co.jp/news_e/e100202_01.html

Reference: Page 23 of the "Financial Results Fiscal Year 2004 Supplementary Information"

22. Earnings Forecast for FY2005

Sumitomo Mitsui Financial Group, Inc.

<Non-consolidated>

(Billions of yen)

	Six-month period ended Sep. 30, 2005	FY2005	FY2004
		Forecast	Result
Operating income	16.0	54.0	258.8
Ordinary profit	13.0	48.0	253.4
Net income	35.0	70.0	252.2

(Billions of yen)

	Six-month period ended Sep. 30, 2005	FY2005	FY2004
		Forecast	Result
Total dividend	-	46.4	44.4

Dividend per share forecast

(Yen)

	Six-month period ended Sep. 30, 2005	FY2005	FY2004
		Forecast	Result
Common stock	-	3,000	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
	13th series	-	67,500
1st Series Type 6 Preferred stock	-	88,500	728

<Consolidated>

(Billions of yen)

	Six-month period ended Sep. 30, 2005	FY2005	FY2004
		Forecast	Result
Ordinary income	1,600.0	3,300.0	3,580.8
Ordinary profit	320.0	780.0	(30.3)
Net income	210.0	460.0	(234.2)

(Reference)

Sumitomo Mitsui Banking Corporation

<Non-consolidated>

(Billions of yen)

	Six-month period ended Sep. 30, 2005	FY2005	FY2004
		Forecast	Result
Gross banking profit	730.0	1,545.0	1,522.9
Expenses	(300.0)	(595.0)	(582.4)
Banking profit (before provision for general reserve for possible loan losses)	430.0	950.0	940.5
Ordinary profit	240.0	610.0	(71.7)
Net income	130.0	350.0	(136.8)

Total credit cost (*)	(160.0)	(300.0)	(954.8)
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(*) (Provision for general reserve for possible loan losses) + (Credit cost included in non-recurring losses)