

Consolidated Statements of Cash Flows

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2005	2004	2005
1. Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	¥ (108,535)	¥ 404,894	\$ (1,011)
Depreciation of premises, equipment and others	84,120	82,464	784
Depreciation of lease assets	340,777	336,271	3,175
Amortization of goodwill	10,017	(4,260)	93
Equity in earnings of affiliates	(27,142)	(15,700)	(253)
Net change in reserve for possible loan losses	(140,104)	(824,917)	(1,306)
Net change in reserve for possible losses on loans sold	—	(20,665)	—
Net change in reserve for employee bonuses	1,497	221	14
Net change in reserve for employee retirement benefits	134,819	(40,069)	1,256
Net change in reserve for expenses related to EXPO 2005 Japan	114	116	1
Interest income	(1,521,728)	(1,591,338)	(14,179)
Interest expenses	350,385	310,267	3,265
Net (gains) losses on securities	102,784	(67,928)	958
Net gains from money held in trust	(0)	(121)	(0)
Net exchange (gains) losses	(105,603)	407,340	(984)
Net losses from disposal of premises and equipment	63,973	30,697	596
Net gains from disposal of lease assets	(3,345)	(1,870)	(31)
Net change in trading assets	(468,577)	1,131,864	(4,366)
Net change in trading liabilities	246,434	(929,787)	2,296
Net change in loans and bills discounted	468,339	6,198,239	4,364
Net change in deposits	3,137,797	1,829,914	29,238
Net change in negotiable certificates of deposit	(806,192)	(1,338,888)	(7,512)
Net change in borrowed money (excluding subordinated debt)	(180,888)	(112,211)	(1,686)
Net change in deposits with banks	(245,726)	(1,299,305)	(2,290)
Net change in call loans, bills bought, receivables under resale agreements, and commercial paper and other debt purchased	(743,218)	(318,516)	(6,925)
Net change in receivables under securities borrowing transactions	440,987	971,914	4,109
Net change in call money, bills sold and payables under repurchase agreements	(2,013,905)	(5,704,903)	(18,765)
Net change in commercial paper	91,400	94,900	852
Net change in payables under securities lending transactions	(2,078,345)	1,139,101	(19,366)
Net change in foreign exchanges (assets)	(151,254)	5,016	(1,409)
Net change in foreign exchanges (liabilities)	(94,405)	175,444	(880)
Net change in short-term bonds (liabilities)	1,000	—	9
Issuance and redemption of bonds (excluding subordinated bonds)	130,498	152,514	1,216
Net change in due to trust account	14,424	30,078	134
Interest received	1,553,995	1,636,935	14,480
Interest paid	(336,234)	(336,704)	(3,133)
Net change in payable on trading and securities contracts	(1,020,879)	1,188,672	(9,512)
Other, net	(350,488)	27,099	(3,266)
Subtotal	(3,223,208)	3,546,782	(30,034)
Income taxes paid	(56,914)	(24,664)	(530)
Net cash (used in) provided by operating activities	(3,280,122)	3,522,118	(30,564)

(Continued)

Year ended March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2005	2004	2005
2. Cash flows from investing activities:			
Purchases of securities.....	¥(46,309,832)	¥(47,305,660)	\$(431,512)
Proceeds from sale of securities.....	36,134,383	30,688,033	336,698
Proceeds from maturity of securities.....	13,118,211	13,967,819	122,235
Purchases of money held in trust	—	(21,225)	—
Proceeds from sale of money held in trust.....	0	42,259	0
Purchases of premises and equipment.....	(56,945)	(80,932)	(531)
Proceeds from sale of premises and equipment.....	93,474	20,839	871
Purchases of lease assets	(396,497)	(368,159)	(3,694)
Proceeds from sale of lease assets	43,702	37,678	407
Purchases of stocks of subsidiaries.....	(2,970)	(8,999)	(28)
Net cash provided by (used in) investing activities	2,623,525	(3,028,346)	24,446
3. Cash flows from financing activities:			
Proceeds from issuance of subordinated debt.....	36,000	89,500	336
Repayment of subordinated debt.....	(72,212)	(195,000)	(673)
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights	440,237	436,453	4,102
Repayment of subordinated bonds and bonds with stock acquisition rights	(234,983)	(150,713)	(2,189)
Proceeds from issuance of stocks	210,003	—	1,957
Dividends paid	(46,463)	(33,360)	(433)
Proceeds from minority stockholders.....	21,024	25	196
Dividends paid to minority stockholders.....	(39,457)	(33,196)	(368)
Purchases of treasury stock.....	(269,012)	(632)	(2,507)
Proceeds from sale of treasury stock.....	9,063	24,058	84
Net cash provided by financing activities	54,199	137,134	505
4. Effect of exchange rate changes on cash and due from banks.....	(378)	(2,417)	(4)
5. Net change in cash and due from banks	(602,776)	628,488	(5,617)
6. Cash and due from banks at beginning of year.....	3,529,479	2,900,991	32,888
7. Change in cash and due from banks due to merger of consolidated subsidiaries	3,941	—	37
8. Change in cash and due from banks due to decrease of consolidated subsidiaries.....	—	(0)	—
9. Cash and due from banks at end of year	¥ 2,930,645	¥ 3,529,479	\$ 27,308

See accompanying notes to consolidated financial statements.