

Notes to Consolidated Financial Statements

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Years ended March 31, 2005 and 2004

1. Basis of Presentation

Sumitomo Mitsui Financial Group, Inc. ("SMFG") was established on December 2, 2002 as a holding company for the SMFG group through a statutory share transfer (*kabushiki iten*) of all of the outstanding equity securities of the former Sumitomo Mitsui Banking Corporation ("former SMBC") in exchange for SMFG's newly issued securities. SMFG is a joint stock corporation with limited liability (*Kabushiki Kaisha*) incorporated under the Commercial Code of Japan. Upon formation of SMFG and completion of the statutory share transfer, the former SMBC became a direct wholly owned subsidiary of SMFG.

SMFG has prepared the accompanying consolidated financial statements in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile.

The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions and the inclusion of consolidated statements of stockholders' equity) from the consolidated financial statements of SMFG prepared in accordance with Japanese GAAP.

Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

Amounts less than one million yen have been omitted. As a result, the totals in Japanese yen shown in the financial statements do not necessarily agree with the sum of the individual amounts.

The translation of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2005, which was ¥107.32 to US\$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at that rate.

2. Significant Accounting Policies

(1) Consolidation and equity method

(a) Scope of consolidation

Japanese accounting standards on consolidated financial statements require a company to consolidate any subsidiaries of which the company substantially controls the operations, even if it is not a majority owned subsidiary. Control is defined as the power to govern the decision making body of an enterprise.

(i) Consolidated subsidiaries

Number of consolidated subsidiaries is as follows:

March 31	2005	2004
Consolidated subsidiaries	167	165

Principal subsidiaries:

Sumitomo Mitsui Banking Corporation ("SMBC")
THE MINATO BANK, LTD. ("MINATO")
Kansai Urban Banking Corporation
Sumitomo Mitsui Banking Corporation Europe Limited
Manufacturers Bank
SMBC Leasing Company, Limited
Sumitomo Mitsui Card Company, Limited ("SMCC")
SMBC Capital Co., Ltd.
SMBC Finance Service Co., Ltd.
SMBC Friend Securities Co., Ltd.
The Japan Research Institute, Limited
SMBC Capital Markets, Inc.

Changes in consolidated subsidiaries in the fiscal year ended March 31, 2005 are as follows:

Twenty-one companies including SMBC Financial Business Planning Co., Ltd. were newly consolidated due to establishment.

At-loan Co., Ltd. was excluded from the scope of consolidation and treated as an affiliated company accounted for by the equity method because it became a consolidated subsidiary of Promise Co., Ltd.

Five companies including Minato Card Co., Ltd. were excluded from the scope of consolidation because they were no longer a subsidiary due to merger. Thirteen companies including SMLC Indus Co., Ltd. became unconsolidated subsidiaries that are not accounted for by the equity method because they became silent partnerships for lease transactions.

(ii) Unconsolidated subsidiaries

Principal company:

SBCS Co., Ltd.

One hundred and seventeen subsidiaries including S.B.L. Mercury Co., Ltd. are silent partnerships for lease transactions and their assets and profits/losses do not belong to them substantially. Therefore, they were excluded from the scope of consolidation pursuant to Article 5 Paragraph 1 Item 2 of Consolidated Financial Statements Regulation.

Total assets, ordinary income, net income and retained earnings of other unconsolidated subsidiaries have no material impact on the consolidated financial statements.

(b) Application of the equity method

Japanese accounting standards also require any unconsolidated subsidiaries and affiliates on which SMFG is able to exercise material influence over their financial and operating policies to be accounted for by the equity method.

(i) Unconsolidated subsidiaries accounted for by the equity method

Number of unconsolidated subsidiaries accounted for by the equity method is as follows:

March 31	2005	2004
Unconsolidated subsidiaries	4	4

Principal company:

SBCS Co., Ltd.

(ii) Affiliates accounted for by the equity method

Number of affiliates accounted for by the equity method is as follows:

March 31	2005	2004
Affiliates	49	44

Principal companies:

Promise Co., Ltd.

Daiwa Securities SMBC Co. Ltd.

Daiwa SB Investments Ltd.

Sumitomo Mitsui Asset Management Company, Limited
QUOQ Inc.

Changes in affiliates in the fiscal year ended March 31, 2005 are as follows:

Eight companies including Promise Co., Ltd. newly became affiliated companies accounted for by the equity method due to acquisition of shares.

Three companies including Sony Bank Incorporated were excluded from the scope of affiliated companies due to decrease in ratio of voting share ownership and other reasons.

(iii) Unconsolidated subsidiaries that are not accounted for by the equity method

One hundred and seventeen subsidiaries including S.B.L. Mercury Co., Ltd. are silent partnerships for lease transactions and their assets and profits/losses do not belong to them substantially. Therefore, they are not treated as affiliated companies accounted for by the equity method pursuant to Article 10 Paragraph 1 Item 2 of Consolidated Financial Statements Regulation.

(iv) Affiliates that are not accounted for by the equity method

Principal company:

Daiwa SB Investments (USA) Ltd.

Net income and retained earnings of unconsolidated subsidiaries and affiliates that are not accounted for by the equity method have no material impact on the consolidated financial statements.

(c) The balance sheet dates of consolidated subsidiaries

(i) The balance sheet dates of the consolidated subsidiaries are as follows:

March 31	2005	2004
September 30	5	5
October 31	1	1
December 31	70	65
January 31	2	2
March 31	89	92

A consolidated domestic subsidiary changed its balance sheet date from December 31 to March 31 from the fiscal year ended March 31, 2004. Therefore, SMFG's consolidated financial statements for the fiscal year ended March 31, 2004 include the subsidiary's profit or loss for the period from January 1, 2003 to March 31, 2004. However, this change had no material impact on the consolidated financial statements.

(ii) As for the companies whose balance sheet dates are September 30 and October 31, the accounts were provisionally

closed as of March 31 and January 31 for the purpose of consolidation, respectively. The other companies were consolidated on the basis of their respective balance sheet dates.

Appropriate adjustments were made for material transactions during the periods from their respective balance sheet dates to the consolidated closing dates.

(2) Statements of cash flows

For the purposes of the consolidated statements of cash flows, cash and cash equivalents represent cash and due from banks.

(3) Trading assets/liabilities and trading profits/losses

Transactions for trading purposes (seeking gains arising from short-term changes in interest rates, currency exchange rates, or market prices of securities and other market related indices or from variation among markets) are included in "Trading assets" or "Trading liabilities" on the consolidated balance sheet on a trade date basis. Profits and losses on trading-purpose transactions are recognized on a trade date basis, and recorded as "Trading profits" and "Trading losses."

Securities and monetary claims purchased for trading purposes are stated at the fiscal year-end market value, and financial derivatives such as swaps, futures and options are stated at amounts that would be settled if the transactions were terminated at the consolidated balance sheet date.

"Trading profits" and "Trading losses" include interest received or paid during the fiscal year. The year-on-year valuation differences of securities and monetary claims are also recorded in the above-mentioned accounts. As for the derivatives, assuming that the settlement will be made in cash, the year-on-year valuation differences are also recorded in the above-mentioned accounts.

SMBC accounts for foreign currency translation differences arising from currency swaps for trading purposes as "Trading assets" or "Trading liabilities" on a gross basis, pursuant to the "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25).

(4) Securities

As for securities other than trading purposes, debt securities that consolidated subsidiaries have the positive intent and ability to hold to maturity are classified as held-to-maturity securities and are carried at amortized cost (straight-line method) using the moving-average method.

Investments in unconsolidated subsidiaries and affiliates that are not accounted for by the equity method are carried at cost using the moving-average method.

Securities other than trading purpose securities, held-to-maturity securities and investments in unconsolidated subsidiaries and affiliates are classified as "other securities" (available-for-sale securities). Stocks in other securities that have market prices are carried at their average market prices during the final month of the fiscal year, and bonds and others that have market prices are carried at their fiscal year-end market prices (cost of securities sold is calculated using primarily the moving-average method). Other securities with no available market prices are carried at cost or amortized cost using the moving-average method. Net unrealized gains (losses) on other securities, net of

income taxes, are included in "Stockholders' equity," after deducting the amount that is reflected in the fiscal year's earnings because of application of fair value hedge accounting.

Securities included in money held in trust are carried in the same method as for securities mentioned above.

(5) Derivative transactions

Derivative transactions, excluding those classified as trading derivatives, are carried at fair value, though some consolidated overseas subsidiaries account for derivative transactions in accordance with their local accounting standards.

(6) Hedge accounting

(a) Hedging against interest rate changes

As for the hedge accounting method applied to hedging transactions for interest rate risk arising from financial assets and liabilities, SMBC applies deferred hedge accounting or fair value hedge accounting.

SMBC applies the basic provisions of "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24) to hedges on groups of large-volume, small-value monetary claims and debts with similar risk characteristics. SMBC assesses the effectiveness of such hedges in offsetting fluctuation in fair value arising from changes in interest rates, by classifying the hedged items (such as deposits and loans) and the hedging instruments (such as interest rate swaps) by their maturity. As for cash flow hedges, SMBC assesses the effectiveness of such hedges in fixing cash flows by verifying the correlation between the hedged items and the hedging instruments. SMBC also assesses the effectiveness of individual hedges.

As for the accounting method, SMBC applies fair value hedge accounting to hedging transactions for reducing the exposure to market volatility of bonds classified as other securities that are held for the purpose of Asset and Liability Management in order to more properly reflect the effectiveness of hedging transactions in the financial statements.

A portion of deferred hedge losses and gains, which was previously under the macro hedge, is no longer subject to hedge accounting. The deferred hedge losses and gains related to hedging instruments to which SMBC discontinued the application of hedge accounting or applied fair value hedge accounting as a result of the change mentioned above are recognized as "Interest income" or "Interest expenses" over a 12-year period (maximum) from the fiscal year ended March 31, 2004 according to their maturity. Gross amounts of deferred hedge losses and gains on "macro hedge" at March 31, 2005 were ¥197,872 million (\$1,844 million) and ¥167,948 million (\$1,565 million), respectively.

(b) Hedging against currency fluctuations

SMBC applies deferred hedge accounting stipulated in JICPA Industry Audit Committee Report No. 25 to currency swap and foreign exchange swap transactions executed for the purpose of lending or borrowing funds in different currencies.

Pursuant to JICPA Industry Audit Committee Report No. 25, SMBC assesses the effectiveness of currency swap and foreign exchange swap transactions executed for the purpose of

offsetting the risk of changes in currency exchange rates by verifying that there are foreign-currency monetary claims and debts corresponding to the foreign-currency positions.

In order to hedge risk arising from volatility of exchange rates for stocks of subsidiaries and affiliates and other securities (excluding bonds) denominated in foreign currencies, SMBC applies deferred hedge accounting or fair value hedge accounting, on the conditions that the hedged securities are designated in advance and that sufficient on-balance (actual) or off-balance (forward) liability exposure exists to cover the cost of the hedged securities denominated in the same foreign currencies.

(c) Transactions between consolidated subsidiaries

As for derivative transactions between consolidated subsidiaries or internal transactions between trading accounts and other accounts (or among internal sections), SMBC manages the interest rate swaps and currency swaps that are designated as hedging instruments in accordance with the strict criteria for external transactions stipulated in JICPA Industry Audit Committee Report No. 24 and No. 25. Therefore, SMBC accounts for the gains or losses that arise from interest rate swaps and currency swaps in its earnings or defers them, rather than eliminating them.

Certain other consolidated subsidiaries apply the deferred hedge accounting or the short-cut method (exceptional treatment for interest rate swaps). A consolidated domestic subsidiary (a leasing company) partly applies the accounting method that is permitted by "Temporary Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Leasing Industry" (JICPA Industry Audit Committee Report No. 19).

(7) Non-accrual loans

Loans are generally placed on non-accrual status when their borrowers are classified as Bankrupt, Effectively Bankrupt or Potentially Bankrupt under the self-assessment rule (see (11) Reserve for possible loan losses).

(8) Bills discounted

Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24. SMFG's banking subsidiaries have rights to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions. The total face value at March 31, 2005 and 2004 was ¥966,552 million (\$9,006 million) and ¥1,023,057 million, respectively.

(9) Premises and equipment

Premises and equipment owned by SMFG and SMBC are generally stated at cost less accumulated depreciation. Depreciation of premises is calculated using the straight-line method over the estimated useful lives of the respective assets. They calculated the depreciation cost for the fiscal year by proportionally allocating the estimated annual cost to the fiscal year. The estimated useful lives of major items are as follows:

Buildings: 7 to 50 years

Equipment: 2 to 20 years

Other consolidated subsidiaries depreciate premises and equipment, and lease assets primarily using the straight-line method over the estimated useful lives of the respective assets and the straight-line method over the lease term based on the residual value of assets at the end of the lease term, respectively.

(10) Software costs

Capitalized software for internal use owned by SMFG and its consolidated domestic subsidiaries is depreciated using the straight-line method over its estimated useful life (basically five years).

(11) Reserve for possible loan losses

Reserve for possible loan losses of major consolidated subsidiaries is provided as detailed below in accordance with the internal standards for write-offs and provisions.

For claims on borrowers that have entered into bankruptcy, special liquidation proceedings or similar legal proceedings (“bankrupt borrowers”) or borrowers that are not legally or formally insolvent but are regarded as substantially in the same situation (“effectively bankrupt borrowers”), a reserve is provided based on the amount of claims, after the write-off stated below, net of the expected amount of recoveries from collateral and guarantees.

For claims on borrowers that are not currently bankrupt but are perceived to have a high risk of falling into bankruptcy (“potentially bankrupt borrowers”), a reserve is provided in the amount deemed necessary based on an overall solvency assessment of the claims, net of the expected amount of recoveries from collateral and guarantees.

Discounted Cash Flows (DCF) method is used for claims on borrowers whose cash flows from collection of principals and interest can be rationally estimated and SMBC applies it to claims on large potentially bankrupt borrowers and claims on large borrowers requiring close monitoring that have been classified as “Past due loans (3 months or more)” or “Restructured loans” whose total loans from SMBC exceed a certain amount. SMBC establishes a reserve for possible loan losses using the DCF method for such claims in the amount of the difference between the present value of principal and interest (calculated using the rationally estimated cash flows discounted at the initial contractual interest rate) and the book value. In the fiscal year ended March 31, 2004, the DCF method was not applied to the claims on large potentially bankrupt borrowers.

For other claims, a reserve is provided based on the historical loan-loss ratio.

For claims originated in specific overseas countries, an additional reserve is provided in the amount deemed necessary based on the assessment of political and economic conditions.

Branches and credit supervision departments assess all claims in accordance with the internal rules for self-assessment of assets, and the Credit Review Department, independent from these operating sections, audits their assessment. The reserves are provided based on the results of these assessments.

Reserve for possible loan losses of other consolidated subsidiaries for general claims is provided in the amount deemed necessary based on the historical loan-loss ratios, and for

doubtful claims in the amount deemed uncollectible based on assessment of each claim.

For collateralized or guaranteed claims on bankrupt borrowers and effectively bankrupt borrowers, the amount exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and written off against the total outstanding amount of the claims. The amount of write-off was ¥1,782,244 million (\$16,607 million) and ¥1,236,148 million at March 31, 2005 and 2004, respectively.

(12) Reserve for possible losses on loans sold

Reserve for possible losses on loans sold is provided for contingent losses arising from decline of market value of underlying collateral for loans sold to the Cooperative Credit Purchasing Company, Limited.

(13) Reserve for expenses related to EXPO 2005 Japan

SMBC accounts for the exhibition expenses related to “The 2005 World Exposition, Aichi, Japan” as “Reserve for expenses related to EXPO 2005 Japan,” which includes the reserve that is stipulated in Article 57-2 of the Specific Taxation Measures Law.

(14) Reserve for employee bonuses

Reserve for employee bonuses is provided for payment of bonuses to employees, in the amount of estimated bonuses, which are attributable to the respective fiscal year.

(15) Reserve for employee retirement benefits

Reserve for employee retirement benefits is provided for payment of retirement benefits to employees, in the amount deemed accrued at the fiscal year-end, based on the projected retirement benefit obligation and the fair value of plan assets at the fiscal year-end.

Unrecognized prior service cost is amortized using the straight-line method, primarily over 10 years within the employees’ average remaining service period at incurrence.

Unrecognized net actuarial gain (loss) is amortized using the straight-line method, primarily over 10 years within the employees’ average remaining service period, commencing from the next fiscal year of incurrence.

Unrecognized net transition obligation from the initial application of the new accounting standard for employee retirement benefits is amortized primarily using the straight-line method over five years.

A part of “Accounting Standards for Retirement Benefits” (issued by the Business Accounting Deliberation Council on June 16, 1998) was revised on March 16, 2005. As a result, the amount by which the plan assets exceed the projected benefit obligation (“unrecognized plan assets”) due to excess of the actual return on the plan assets over the expected return on the plan assets, or occurrence of prior service costs due to lowering of pension benefit levels was permitted to be recognized as assets and gains. SMBC implemented an early adoption of the revised standards from the fiscal year ended March 31, 2005 and treated the unrecognized plan assets as actuarial differences. This accounting change had no impact on profit and loss accounts.

(16) Other reserves

Reserves required by special laws are provided as follows:

(a) Reserve for contingent liabilities from financial futures transactions is provided in accordance with Article 82 of the Financial Futures Transaction Law, in order to cover losses arising from financial futures transactions.

(b) Reserve for contingent liabilities from securities transactions is provided in accordance with Article 51 of the Securities and Exchange Law in provision for losses arising from securities transactions.

(17) Translation of foreign currency assets and liabilities

SMBC's assets and liabilities denominated in foreign currencies and overseas branches' accounts are translated into Japanese yen mainly at the exchange rate prevailing at the consolidated balance sheet date, with the exception of stocks of subsidiaries and affiliates translated at rates prevailing at the time of acquisition.

As for the accounting method of foreign currency transactions, SMBC and other domestic consolidated banking subsidiaries apply the hedge accounting pursuant to the basic provisions of JICPA Industry Audit Committee Report No. 25.

Currency swaps and foreign exchange swaps for the purpose of lending or borrowing funds in different currencies are valued at fair value and their fair-valued assets and liabilities are recognized on the consolidated balance sheet.

Foreign currency translation differences arising from currency swaps and forward foreign exchange transactions are accounted for as "Other assets" or "Other liabilities" on a gross basis pursuant to JICPA Industry Audit Committee Report No. 25.

Other consolidated subsidiaries' assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at their respective balance sheet dates.

(18) Lease transactions

Financing leases of SMFG and its consolidated domestic subsidiaries, excluding those in which the ownership of the property is transferred to the lessee, are accounted for in the same method as operating leases.

Standards for recognizing lease-related income on lease

transactions and income/expenses on installment sales are as follows:

(a) Recognition of lease-related income on lease transactions
Primarily, lease-related income is recognized on a straight-line basis over the full term of the lease, based on the contractual amount of lease fees per month.

(b) Recognition of income and expenses on installment sales
Primarily, installment-sales-related income and installment-sales-related expenses are recognized on a due-date basis over the full term of the installment sales.

(19) Valuation of consolidated subsidiaries' assets and liabilities

Assets and liabilities of consolidated subsidiaries including the portion attributable to the minority shareholders are valued for consolidation at fair value when SMFG acquires control.

(20) Amortization of goodwill

Goodwill on Sumitomo Mitsui Card Company, Limited and SMBC Leasing Company, Limited is amortized using the straight-line method over five years and goodwill on other companies is charged or credited to income directly when incurred.

(21) Appropriation of retained earnings

Payments of dividends are accounted for as appropriations of retained earnings in the fiscal year when such appropriations are approved at the general shareholders' meeting or, in the case of interim dividends, at the meeting of the Board of Directors.

Cash dividends charged to retained earnings are those actually paid during the fiscal year and consist of year-end dividends applicable to the preceding year and interim dividends for the current year.

(22) Amounts per share

Net income (loss) per share is calculated by deducting dividends for preferred stock from net income (loss), divided by the weighted average number of shares of common stock, excluding treasury stock outstanding during each fiscal year.

Diluted net income per share reflects the potential dilution that could occur if preferred stocks and other contracts to issue common stocks were exercised.

Declared dividends represent the cash dividends declared applicable to respective fiscal years, including dividends to be paid after the end of the fiscal year.

3. Trading Assets

Trading assets at March 31, 2005 and 2004 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Trading securities	¥ 269,678	¥ 80,766	\$ 2,513
Derivatives of trading securities	812	139	8
Derivatives of securities related to trading transactions	2,033	595	19
Trading-related financial derivatives	2,440,254	2,135,318	22,738
Other trading assets	1,056,293	1,089,960	9,842
	<u>¥3,769,073</u>	<u>¥3,306,780</u>	<u>\$35,120</u>

4. Securities

Securities at March 31, 2005 and 2004 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Japanese government bonds* ¹	¥13,636,577	¥14,448,940	\$127,065
Japanese local government bonds	486,884	506,263	4,537
Japanese corporate bonds	3,243,443	2,651,971	30,222
Japanese stocks* ^{1, 2}	3,516,280	3,637,892	32,764
Other* ²	3,350,515	5,804,833	31,220
	¥24,233,701	¥27,049,901	\$225,808

*¹ Unsecured loaned securities for which borrowers have the right to sell or pledge in the amount of ¥8,774 million (\$82 million) are included in Japanese government bonds at March 31, 2005, and such securities in the amount of ¥15,849 million are included in Japanese government bonds and Japanese stocks at March 31, 2004. Loaned securities for which borrowers only have the right to pledge and not to sell in the amount of ¥99 million are included in Japanese government bonds at March 31, 2004.

As for the unsecured borrowed securities for which SMBC has the right to sell or pledge and the securities which SMBC purchased under resale agreements, that are permitted to be sold or pledged without restrictions, ¥467,647 million (\$4,358 million) of securities are pledged, and ¥192,791 million (\$1,796 million) of securities are held in hand at March 31, 2005. The respective amounts at March 31, 2004 were ¥1,022,170 million and ¥165,047 million.

*² Japanese stocks and other include investments in unconsolidated subsidiaries and affiliates of ¥395,984 million (\$3,690 million) and ¥208,201 million at March 31, 2005 and 2004, respectively.

5. Loans and Bills Discounted

(1) Loans and bills discounted at March 31, 2005 and 2004 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Bills discounted	¥ 525,763	¥ 644,002	\$ 4,899
Loans on notes	4,847,367	6,296,717	45,168
Loans on deeds	42,211,430	40,919,508	393,323
Overdrafts	7,215,244	7,522,572	67,231
	¥54,799,805	¥55,382,800	\$510,621

(2) Loans and bills discounted includes the following “Risk-monitored loans” stipulated in the Banking Law:

March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Risk-monitored loans:			
Bankrupt loans* ¹	¥ 68,337	¥ 96,413	\$ 637
Non-accrual loans* ²	1,398,964	1,767,862	13,035
Past due loans (3 months or more)* ³	29,441	51,538	274
Restructured loans* ⁴	730,701	1,382,168	6,809
	¥2,227,445	¥3,297,981	\$20,755

*¹ “Bankrupt loans” are loans, after write-off, to legally bankrupt borrowers as defined in Article 96-1-3 and 96-1-4 of the Enforcement Ordinance No. 97 of the Japanese Corporate Tax Law (issued in 1965) and on which accrued interest income is not recognized as there is substantial doubt about the ultimate collectability of either principal or interest because they are past due for a considerable period of time or for other reasons.

*² “Non-accrual loans” are loans on which accrued interest income is not recognized, excluding “Bankrupt loans” and loans on which interest payments are deferred in order to support the borrowers’ recovery from financial difficulties.

*³ “Past due loans (3 months or more)” are loans on which the principal or interest is past due for three months or more, excluding “Bankrupt loans” and “Non-accrual loans.”

*⁴ “Restructured loans” are loans on which terms and conditions have been amended in favor of the borrowers (e.g. reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt forgiveness) in order to support the borrowers’ recovery from financial difficulties, excluding “Bankrupt loans,” “Non-accrual loans” and “Past due loans (3 months or more).”

The amounts above include the trusted amount with the Resolution and Collection Corporation of ¥41 million (\$0 million) and ¥7,522 million at March 31, 2005 and 2004, respectively, which is treated as off-balancing.

(3) Commitment line contracts on overdrafts and loans are agreements to lend to customers, up to a prescribed amount, as long as there is no violation of any condition established in the contracts. The amount of unused commitments at March 31, 2005 and 2004 was ¥37,440,642 million (\$348,869 million) and ¥32,634,541 million, respectively, and the amount of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time at March 31, 2005 and 2004 was ¥33,204,890 million (\$309,401 million) and ¥29,806,280 million, respectively.

Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily represent actual future cash flow requirements. Many of these commitments include clauses under which SMBC and other consolidated subsidiaries can reject an application from customers or reduce the contract amounts in the event that economic conditions change, SMBC and other consolidated subsidiaries need to secure claims, or other events occur. In addition, SMBC and other consolidated subsidiaries may request the customers to pledge collateral such as premises and securities at the time of the contracts, and take necessary measures such as monitoring customers' financial positions, revising contracts when need arises and securing claims after the contracts are made.

6. Other Assets

Other assets at March 31, 2005 and 2004 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Prepaid expenses.....	¥ 37,677	¥ 37,943	\$ 351
Accrued income.....	264,704	238,454	2,467
Deferred assets.....	597,825	518,913	5,570
Financial derivatives*	792,007	1,010,355	7,380
Other.....	1,418,239	1,228,515	13,215
	¥3,110,454	¥3,034,182	\$28,983

* Net amount of deferred unrealized losses on hedging instruments to which deferred hedge accounting is applied is reported as deferred losses on hedge and is included in "Financial derivatives." Gross deferred unrealized losses and gains on hedging instruments before netting at March 31, 2005 were ¥527,374 million (\$4,914 million) and ¥429,751 million (\$4,004 million), respectively. The respective amounts at March 31, 2004 were ¥663,546 million and ¥564,122 million.

7. Premises and Equipment

Premises and equipment at March 31, 2005 and 2004 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Land*	¥ 411,545	¥ 513,874	\$ 3,835
Buildings.....	487,686	534,250	4,544
Equipment and others	465,828	523,115	4,341
Total	1,365,060	1,571,240	12,720
Accumulated depreciation	(529,007)	(587,180)	(4,930)
	¥ 836,053	¥ 984,060	\$ 7,790

* Includes land revaluation excess referred to in Note 16.

8. Lease Assets

Lease assets at March 31, 2005 and 2004 were as follows:

March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Equipment and others	¥2,563,586	¥2,520,092	\$23,887
Accumulated depreciation	(1,556,570)	(1,528,311)	(14,504)
	¥1,007,015	¥ 991,781	\$ 9,383

9. Assets Pledged as Collateral

Assets pledged as collateral at March 31, 2005 and 2004 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Assets pledged as collateral			
Cash and due from banks and Deposits with banks	¥ 75,769	¥ 112,778	\$ 706
Trading assets	630,553	540,579	5,875
Securities	6,492,047	10,723,663	60,492
Loans and bills discounted	1,524,286	1,375,426	14,203
Other assets	1,080	1,056	10
Premises and equipment	—	524	—
Liabilities corresponding to assets pledged as collateral			
Deposits	12,745	15,276	119
Call money and bills sold	3,976,469	5,175,669	37,052
Payables under repurchase agreements	393,895	1,055,508	3,670
Payables under securities lending transactions	3,283,601	5,700,206	30,596
Trading liabilities	143,819	203,599	1,340
Borrowed money	7,566	4,451	70
Other liabilities	14,072	1,122	131
Acceptances and guarantees	144,023	141,835	1,342

In addition to the assets presented above, the following assets were pledged as collateral for exchange settlements, initial margins of futures markets and certain other purposes at March 31, 2005 and 2004:

March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Cash and due from banks and Deposits with banks	¥ 5,613	¥ 42,537	\$ 52
Trading assets	126,821	3,908	1,182
Securities	6,659,318	6,801,910	62,051
Loans and bills discounted	27,500	55,000	256

Premises and equipment included surety deposits and intangibles of ¥100,014 million (\$932 million) and ¥112,628 million at March 31, 2005 and 2004, respectively. Other assets included initial margins of futures markets of ¥9,582 million (\$89 million) and ¥8,130 million at March 31, 2005 and 2004, respectively.

10. Deposits

Deposits at March 31, 2005 and 2004 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Current deposits	¥ 6,172,889	¥ 5,382,068	\$ 57,519
Ordinary deposits	31,159,513	29,299,240	290,342
Savings deposits	1,090,677	1,206,013	10,163
Deposits at notice	4,319,669	3,800,841	40,250
Time deposits	21,157,264	20,870,829	197,142
Negotiable certificates of deposit	2,713,270	3,519,464	25,282
Other deposits	4,574,846	4,774,432	42,628
	¥71,188,131	¥68,852,890	\$663,326

11. Trading Liabilities

Trading liabilities at March 31, 2005 and 2004 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Trading securities sold for short sales	¥ 69,419	¥ 32,658	\$ 647
Derivatives of trading securities	524	242	5
Derivatives of securities related to trading transactions	2,061	940	19
Trading-related financial derivatives	2,038,468	1,839,404	18,994
	¥2,110,473	¥1,873,245	\$19,665

12. Borrowed Money

Borrowed money at March 31, 2005 and 2004 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars	Average interest rate* ¹	Due
	2005	2004	2005		
Bills rediscounted	¥ 11,576	¥ —	\$ 108	2.97%	Apr. 2005 — Aug. 2005
Other borrowings* ²	2,131,297	2,360,474	19,859	1.47	Jan. 2005 — Perpetual
	¥2,142,873	¥2,360,474	\$19,967	1.48%	

*¹ Average interest rate represents the weighted average interest rate based on the balances and rates at respective year-end of SMBC and other consolidated subsidiaries.

*² Includes subordinated debt obligation of ¥734,097 million (\$6,840 million) and ¥770,003 million at March 31, 2005 and 2004, respectively.

The repayment schedule within five years on borrowed money at March 31, 2005 was as follows:

March 31	Millions of yen	Millions of U.S. dollars
	2005	2005
Within 1 year	¥703,518	\$6,555
After 1 year through 2 years	224,614	2,093
After 2 years through 3 years	151,415	1,411
After 3 years through 4 years	119,289	1,112
After 4 years through 5 years	120,220	1,120

13. Bonds

Bonds at March 31, 2005 and 2004 consisted of the following:

March 31					
Issuer	Millions of yen*		Millions of U.S. dollars	Interest rate	
Description	2005	2004	2005	(%)	Due
SMBC:					
Straight bonds, payable in Yen	¥2,198,996	¥2,070,089	\$20,490	0.51–2.60	Apr. 2005–Sep. 2024
	[491,666]	[366,976]			
Straight bonds, payable in Euro Yen.....	9,500	5,000	89	2.50–3.00	Mar. 2012–Sep. 2024
Straight bonds, payable in U.S. dollars	75,124	73,983	700	4.32–6.02	May 2005–Sep. 2005
	(\$700,000 thousand)	(\$700,000 thousand)			
	[75,124]				
Subordinated bonds, payable in Yen	400,000	350,000	3,727	1.71–2.62	Jun. 2010–Oct. 2014
Subordinated bonds, payable in Euro Yen.....	664,900	483,100	6,195	0.4175–2.685	May 2011–Perpetual
Subordinated bonds, payable in U.S. dollars	174,287	171,640	1,624	5.93–8.15	Nov. 2011–Perpetual
	(\$1,624,000 thousand)	(\$1,624,000 thousand)			
Subordinated bonds, payable in British pound sterling	2,422	2,317	23	6.98	Perpetual
	(£12,000 thousand)	(£12,000 thousand)			
Subordinated bonds, payable in Euro	173,437	—	1,616	4.375	Oct. 2014
	(€1,250,000 thousand)				
Other consolidated subsidiaries:					
Straight bonds, payable in Yen	180,823	181,753	1,685	0.04–3.65	Feb. 2005–Oct. 2024
	[67,865]	[92,403]			
Straight bonds, payable in U.S. dollars	3,950	5,270	37	1.55–7.35	Jun. 2005–May 2009
	(\$38,000 thousand)	(\$48,000 thousand)			
	[521]	[1,209]			
Straight bonds, payable in Australian dollars	113	113	1	7.00	Oct. 2005
	(A\$2,000 thousand)	(A\$2,000 thousand)			
	[113]				
Straight bonds, payable in other foreign currency	3,007	4,872	28	3.90–4.35	Oct. 2005–Jun. 2018
	[1,596]	[1,990]			
Subordinated bonds, payable in Yen	345,613	546,491	3,220	0.00–6.00	Apr. 2005–Perpetual
	[36,649]	[12,000]			
Subordinated bonds, payable in U.S. dollars	107,320	108,332	1,000	8.50	Jun. 2009
	(\$1,000,000 thousand)	(\$1,025,000 thousand)			
Short-term bonds	1,000	—	9	0.14995	May 2005
	[1,000]				
	¥4,340,497	¥4,002,965	\$40,444		

* Figures in () are the balances in the original currency of the foreign currency denominated bonds, and figures in [] are the amounts to be redeemed within one year.

The redemption schedule within five years on bonds at March 31, 2005 was as follows:

March 31	Millions of yen	Millions of U.S. dollars
	2005	2005
Within 1 year	¥674,536	\$6,285
After 1 year through 2 years	409,086	3,812
After 2 years through 3 years	421,960	3,932
After 3 years through 4 years	422,335	3,935
After 4 years through 5 years	554,863	5,170

14. Other Liabilities

Other liabilities at March 31, 2005 and 2004 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Accrued expenses	¥ 128,568	¥ 111,725	\$ 1,198
Unearned income	178,394	172,066	1,663
Income taxes payable	33,190	27,490	309
Financial derivatives	689,318	897,731	6,423
Other	1,334,314	2,382,804	12,433
	¥2,363,786	¥3,591,818	\$22,026

15. Other Reserves

Other reserves at March 31, 2005 and 2004 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Reserve for contingent liabilities from financial futures transactions	¥ 18	¥ 18	\$ 0
Reserve for contingent liabilities from securities transactions	1,075	843	10
	¥1,093	¥862	\$10

16. Land Revaluation Excess

SMBC revaluated its own land for business activities in accordance with the "Law Concerning Land Revaluation" (the "Law") effective March 31, 1998 and the law concerning amendment of the Law effective March 31, 2001. The income taxes corresponding to the net unrealized gains are deferred and reported in "Liabilities" as "Deferred tax liabilities for land revaluation," and the net unrealized gains, net of deferred taxes, are reported as "Land revaluation excess" in "Stockholders' equity."

Certain other consolidated subsidiaries revaluated their own land for business activities in accordance with the Law. The income taxes corresponding to the net unrealized gains (losses) are deferred and reported in "Liabilities" or "Assets" as "Deferred tax liabilities for land revaluation" or "Deferred tax assets for land revaluation" and the net unrealized gains (losses), net of deferred taxes, are reported as "Land revaluation excess" in "Stockholders' equity."

Date of the revaluation

SMBC:

March 31, 1998 and March 31, 2002

Certain other consolidated subsidiaries:

March 31, 1999 and March 31, 2002.

Method of revaluation (provided in Article 3-3 of the Law)

SMBC:

Fair values were determined by applying appropriate adjustments for land shape and timing of appraisal to the values stipulated in Article 2-3, 2-4 or 2-5 of the Enforcement Ordinance of the Law concerning Land Revaluation (the Enforcement Ordinance No. 119) effective March 31, 1998.

Certain other consolidated subsidiaries:

Fair values were determined based on the values stipulated in Article 2-3 and 2-5 of the Enforcement Ordinance No. 119.

Total fair value of land used for business activities at March 31, 2005 and 2004, whose book value had been revaluated pursuant to Article 10 of the Law, was ¥21,022 million (\$196 million) and ¥16,497 million lower than the book value, respectively.

17. Minority Interests

SB Treasury Company L. L. C., a subsidiary of SMBC, issued noncumulative perpetual preferred securities, totaling \$1,800 million in February 1998. SB Equity Securities (Cayman), Limited, a subsidiary of SMBC, issued noncumulative perpetual preferred securities, totaling ¥340,000 million in February and March 1999. Sakura Preferred

Capital (Cayman) Limited, a subsidiary of SMBC, issued noncumulative perpetual preferred securities, totaling ¥283,750 million in December 1998 and March 1999. These subsidiaries are consolidated and the preferred securities are accounted for as minority interests.

18. Capital Stock

Capital stock consists of common stock and preferred stock. Common stock and preferred stock at March 31, 2005 and 2004 were as follows:

	Number of shares			
	2005		2004	
March 31	Authorized	Issued and outstanding	Authorized	Issued and outstanding
Common stock.....	15,000,000	6,273,792.49	15,000,000	5,796,010.53
Preferred stock (Type 1).....	35,000	35,000	67,000	67,000
Preferred stock (Type 2).....	100,000	100,000	100,000	100,000
Preferred stock (Type 3).....	695,000	695,000	800,000	800,000
Preferred stock (Type 4).....	242,087	157,187	249,999	165,099
Preferred stock (Type 5).....	250,000	—	250,000	—
Preferred stock (Type 6).....	300,000	70,001	300,000	—
Total.....	16,622,087	7,330,980.49	16,766,999	6,928,109.53

All of the preferred stock is noncumulative and nonparticipating for dividend payments, and shareholders of the preferred stock are not entitled to vote at a general meeting of shareholders except when the proposal to pay the prescribed dividends to shareholders is not submitted to the general meeting of shareholders or is rejected at the general meeting of shareholders.

Annual dividends per share of preferred stock (Type 1, Type 2, Type 3, First to Twelfth series Type 4, Thirteenth series Type 4 and First series Type 6) are paid to shareholders by ¥10,500, ¥28,500, ¥13,700, ¥135,000, ¥67,500 and ¥88,500, respectively.

In cases of liquidation distribution, shareholders of preferred stock (Type 1, Type 2, Type 3, Type 4 and First series Type 6) will receive ¥3,000,000, ¥3,000,000, ¥1,000,000, ¥3,000,000 and ¥3,000,000 per share, respectively, and will not have the right to participate in any further liquidation distribution.

SMFG may, at any time, purchase and retire preferred stocks out of earnings available for distribution to the shareholders.

Shareholders of preferred stock may request SMFG to convert their preferred stocks into common stocks. The period during which the conversion may be requested (the “conversion period”) and the terms and conditions of conversion with respect to preferred stock (Type 1, Type 2 and Type 3) were determined by the resolution made in accordance with the provisions of Article 365 of the Commercial Code, of a shareholders meeting of SMBC. The conditions of conversion of preferred stock (First to Twelfth series Type 4 and Thirteenth series Type 4) were determined by the resolution of the board of directors relating to the issuance of the relevant preferred stocks. The conversion period and conversion price* of each type of preferred stock are as follows:

Preferred stock (Type 1):

December 2, 2002 to February 26, 2009

¥947,100

Preferred stock (Type 2):

August 1, 2005 to February 26, 2009

Initial conversion price will be determined by a formula based on the average of the daily closing prices per share of common stock in regular transactions at the Tokyo Stock Exchange on each of the 30 consecutive trading days (excluding any day on which the closing price is not available) commencing on the 45th trading day prior to August 1, 2005. (Initial conversion floor price: ¥947,100)

Preferred stock (Type 3):

December 2, 2002 to September 30, 2009

¥644,200

Preferred stock (First to Twelfth series Type 4):

February 8, 2003 to February 7, 2028

¥322,300

Preferred stock (Thirteenth series Type 4):

April 14, 2003 to July 12, 2005

¥312,000

* Conversion prices are reset and adjusted pursuant to the appointed rules governing conversion of the preferred stocks.

Any preferred stock (Type 1, Type 2, Type 3 and Type 4) with respect to which conversion has not been requested during the conversion period shall be mandatorily converted, as of the date immediately following the last day of the conversion period (the “mandatory conversion date”), into such number of common stocks as is obtained by dividing the corresponding amount set forth below by the average of the daily closing prices per share of common stock in regular transactions at the Tokyo Stock Exchange on each of the 30 consecutive trading days (excluding any day on which the closing price is not available) commencing on the 45th trading day preceding the mandatory conversion date. If such average price is less than ¥500,000, in the case of preferred stock (Type 1, Type 2 and Type 4), or less than ¥258,330, in the case of preferred stock (Type 3), then the preferred stock shall be converted into such number of common stocks as is obtained by dividing the corresponding amount set forth below by the relevant amount described above:

Preferred stock (Type 1): ¥3,000,000 per share

Preferred stock (Type 2): ¥3,000,000 per share

Preferred stock (Type 3): ¥1,000,000 per share

Preferred stock (Type 4): ¥3,000,000 per share

Shares of common stock held by SMFG and consolidated subsidiaries, and equity method unconsolidated subsidiaries and affiliates are as follows:

March 31	Number of shares (thousand)	
	2005	2004
Common stock	404	14

Following stock option are granted to directors and employees at March 31, 2005:

March 31	2005
Number of shares granted	1,620 shares
Type of stock	Common stock
Issue price	¥673,000 per share
Amount capitalized	
when shares are issued	¥337,000 per share
Exercise period	From June 28, 2004 to June 27, 2012

The stock option had been issued by former SMBC pursuant to the resolution of the ordinary general meeting of shareholders held on June 27, 2002. SMFG succeeded the obligations related to the stock options at the time of its establishment pursuant to the resolution of the preferred shareholders' meetings held on September 26, 2002 and the extraordinary shareholders' meeting held on September 27, 2002.

19. Fees and Commissions

Fees and commissions for the years ended March 31, 2005 and 2004 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Fees and commissions (income):			
Deposits and loans	¥ 45,105	¥ 34,587	\$ 420
Remittances and transfers	124,289	118,444	1,158
Securities-related business	51,973	43,883	484
Agency	19,304	16,239	180
Safe deposits	6,735	5,927	63
Guarantees	39,442	33,503	367
Credit card business	93,768	90,506	874
Investment trusts	45,574	35,214	425
Other	169,891	122,722	1,583
	¥596,086	¥501,028	\$5,554
Fees and commissions (expenses):			
Remittances and transfers	¥ 24,215	¥ 23,553	\$ 226
Other	55,760	53,298	519
	¥ 79,976	¥ 76,851	\$ 745

20. Trading Income

Trading income for the years ended March 31, 2005 and 2004 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Trading profits:			
Gains on trading securities	¥ 7,857	¥ 6,735	\$ 73
Gains on trading-related financial derivatives	136,224	298,275	1,269
Other	504	—	5
	¥144,587	¥305,011	\$1,347
Trading losses:			
Losses on securities related to trading transactions	¥ 199	¥ 904	\$ 2
Other	—	11	—
	¥ 199	¥ 916	\$ 2

21. Other Operating Income

Other operating income for the years ended March 31, 2005 and 2004 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Gains on sale of bonds	¥ 85,683	¥132,651	\$ 798
Gains on redemption of bonds	583	65	6
Lease-related income	691,864	654,218	6,447
Gains on foreign exchange transactions	118,840	—	1,107
Gains on financial derivatives	—	11,472	—
Other	161,318	148,066	1,503
	¥1,058,289	¥946,474	\$9,861

22. Other Income

Other income for the years ended March 31, 2005 and 2004 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Gains on sale of stocks and other securities	¥129,258	¥159,037	\$1,204
Gains on money held in trust.....	0	338	0
Equity in earnings of affiliates	27,142	15,700	253
Gains on disposal of premises and equipment	4,909	1,545	46
Collection of written-off claims.....	1,032	1,147	10
Gains on securities contributed to retirement benefits trust	75,275	—	701
Gains on return of the entrusted portion of employee pension fund.....	—	59,095	—
Tax refund from the Tokyo Metropolitan Government	—	38,236	—
Interest on the tax refund from the Tokyo Metropolitan Government	—	2,127	—
Gains on reversal of reserve for possible loan losses.....	—	14,378	—
Gains on reversal of reserve for possible losses on loans sold	—	489	—
Other.....	28,951	33,247	270
	¥266,569	¥325,344	\$2,484

23. Other Operating Expenses

Other operating expenses for the years ended March 31, 2005 and 2004 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Losses on sale of bonds	¥105,828	¥107,950	\$ 986
Losses on redemption of bonds.....	693	764	7
Losses on devaluation of bonds.....	255	110	2
Bond issuance costs.....	1,898	1,070	18
Lease-related expenses.....	626,387	588,504	5,837
Losses on foreign exchange transactions	—	56,960	—
Losses on financial derivatives	3,904	—	36
Other.....	128,779	131,288	1,200
	¥867,748	¥886,649	\$8,086

24. Other Expenses

Other expenses for the years ended March 31, 2005 and 2004 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Write-off of loans	¥ 759,399	¥ 660,382	\$ 7,076
Losses on sale of stocks and other securities	6,910	38,016	64
Losses on devaluation of stocks and other securities.....	224,266	19,524	2,090
Losses on money held in trust	—	962	—
Losses on sale of delinquent loans.....	147,984	269,059	1,379
Losses on disposal of premises and equipment	68,883	32,242	642
Amortization of unrecognized net transition obligation for employee retirement benefits	17,876	21,348	166
Provision for reserve for contingent liabilities from securities transactions	23	212	0
Other.....	33,133	81,653	309
	¥1,258,478	¥1,123,401	\$11,726

25. Income Taxes

- (1) Significant components of deferred tax assets and liabilities at March 31, 2005 and 2004 were as follows:

March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Deferred tax assets:			
Net operating loss carryforwards	¥ 926,210	¥1,030,860	\$ 8,630
Write-off of loans	545,008	286,808	5,078
Reserve for possible loan losses	470,016	549,411	4,380
Write-off of securities	401,414	351,143	3,740
Reserve for employee retirement benefits.....	92,852	95,722	865
Depreciation	8,389	8,642	78
Other	109,942	114,996	1,025
Subtotal	2,553,833	2,437,585	23,796
Valuation allowance	(598,451)	(441,060)	(5,576)
Total deferred tax assets	1,955,381	1,996,524	18,220
Deferred tax liabilities:			
Net unrealized gains on other securities	(281,966)	(225,246)	(2,627)
Gains on securities contributed to employee retirement benefits trust ...	(53,001)	(26,808)	(494)
Leveraged lease.....	(49,651)	(50,522)	(463)
Undistributed earnings of subsidiaries.....	(9,108)	(11,818)	(85)
Other	(8,754)	(15,724)	(81)
Total deferred tax liabilities	(402,482)	(330,119)	(3,750)
Net deferred tax assets	¥1,552,898	¥1,666,405	\$14,470

- (2) A reconciliation of the effective income tax rate reflected in the accompanying consolidated statements of operations to the statutory tax rate for the years ended March 31, 2005 and 2004 was as follows:

	2005	2004
Statutory tax rate.....	40.69%	42.05%
Valuation allowance	(140.70)	(18.93)
Change in the effective statutory tax rate due to the revision of the local tax law	—	(5.15)
Difference in the effective statutory tax rate between SMFG and consolidated domestic banking subsidiaries	—	(2.70)
Difference in the effective statutory tax rate between SMFG and consolidated overseas subsidiaries	16.96	—
Equity in earnings of affiliates.....	9.82	(1.47)
Dividends exempted for income tax purposes	4.15	(2.67)
Other.....	0.27	(3.02)
Effective income tax rate	(68.81)%	8.12%

- (3) External based-corporate enterprise taxes

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 the fiscal year ended March 31, 2005 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).

26. Employee Retirement Benefits

- (1) Outline of employee retirement benefits

Consolidated subsidiaries in Japan have contributory funded defined benefit pension plans such as employee pension plans, qualified pension plans and lump-sum severance indemnity plans. Some domestic consolidated subsidiaries have general type of employee pension plans. They may grant additional benefits in cases where certain requirements are met when employees retire.

A consolidated subsidiary in Japan adopts defined-contribution pension plan. SMBC and some consolidated subsidiaries in Japan contributed some of their marketable equity securities to employee retirement benefit trusts.

(2) Projected benefit obligation

March 31		Millions of yen		Millions of U.S. dollars
		2005	2004	2005
Projected benefit obligation	(A)	¥(891,311)	¥(892,421)	\$(8,305)
Plan assets	(B)	908,453	709,353	8,465
Unfunded projected benefit obligation	(C)=(A)+(B)	17,141	(183,068)	160
Unrecognized net transition obligation from initial application of the new accounting standard	(D)	—	17,876	—
Unrecognized net actuarial gain or loss	(E)	175,153	215,420	1,632
Unrecognized prior service cost	(F)	(69,163)	(78,022)	(645)
Net amount recorded on the consolidated balance sheet	(G)=(C)+(D)+(E)+(F)	123,131	(27,792)	1,147
Prepaid pension cost (other assets)	(H)	157,924	13,049	1,471
Reserve for employee retirement benefits	(G)–(H)	¥ (34,792)	¥ (40,842)	\$ (324)

(a) On January 26, 2004, SMBC received the approval from the Minister of Health, Labor and Welfare for exemption from future retirement benefit obligations with respect to the entrusted portion of the employee pension fund, in accordance with the implementation of the “Defined benefit enterprise pension plan law.” As a result, SMBC applied the temporary treatment stipulated in Article 47-2 of “Practical Guidelines of Accounting for Retirement Benefits (Interim Report)” (JICPA’s Accounting Committee Report No. 13), and derecognized retirement benefit liabilities on the entrusted portion and plan assets equivalent to the amount to be returned on the day of approval. The amount of expected return of plan assets (minimum legal reserves) was ¥184,014 million at March 31, 2004.

(b) On January 17, 2003, some domestic consolidated subsidiaries received the approval from the Minister of Health, Labor and Welfare for exemption from future retirement benefit obligations with respect to the entrusted portion of the employees pension fund, in accordance with the implementation of the “Defined benefit enterprise pension plan law.” On May 1, 2004, the subsidiaries also received the approval from the Minister of Health, Labor and Welfare for exemption from past retirement benefit obligations with respect to the entrusted portion, and adopted defined benefit pension plan.

(c) Plan assets related to the general type of welfare pension plan at March 31, 2005 and 2004, amounted to ¥14,057 million (\$131 million) and ¥32,501 million, respectively, and were not included in the “Plan assets” shown above.

(3) Pension expenses

Year ended March 31		Millions of yen		Millions of U.S. dollars
		2005	2004	2005
Service cost		¥22,109	¥25,748	\$206
Interest cost on projected benefit obligation		22,041	32,702	205
Expected return on plan assets		(21,048)	(23,033)	(196)
Amortization of unrecognized net transition obligation from initial application of the new accounting standard		17,876	21,348	166
Amortization of unrecognized net actuarial gain or loss		26,828	35,785	250
Amortization of unrecognized prior service cost		(9,159)	(6,062)	(85)
Other (nonrecurring additional retirement allowance paid and other)		8,139	6,953	76
Pension expenses		66,788	93,442	622
Gains on return of the entrusted portion of employee pension fund		—	(59,095)	—
Total		¥66,788	¥34,347	\$622

(4) Assumptions

The principal assumptions used in determining benefit obligation and pension expenses at or for the years ended March 31, 2005 and 2004 were as follows:

Year ended March 31	2005	2004
Discount rate	1.5% to 2.5%	1.5% to 2.5%
Expected rate of return on plan assets	0.0% to 4.0%	0.0% to 4.0%
Allocation of estimated amount of retirement benefits	Allocated to each period by the straight-line method	Allocated to each period by the straight-line method
Term to amortize unrecognized prior service cost	Mainly 10 years	Mainly 10 years
Term to amortize unrecognized net actuarial gain or loss	Mainly 10 years	Mainly 10 years
Term to amortize unrecognized net transition obligation from initial application of new accounting standard	Mainly 5 years	Mainly 5 years

27. Cash Flows

Assets and liabilities of the companies that were newly consolidated through acquisition of stocks in the fiscal year ended March 31, 2004 were as follows:

Assets and liabilities at the time of consolidation and the expense (net) for acquisition with respect to acquisition of the three companies including former The Kansai Sawayaka Bank, Limited were as follows:

March 31	Millions of yen 2004
Assets	¥800,118
Loans and bills discounted	593,042
Liabilities	(724,759)
Deposits	(682,774)
Minority interests	(23,450)
Goodwill	(13,136)
Acquisition costs for the three companies' stocks (a)	38,773
Cash and due from banks of the three companies (b)	(29,773)
Cash expenditure for acquisition of the three companies (a) – (b)	¥ 8,999

28. Lease Transactions

(1) Financing leases

A summary of assumed amounts of acquisition cost, accumulated depreciation and net book value for financing leases without transfer of ownership at March 31, 2005 and 2004 was as follows:

(a) Lessee side

March 31	Millions of yen						Millions of U.S. dollars		
	2005			2004			2005		
	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value
Equipment	¥4,779	¥2,716	¥2,063	¥11,705	¥6,848	¥4,856	\$44	\$25	\$19
Other	392	234	157	606	357	249	4	2	2
Total	¥5,171	¥2,950	¥2,221	¥12,312	¥7,206	¥5,106	\$48	\$27	\$21

Future minimum lease payments excluding interests at March 31, 2005 and 2004 were as follows:

March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Due within one year	¥ 880	¥2,070	\$ 8
Due after one year	1,437	3,251	14
	¥2,318	¥5,322	\$22

Total lease expenses for the years ended March 31, 2005 and 2004 were ¥1,589 million (\$15 million) and ¥2,296 million, respectively. Assumed depreciation for the years ended March 31, 2005 and 2004 amounted to ¥1,449 million (\$14 million) and ¥2,132 million, respectively. Assumed depreciation is calculated using the straight-line method over the lease term of the respective assets without salvage values. The difference between the minimum lease payments and the acquisition costs of the lease assets represents interest expenses. The allocation of such interest expenses over the lease term is calculated using the effective interest method. Interest expenses for the years ended March 31, 2005 and 2004 amounted to ¥144 million (\$1 million) and ¥162 million, respectively.

(b) Lessor side

March 31	Millions of yen						Millions of U.S. dollars		
	2005			2004			2005		
	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value
Equipment	¥1,911,595	¥1,204,282	¥707,313	¥1,908,945	¥1,197,471	¥711,474	\$17,812	\$11,221	\$6,591
Other	611,354	342,715	268,639	580,899	323,580	257,319	5,697	3,194	2,503
Total	¥2,522,949	¥1,546,997	¥975,952	¥2,489,845	¥1,521,051	¥968,794	\$23,509	\$14,415	\$9,094

Future lease payments receivable excluding interests at March 31, 2005 and 2004 were as follows:

March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Due within one year	¥319,727	¥318,916	\$2,979
Due after one year	668,731	674,752	6,231
	¥988,459	¥993,669	\$9,210

Total lease income for the years ended March 31, 2005 and 2004 was ¥412,550 million (\$3,844 million) and ¥410,953 million, respectively. Depreciation for the years ended March 31, 2005 and 2004 amounted to ¥348,971 million (\$3,252 million) and ¥331,032 million, respectively. Interest income represents the difference between the sum of the lease payments receivable and estimated salvage values, and the acquisition costs of the lease assets. The allocation of such interest income over the lease term is calculated using the effective interest method. Interest income for the years ended March 31, 2005 and 2004 amounted to ¥66,591 million (\$620 million) and ¥60,905 million, respectively.

(2) Operating leases

(a) Lessee side

Future minimum lease payments at March 31, 2005 and 2004 were as follows:

March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Due within one year.....	¥17,692	¥ 17,136	\$165
Due after one year	81,546	83,638	760
	¥99,238	¥100,774	\$925

(b) Lessor side

Future lease payments receivable at March 31, 2005 and 2004 were as follows:

March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Due within one year.....	¥ 7,584	¥ 4,189	\$ 71
Due after one year	13,623	9,804	127
	¥21,207	¥13,993	\$198

Future lease payments receivable at March 31, 2005 and 2004 amounting to ¥74,176 million (\$691 million) and ¥87,900 million, respectively, on the lessor side referred to in (1) and (2) above were pledged as collateral for borrowings.

29. Market Value of Securities and Money Held in Trust

(1) Securities

The market value of securities at March 31, 2005 and 2004 was as follows:

The amounts shown in the following tables include trading securities, commercial paper and short-term corporate bonds classified as "Trading assets," negotiable certificates of deposit bought classified as "Deposits with banks," and beneficiary claims on loan trusts classified as "Commercial paper and other debt purchased," in addition to "Securities" stated in the consolidated balance sheets.

(a) Securities classified as trading purposes

March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Consolidated balance sheet amount	¥1,325,972	¥1,170,727	\$12,355
Valuation losses included in the earnings for the fiscal year	3,717	1,707	35

(b) Bonds classified as held-to-maturity with market value

March 31	Millions of yen				
	2005				
	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds.....	¥507,342	¥505,002	¥(2,339)	¥1,582	¥3,922
Japanese local government bonds.....	—	—	—	—	—
Japanese corporate bonds.....	—	—	—	—	—
Other	28,859	29,380	520	531	11
Total	¥536,201	¥534,382	¥(1,818)	¥2,114	¥3,933

March 31	Millions of yen				
	2004				
	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds.....	¥509,458	¥500,930	¥(8,527)	¥1,739	¥10,266
Japanese local government bonds.....	—	—	—	—	—
Japanese corporate bonds.....	—	—	—	—	—
Other	17,272	18,374	1,101	1,101	—
Total	¥526,731	¥519,305	¥(7,425)	¥2,840	¥10,266

Millions of U.S. dollars					
2005					
March 31	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds.....	\$4,727	\$4,705	\$(22)	\$15	\$37
Japanese local government bonds.....	—	—	—	—	—
Japanese corporate bonds.....	—	—	—	—	—
Other	269	274	5	5	0
Total	\$4,996	\$4,979	\$(17)	\$20	\$37

Note: Market value is calculated by using market prices at the fiscal year-end.

(c) Other securities with market value

Millions of yen					
2005					
March 31	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	¥ 1,992,711	¥ 2,697,765	¥705,053	¥750,480	¥ 45,426
Bonds	14,734,261	14,749,222	14,961	34,971	20,010
Japanese government bonds.....	13,116,068	13,129,235	13,167	27,115	13,948
Japanese local government bonds.....	488,423	486,884	(1,538)	2,061	3,600
Japanese corporate bonds.....	1,129,770	1,133,102	3,332	5,794	2,462
Other.....	2,779,971	2,756,295	(23,675)	15,903	39,579
Total.....	¥19,506,944	¥20,203,283	¥696,339	¥801,356	¥105,017

Millions of yen					
2004					
March 31	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	¥ 2,234,577	¥ 2,904,362	¥669,784	¥736,878	¥ 67,094
Bonds	15,604,771	15,501,515	(103,256)	18,590	121,847
Japanese government bonds.....	14,028,689	13,939,482	(89,207)	14,225	103,432
Japanese local government bonds.....	515,362	506,263	(9,098)	1,075	10,173
Japanese corporate bonds.....	1,060,720	1,055,769	(4,950)	3,289	8,240
Other.....	5,354,322	5,363,406	9,084	32,047	22,963
Total.....	¥23,193,672	¥23,769,285	¥575,612	¥787,517	¥211,904

Millions of U.S. dollars					
2005					
March 31	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks.....	\$ 18,568	\$ 25,138	\$6,570	\$6,993	\$423
Bonds.....	137,293	137,432	139	326	187
Japanese government bonds.....	122,214	122,337	123	253	130
Japanese local government bonds.....	4,552	4,537	(15)	19	34
Japanese corporate bonds.....	10,527	10,558	31	54	23
Other	25,904	25,683	(221)	148	369
Total	\$181,765	\$188,253	\$6,488	\$7,467	\$979

Notes: 1. Net unrealized gains at March 31, 2005 include gains of ¥469 million (\$4 million) that is recognized in the fiscal year's earnings because of the application of fair value hedge accounting and gains of ¥82 million (\$1 million) on embedded financial instruments in their entirety that are recognized in the earnings because their embedded derivatives are not measured separately.

Of the total net unrealized gains for 2004, ¥23,452 million is included in the earnings for the year ended March 31, 2004 because of the application of fair value hedge accounting.

2. Consolidated balance sheet amount is calculated as follows:

Stocks Average market prices during one month before the fiscal year-end

Bonds and other Market prices at the fiscal year-end

3. Other securities with market value are considered as impaired if the market value decreases materially below the acquisition cost and such decline is not considered as recoverable. The market value is recognized as the consolidated balance sheet amount and the amount of write-down is accounted for as valuation loss for the fiscal year. Valuation loss for the fiscal years ended March 31, 2005 and 2004 was ¥172 million (\$2 million) and ¥5,625 million, respectively. The rule for determining "material decline" is as follows and is based on the classification of issuing company under self-assessment of assets.

Bankrupt/Effectively bankrupt/Potentially bankrupt issuers: Market value is lower than acquisition cost.

Issuers requiring caution: Market value is 30% or more lower than acquisition cost.

Normal issuers: Market value is 50% or more lower than acquisition cost.

Bankrupt issuers: Issuers that are legally bankrupt or formally declared bankrupt.

Effectively bankrupt issuers: Issuers that are not legally bankrupt but regarded as substantially bankrupt.

Potentially bankrupt issuers: Issuers that are not bankrupt now, but are perceived to have a high risk of falling into bankruptcy.

Issuers requiring caution: Issuers that are identified for close monitoring.

Normal issuers: Issuers other than the above four categories of issuers.

(d) Held-to-maturity bonds sold during the years ended March 31, 2005 and 2004

Year ended March 31	Millions of yen						Millions of U.S. dollars		
	2005			2004*			2005		
	Cost of securities sold	Sales amount	Gains on sales	Cost of securities sold	Sales amount	Gains on sales	Cost of securities sold	Sales amount	Gains on sales
Japanese government bonds	—	—	—	¥21,063	¥21,709	¥ 645	—	—	—
Japanese local government bonds...	—	—	—	23,060	23,796	736	—	—	—
Total	—	—	—	¥44,123	¥45,506	¥1,382	—	—	—

* Reason for sales:

A consolidated subsidiary, MINATO, changed its investment policy.

(e) Other securities sold during the years ended March 31, 2005 and 2004

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Sales amount	¥36,133,895	¥30,640,639	\$336,693
Gains on sales	214,022	281,085	1,994
Losses on sales	90,314	154,031	842

(f) Securities with no available market value

March 31	Millions of yen		Millions of U.S. dollars
	Consolidated balance sheet amount	Consolidated balance sheet amount	Consolidated balance sheet amount
March 31	2005	2004	2005
Bonds classified as held-to-maturity			
Unlisted foreign securities	¥ 2,400	¥ 3,371	\$ 22
Other	8,566	9,713	80
Other securities			
Unlisted stocks (excluding OTC stocks)	429,658	532,446	4,004
Unlisted bonds	2,110,338	1,596,199	19,664
Unlisted foreign securities	412,118	316,217	3,840
Other	221,982	144,433	2,068

(g) Change of classification of securities

In the fiscal year ended March 31, 2004, MINATO changed its investment policy and sold some of the held-to-maturity bonds before their maturities. As a result, MINATO changed the classification of the remaining bonds that MINATO holds, ¥28,281 million, from “held-to-maturity” to “other securities” pursuant to Article 83 of the “Practical Guidelines for Accounting for Financial Instruments” (JICPA Accounting Committee Report No. 14). In addition, ¥12,063 million in reclassified bonds were sold in the fiscal year ended March 31, 2004 and net gains on sale of ¥18 million were recorded.

(h) Redemption schedule of other securities with maturities and held-to-maturity bonds

March 31	Millions of yen			
	2005			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Bonds	¥3,110,902	¥ 9,065,255	¥2,237,616	¥2,953,130
Japanese government bonds	2,818,917	6,414,993	1,482,528	2,920,138
Japanese local government bonds	20,003	264,369	202,016	494
Japanese corporate bonds	271,981	2,385,892	553,071	32,497
Other	600,124	1,625,706	258,965	725,965
Total	¥3,711,027	¥10,690,962	¥2,496,581	¥3,679,096
March 31	Millions of yen			
	2004			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Bonds	¥2,879,079	¥ 9,470,889	¥3,999,979	¥1,257,227
Japanese government bonds	2,706,787	7,223,369	3,266,491	1,252,292
Japanese local government bonds	7,759	263,194	234,789	519
Japanese corporate bonds	164,531	1,984,324	498,698	4,415
Other	441,373	4,212,911	457,429	538,094
Total	¥3,320,453	¥13,683,800	¥4,457,409	¥1,795,322

March 31	Millions of U.S. dollars			
	2005			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Bonds	\$28,987	\$84,469	\$20,850	\$27,517
Japanese government bonds.....	26,267	59,774	13,814	27,210
Japanese local government bonds	186	2,463	1,882	4
Japanese corporate bonds.....	2,534	22,232	5,154	303
Other.....	5,592	15,149	2,413	6,765
Total.....	\$34,579	\$99,618	\$23,263	\$34,282

(2) Money held in trust

(a) Money held in trust classified as trading purposes
There are no corresponding transactions.

(b) Money held in trust classified as held-to-maturity
There are no corresponding transactions.

(c) Other money held in trust

March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Acquisition cost	¥3,628	¥3,628	\$34
Consolidated balance sheet amount	3,832	3,749	36
Net unrealized gains.....	204	121	2
Unrealized gains.....	300	222	3
Unrealized losses	95	100	1

(3) Net unrealized gains on other securities and other money held in trust

March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Net unrealized gains.....	¥695,951	¥552,271	\$6,485
Other securities.....	695,746	552,149	6,483
Other money held in trust.....	204	121	2
(-) Deferred tax liabilities	282,389	225,309	2,631
Net unrealized gains on other securities (before following adjustment).....	413,561	326,962	3,854
(-) Minority interests	7,982	3,207	75
(+) SMFG's interest in net unrealized gains on valuation of other securities held by affiliates accounted for by the equity method.....	5,074	1,258	47
Net unrealized gains on other securities.....	¥410,653	¥325,013	\$3,826

Notes: 1. Net unrealized gains at March 31, 2005 include gains of ¥469 million (\$4 million) that is recognized in the fiscal year's earnings because of the application of fair value hedge accounting and gains of ¥82 million (\$1 million) on embedded financial instruments in their entirety that are recognized in the earnings because their embedded derivatives are not measured separately.

Of the total net unrealized gains for 2004, ¥23,452 million is included in the earnings for the year ended March 31, 2004 because of the application of fair value hedge accounting.

2. Net unrealized gains (losses) included foreign currency translation adjustments on nonmarketable securities denominated in foreign currency.

30. Derivative Transactions

(1) Interest rate derivatives

March 31	Millions of yen			
	2005			
	Contract amount		Market value	Valuation gains (losses)
Total	Over 1 year			
Transactions listed on exchange				
Interest rate futures:				
Sold.....	¥ 39,978,468	¥ 866,455	¥ 45,530	¥ 45,530
Bought.....	42,079,595	1,915,442	(52,737)	(52,737)
Interest rate options:				
Sold.....	—	—	—	—
Bought.....	250,080	250,080	21	21
Over-the-counter transactions				
Forward rate agreements:				
Sold.....	613,308	456,503	(60)	(60)
Bought	9,782,626	56,503	(4)	(4)
Interest rate swaps:				
Receivable fixed rate/payable floating rate	391,811,677	291,895,257	156,432	156,432
Receivable floating rate/payable fixed rate	186,359,947	140,866,355	2,048,207	2,048,207
Receivable floating rate/payable fixed rate	185,522,906	136,402,214	(1,885,274)	(1,885,274)
Receivable floating rate/payable floating rate	19,847,624	14,605,046	(3,515)	(3,515)
Interest rate swaptions:				
Sold.....	2,720,750	1,358,410	(31,840)	(31,840)
Bought	2,807,739	1,970,731	39,263	39,263
Caps:				
Sold.....	7,957,445	5,140,360	(8,601)	(8,601)
Bought	5,131,777	3,276,916	6,496	6,496
Floors:				
Sold	287,377	123,982	(3,373)	(3,373)
Bought	310,056	167,044	3,673	3,673
Other:				
Sold.....	—	—	—	—
Bought	639,798	105,311	4,989	4,989
Total	/	/	¥ 159,789	¥ 159,789

March 31	Millions of yen			
	2004			
	Contract amount		Market value	Valuation gains (losses)
Total	Over 1 year			
Transactions listed on exchange				
Interest rate futures:				
Sold.....	¥ 87,393,679	¥ 2,662,913	¥ (111,937)	¥ (111,937)
Bought.....	91,880,414	3,624,247	110,424	110,424
Interest rate options:				
Sold.....	554,768	267,333	(218)	(218)
Bought.....	984,778	267,333	241	241
Over-the-counter transactions				
Forward rate agreements:				
Sold.....	3,576,364	430,000	952	952
Bought	13,028,083	1,640,000	(2,001)	(2,001)
Interest rate swaps:				
Receivable fixed rate/payable floating rate	385,010,824	290,122,316	235,969	235,969
Receivable floating rate/payable floating rate	184,435,337	138,971,508	1,624,354	1,624,354
Receivable floating rate/payable fixed rate	178,700,873	135,278,747	(1,380,548)	(1,380,548)
Receivable floating rate/payable floating rate	21,727,688	15,792,166	518	518
Interest rate swaptions:				
Sold.....	2,224,743	968,959	(37,880)	(37,880)
Bought	2,589,152	1,173,273	41,346	41,346
Caps:				
Sold.....	5,408,280	3,469,422	(6,543)	(6,543)
Bought	3,602,677	2,345,784	5,628	5,628
Floors:				
Sold	224,688	190,319	(5,321)	(5,321)
Bought	302,366	240,371	5,040	5,040
Other:				
Sold.....	—	—	—	—
Bought	306,408	72,854	4,402	4,402
Total	/	/	¥ 240,101	¥ 240,101

March 31	Millions of U.S. dollars			
	2005			
	Contract amount		Market value	Valuation gains (losses)
	Total	Over 1 year		
Transactions listed on exchange				
Interest rate futures:				
Sold	\$ 372,516	\$ 8,074	\$ 424	\$ 424
Bought	392,095	17,848	(491)	(491)
Interest rate options:				
Sold	—	—	—	—
Bought	2,330	2,330	0	0
Over-the-counter transactions				
Forward rate agreements:				
Sold	5,715	4,254	(1)	(1)
Bought	91,154	526	(0)	(0)
Interest rate swaps:	3,650,873	2,719,859	1,458	1,458
Receivable fixed rate/payable floating rate	1,736,489	1,312,583	19,085	19,085
Receivable floating rate/payable fixed rate	1,728,689	1,270,986	(17,567)	(17,567)
Receivable floating rate/payable floating rate	184,939	136,089	(33)	(33)
Interest rate swaptions:				
Sold	25,352	12,658	(297)	(297)
Bought	26,162	18,363	366	366
Caps:				
Sold	74,147	47,898	(80)	(80)
Bought	47,818	30,534	61	61
Floors:				
Sold	2,678	1,155	(31)	(31)
Bought	2,889	1,557	34	34
Other:				
Sold	—	—	—	—
Bought	5,962	981	46	46
Total	/	/	\$ 1,489	\$ 1,489

Notes: 1. The above transactions are valued at market value and the valuation gains (losses) are accounted for in the consolidated statement of operations.

Derivative transactions to which deferred hedge accounting method is applied are not included in the amounts above.

Some consolidated overseas subsidiaries account for interest rate derivatives in accordance with local accounting standards. Such transactions are not included in the amounts above. Net unrealized losses at March 31, 2005 amounted to ¥2,344 million (\$22 million). Net unrealized gains at March 31, 2004 amounted to ¥13 million.

2. Market value of transactions listed on exchange is calculated mainly using the closing prices on the Tokyo International Financial Futures Exchange and others.

Market value of OTC transactions is calculated mainly using discounted present value and option pricing models.

(2) Currency derivatives

March 31	Millions of yen			
	2005			
	Contract amount		Market value	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter transactions				
Currency swaps	¥18,581,388	¥12,017,760	¥188,219	¥122,850
Currency swaptions				
Sold	985,339	979,291	(22,071)	(22,071)
Bought	1,218,665	1,208,413	42,475	42,475
Forward foreign exchange	41,706,257	2,301,053	6,194	6,194
Currency options				
Sold	2,620,171	1,229,664	(83,225)	(83,225)
Bought	2,633,024	1,193,964	103,782	103,782
Other				
Sold	3,176	—	17	17
Bought	188	—	0	0
Total	/	/	¥235,392	¥170,023

	Millions of yen			
	2004			
	Contract amount		Market value	Valuation gains (losses)
March 31	Total	Over 1 year		
Over-the-counter transactions				
Currency swaps	¥16,317,980	¥10,396,658	¥ 82,675	¥131,136
Currency swaptions				
Sold	646,230	623,671	(16,259)	(16,259)
Bought	1,135,123	1,112,563	40,495	40,495
Forward foreign exchange	33,748,772	1,368,595	(38,814)	(38,814)
Currency options				
Sold	2,911,936	898,824	(90,113)	(90,113)
Bought	2,883,999	907,272	107,026	107,026
Other				
Sold	7,957	882	51	51
Bought	—	—	—	—
Total	/	/	¥ 85,060	¥133,521

	Millions of U.S. dollars			
	2005			
	Contract amount		Market value	Valuation gains (losses)
March 31	Total	Over 1 year		
Over-the-counter transactions				
Currency swaps	\$173,140	\$111,981	\$1,754	\$1,145
Currency swaptions				
Sold	9,181	9,125	(206)	(206)
Bought	11,355	11,260	396	396
Forward foreign exchange	388,616	21,441	58	58
Currency options				
Sold	24,415	11,458	(776)	(776)
Bought	24,534	11,125	967	967
Other				
Sold	30	—	0	0
Bought	2	—	0	0
Total	/	/	\$2,193	\$1,584

Notes: 1. The above transactions are valued at market value and the valuation gains (losses) are accounted for in the consolidated statement of operations. The amounts above do not include the following:

(a) Derivative transactions to which deferred hedge accounting method is applied;

(b) Those that are allotted to financial assets/liabilities denominated in foreign currency and whose market values are already reflected to the consolidated balance sheet; and

(c) Those that are allotted to financial assets/liabilities denominated in foreign currency and the financial assets/liabilities are eliminated in the process of consolidation.

Some consolidated overseas subsidiaries account for currency derivatives in accordance with local accounting standards. Such transactions are not included in the amounts above. Net unrealized gains at March 31, 2005 amounted to ¥698 million (\$7 million). Net unrealized losses at March 31, 2004 amounted to ¥442 million.

2. Market value is calculated mainly using discounted present value.

3. Forward foreign exchange and currency options that were formerly revalued at the fiscal year-end are included in the table above from the fiscal year ended March 31, 2004.

(3) Equity derivatives

	Millions of yen			
	2005			
	Contract amount		Market value	Valuation gains (losses)
March 31	Total	Over 1 year		
Transactions listed on exchange				
Equity price index futures:				
Sold	¥ 233	¥ —	¥ —	¥ —
Bought	594	—	(0)	(0)
Equity price index options:				
Sold	—	—	—	—
Bought	—	—	—	—
Over-the-counter transactions				
Equity options:				
Sold	17,500	17,500	(277)	(277)
Bought	17,000	17,000	271	271
Equity price index swaps:				
Receivable equity index/payable floating rate	—	—	—	—
Receivable floating rate/payable equity index	—	—	—	—
Other:				
Sold	22,834	—	(1,146)	(1,146)
Bought	66,278	8,583	4,887	4,887
Total	/	/	¥3,735	¥3,735

March 31	Millions of yen			
	2004			
	Contract amount		Market value	Valuation gains (losses)
	Total	Over 1 year		
Transactions listed on exchange				
Equity price index futures:				
Sold.....	¥ —	¥ —	¥ —	¥ —
Bought.....	3,349	—	63	63
Equity price index options:				
Sold.....	—	—	—	—
Bought.....	—	—	—	—
Over-the-counter transactions				
Equity options:				
Sold.....	—	—	—	—
Bought.....	—	—	—	—
Equity price index swaps:				
Receivable equity index/payable floating rate	—	—	—	—
Receivable floating rate/payable equity index	—	—	—	—
Other:				
Sold.....	4,791	—	(231)	(231)
Bought.....	7,336	3,005	311	311
Total.....	/	/	¥143	¥143

March 31	Millions of U.S. dollars			
	2005			
	Contract amount		Market value	Valuation gains (losses)
	Total	Over 1 year		
Transactions listed on exchange				
Equity price index futures:				
Sold.....	\$ 2	\$ —	\$—	\$—
Bought.....	6	—	(0)	(0)
Equity price index options:				
Sold.....	—	—	—	—
Bought.....	—	—	—	—
Over-the-counter transactions				
Equity options:				
Sold.....	163	163	(3)	(3)
Bought.....	158	158	3	3
Equity price index swaps:				
Receivable equity index/payable floating rate	—	—	—	—
Receivable floating rate/payable equity index	—	—	—	—
Other:				
Sold.....	213	—	(11)	(11)
Bought.....	618	80	46	46
Total.....	/	/	\$35	\$35

Notes: 1. The above transactions are valued at market value and the valuation gains (losses) are accounted for in the consolidated statement of operations.
Derivative transactions to which deferred hedge accounting method is applied are not included in the amounts above.
2. Market value of transactions listed on exchange is calculated mainly using the closing prices on the Tokyo Stock Exchange.
Market value of OTC transactions is calculated mainly using discounted present value and option pricing models.

(4) Bond derivatives

March 31	Millions of yen				
	2005				
	Contract amount		Market value	Valuation gains (losses)	
Total	Over 1 year				
Transactions listed on exchange					
Bond futures:					
Sold.....	¥598,657	¥ —	¥(1,720)	¥(1,720)	
Bought.....	823,707	—	6,645	6,645	
Bond futures options:					
Sold.....	17,500	—	(50)	(50)	
Bought.....	15,000	—	21	21	
Over-the-counter transactions					
Forward bond agreements:					
Sold.....	—	—	—	—	
Bought.....	263,054	243,588	1,485	1,485	
Bond options:					
Sold.....	702,330	11,851	(4,141)	(4,141)	
Bought.....	691,518	—	1,144	1,144	
Total.....	/	/	¥ 3,383	¥ 3,383	

March 31	Millions of yen			
	2004			
	Contract amount		Market value	Valuation gains (losses)
Total	Over 1 year			
Transactions listed on exchange				
Bond futures:				
Sold.....	¥1,485,848	¥ —	¥ 5,213	¥ 5,213
Bought.....	3,473,003	—	(16,918)	(16,918)
Bond futures options:				
Sold.....	333,500	—	(769)	(769)
Bought.....	5,000	—	66	66
Over-the-counter transactions				
Forward bond agreements:				
Sold.....	296,334	273,251	1,746	1,746
Bought.....	—	—	—	—
Bond options:				
Sold.....	2,821,954	14,114	(6,020)	(6,020)
Bought.....	2,420,812	2,972	18,216	18,216
Total.....	/	/	¥ 1,533	¥ 1,533

	Millions of U.S. dollars			
	2005			
	Contract amount		Market value	Valuation gains (losses)
March 31	Total	Over 1 year		
Transactions listed on exchange				
Bond futures:				
Sold.....	\$5,578	\$ —	\$(16)	\$(16)
Bought.....	7,675	—	62	62
Bond futures options:				
Sold.....	163	—	(0)	(0)
Bought.....	140	—	0	0
Over-the-counter transactions				
Forward bond agreements:				
Sold.....	—	—	—	—
Bought.....	2,451	2,270	14	14
Bond options:				
Sold.....	6,544	110	(39)	(39)
Bought.....	6,444	—	11	11
Total.....	/	/	\$ 32	\$ 32

Notes: 1. The above transactions are valued at market value and the valuation gains (losses) are accounted for in the consolidated statement of operations.
Derivative transactions to which deferred hedge accounting method is applied are not included in the amounts above.
2. Market value of transactions listed on exchange is calculated mainly using the closing prices on the Tokyo Stock Exchange.
Market value of OTC transactions is calculated mainly using option pricing models.

(5) Commodity derivatives

March 31	Millions of yen			
	2005			
	Contract amount		Market value	Valuation gains (losses)
	Total	Over 1 year		
Transactions listed on exchange				
Commodity futures:				
Sold.....	¥ —	¥ —	¥ —	¥ —
Bought.....	310	—	(16)	(16)
Over-the-counter transactions				
Commodity swaps:				
Receivable fixed price/payable floating price	142,921	140,114	(57,396)	(57,396)
Receivable floating price/payable fixed price	139,453	136,482	67,597	67,597
Commodity options:				
Sold.....	6,861	6,854	(4,873)	(4,873)
Bought.....	6,095	5,925	5,056	5,056
Total.....	/	/	¥10,367	¥10,367

March 31	Millions of yen			
	2004			
	Contract amount		Market value	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter transactions				
Commodity swaps:				
Receivable fixed price/payable floating price	¥86,127	¥84,270	¥(5,742)	¥(5,742)
Receivable floating price/payable fixed price	87,038	84,985	9,932	9,932
Commodity options:				
Sold.....	4,457	4,318	(1,645)	(1,645)
Bought.....	4,448	4,309	1,667	1,667
Total.....	/	/	¥ 4,211	¥ 4,211

March 31	Millions of U.S. dollars			
	2005			
	Contract amount		Market value	Valuation gains (losses)
	Total	Over 1 year		
Transactions listed on exchange				
Commodity futures:				
Sold.....	\$ —	\$ —	\$ —	\$ —
Bought.....	3	—	(0)	(0)
Over-the-counter transactions				
Commodity swaps:				
Receivable fixed price/payable floating price	1,332	1,306	(535)	(535)
Receivable floating price/payable fixed price	1,299	1,272	630	630
Commodity options:				
Sold.....	64	64	(45)	(45)
Bought.....	57	55	47	47
Total.....	/	/	\$ 97	\$ 97

Notes: 1. The above transactions are valued at market value and the valuation gains (losses) are accounted for in the consolidated statement of operations.
Derivative transactions to which deferred hedge accounting method is applied are not included in the amounts above.
2. Market value is calculated based on factors such as price of the relevant commodity and contract term.
3. Commodity derivatives are transactions on fuel and metal.

(6) Credit derivative transactions

March 31	Millions of yen			
	2005			
	Contract amount		Market value	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter transactions				
Credit default options:				
Sold.....	¥45,468	¥37,132	¥ (779)	¥ (779)
Bought.....	76,405	62,558	1,552	1,552
Other:				
Sold.....	923	—	(84)	(84)
Bought.....	1,481	—	115	115
Total.....	/	/	¥ 803	¥ 803

March 31	Millions of yen			
	2004			
	Contract amount		Market value	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter transactions				
Credit default options:				
Sold.....	¥38,891	¥36,213	¥ (826)	¥ (826)
Bought.....	57,308	52,627	1,580	1,580
Other:				
Sold.....	1,504	—	(23)	(23)
Bought.....	1,389	—	27	27
Total.....	/	/	¥ 757	¥ 757

March 31	Millions of U.S. dollars			
	2005			
	Contract amount		Market value	Valuation gains (losses)
	Total	Over 1 year		
Over-the-counter transactions				
Credit default options:				
Sold.....	\$424	\$346	\$ (7)	\$ (7)
Bought.....	712	583	14	14
Other:				
Sold.....	9	—	(1)	(1)
Bought.....	14	—	1	1
Total.....	/	/	\$ 7	\$ 7

- Notes: 1. The above transactions are valued at market value and the valuation gains (losses) are accounted for in the consolidated statement of operations.
Derivative transactions to which deferred hedge accounting method is applied are not included in the amounts above.
2. Market value is calculated based on factors such as price of the reference assets and contract term.
3. "Sold" represents transactions in which the credit risk is accepted; "Bought" represents transactions in which the credit risk is transferred.

31. Segment Information

(1) Business segment information

Year ended March 31	Millions of yen					
	2005					
	Banking business	Leasing	Other	Total	Elimination and unallocated corporate assets	Consolidated
I. Ordinary income						
(1) External customers	¥ 2,447,122	¥ 706,860	¥ 426,813	¥ 3,580,796	¥ —	¥ 3,580,796
(2) Intersegment	41,862	19,723	190,226	251,812	(251,812)	—
Total	2,488,984	726,583	617,040	3,832,609	(251,812)	3,580,796
Ordinary expenses	2,643,533	684,652	505,793	3,833,979	(222,889)	3,611,089
Ordinary profit (loss)	¥ (154,548)	¥ 41,931	¥ 111,246	¥ (1,370)	¥ (28,922)	¥ (30,293)
II. Assets, depreciation and capital expenditure						
Assets	¥96,420,384	¥1,924,019	¥5,649,310	¥103,993,713	¥(4,261,855)	¥99,731,858
Depreciation	60,568	343,134	24,248	427,951	14	427,966
Capital expenditure	66,189	400,119	27,112	493,421	9	493,430

- Notes: 1. The business segmentation is classified based on SMFG's internal administrative purpose.
Ordinary income and ordinary profit are presented as counterparts of sales and operating profit of companies in other industries.
2. "Other" includes securities, credit card, investment banking, loans, venture capital, system development and information processing.
3. As for assets, unallocated corporate assets that were included in "Elimination and unallocated corporate assets" mainly consisted of investments in affiliates of ¥3,806,067 million (\$35,465 million).
4. Ordinary income represents total income excluding gains on disposal of premises and equipment, collection of written-off claims and reversals of other reserves.
Ordinary expenses represent total expenses excluding losses on disposal of premises and equipment, amortization of unrecognized net transition obligation for employee retirement benefits and other extraordinary expenses.

Millions of yen						
2004						
Year ended March 31	Banking business	Leasing	Other	Total	Elimination and unallocated corporate assets	Consolidated
I. Ordinary income						
(1) External customers	¥ 2,492,168	¥ 674,243	¥ 386,098	¥ 3,552,510	¥ —	¥ 3,552,510
(2) Intersegment	26,911	18,466	182,955	228,333	(228,333)	—
Total	2,519,079	692,709	569,054	3,780,844	(228,333)	3,552,510
Ordinary expenses	2,295,451	658,092	472,737	3,426,281	(216,616)	3,209,665
Ordinary profit	¥ 223,627	¥ 34,616	¥ 96,317	¥ 354,562	¥ (11,717)	¥ 342,844
II. Assets, depreciation and capital expenditure						
Assets	¥99,062,021	¥1,815,963	¥5,940,301	¥106,818,286	¥(4,603,113)	¥102,215,172
Depreciation	66,809	336,392	19,043	422,245	9	422,255
Capital expenditure	91,870	371,350	28,906	492,127	33	492,161

Notes: 1. The business segmentation is classified based on SMFG's internal administrative purpose.

Ordinary income and ordinary profit are presented as counterparts of sales and operating profit of companies in other industries.

2. "Other" includes securities, credit card, investment banking, loans, venture capital, system development and information processing.

3. As for assets, unallocated corporate assets that were included in "Elimination and unallocated corporate assets" mainly consisted of investments in affiliates of ¥3,409,122 million.

4. Ordinary income represents total income excluding gains on disposal of premises and equipment, collection of written-off claims and reversals of other reserves. Ordinary expenses represent total expenses excluding losses on disposal of premises and equipment, amortization of unrecognized net transition obligation for employee retirement benefits and other extraordinary expenses.

Millions of U.S. dollars						
2005						
Year ended March 31	Banking business	Leasing	Other	Total	Elimination and unallocated corporate assets	Consolidated
I. Ordinary income						
(1) External customers	\$ 22,802	\$ 6,587	\$ 3,977	\$ 33,366	\$ —	\$ 33,366
(2) Intersegment	390	184	1,772	2,346	(2,346)	—
Total	23,192	6,771	5,749	35,712	(2,346)	33,366
Ordinary expenses	24,632	6,380	4,713	35,725	(2,077)	33,648
Ordinary profit (loss)	\$ (1,440)	\$ 391	\$ 1,036	\$ (13)	\$ (269)	\$ (282)
II. Assets, depreciation and capital expenditure						
Assets	\$898,438	\$17,928	\$52,640	\$969,006	\$(39,712)	\$929,294
Depreciation	565	3,197	226	3,988	0	3,988
Capital expenditure	617	3,728	253	4,598	0	4,598

(2) Geographic segment information

Millions of yen							
2005							
Year ended March 31	Japan	The Americas	Europe	Asia and Oceania	Total	Elimination and unallocated corporate assets	Consolidated
I. Ordinary income							
(1) External customers	¥ 3,331,194	¥ 109,639	¥ 62,959	¥ 77,003	¥ 3,580,796	¥ —	¥ 3,580,796
(2) Intersegment	59,278	46,789	6,189	26,013	138,270	(138,270)	—
Total	3,390,472	156,429	69,148	103,016	3,719,067	(138,270)	3,580,796
Ordinary expenses	3,494,330	107,027	63,254	60,692	3,725,305	(114,215)	3,611,089
Ordinary profit (loss)	¥ (103,857)	¥ 49,401	¥ 5,894	¥ 42,323	¥ (6,238)	¥ (24,055)	¥ (30,293)
II. Assets	¥91,564,408	¥4,704,584	¥2,462,266	¥3,253,758	¥101,985,019	¥(2,253,160)	¥99,731,858

Notes: 1. The geographic segmentation is classified based on the degrees of following factors: geographic proximity, similarity of economic activities and relationship of business activities among regions.

Ordinary income and ordinary profit are presented as counterparts of sales and operating profit of companies in other industries.

2. The Americas includes the United States, Brazil, Canada and others; Europe includes the United Kingdom, Germany, France and others; Asia and Oceania includes Hong Kong, Singapore, Australia and others except Japan.

3. As for assets, unallocated corporate assets that were included in "Elimination and unallocated corporate assets" mainly consisted of investments in affiliates of ¥3,806,067 million (\$35,465 million).

4. Ordinary income represents total income excluding gains on disposal of premises and equipment, collection of written-off claims and reversals of other reserves. Ordinary expenses represent total expenses excluding losses on disposal of premises and equipment, amortization of unrecognized net transition obligation for employee retirement benefits and other extraordinary expenses.

Millions of yen							
2004							
Year ended March 31	Japan	The Americas	Europe	Asia and Oceania	Total	Elimination and unallocated corporate assets	Consolidated
I. Ordinary income							
(1) External customers	¥ 3,250,452	¥ 135,908	¥ 75,566	¥ 90,582	¥ 3,552,510	¥ —	¥ 3,552,510
(2) Intersegment	50,138	39,129	6,113	11,360	106,742	(106,742)	—
Total	3,300,591	175,038	81,680	101,942	3,659,252	(106,742)	3,552,510
Ordinary expenses	3,067,985	109,837	65,586	59,397	3,302,806	(93,140)	3,209,665
Ordinary profit	¥ 232,606	¥ 65,201	¥ 16,093	¥ 42,545	¥ 356,446	¥ (13,601)	¥ 342,844
II. Assets	¥95,318,870	¥4,826,318	¥2,177,644	¥2,731,299	¥105,054,133	¥(2,838,960)	¥102,215,172

Notes: 1. The geographic segmentation is classified based on the degrees of following factors: geographic proximity, similarity of economic activities and relationship of business activities among regions.
Ordinary income and ordinary profit are presented as counterparts of sales and operating profit of companies in other industries.

2. The Americas includes the United States, Brazil, Canada and others; Europe includes the United Kingdom, Germany, France and others; Asia and Oceania includes Hong Kong, Singapore, Australia and others except Japan.

3. As for assets, unallocated corporate assets that were included in "Elimination and unallocated corporate assets" mainly consisted of investments in affiliates of ¥3,409,122 million.

4. Ordinary income represents total income excluding gains on disposal of premises and equipment, collection of written-off claims and reversals of other reserves. Ordinary expenses represent total expenses excluding losses on disposal of premises and equipment, amortization of unrecognized net transition obligation for employee retirement benefits and other extraordinary expenses.

Millions of U.S. dollars							
2005							
Year ended March 31	Japan	The Americas	Europe	Asia and Oceania	Total	Elimination and unallocated corporate assets	Consolidated
I. Ordinary income							
(1) External customers	\$ 31,040	\$ 1,022	\$ 586	\$ 718	\$ 33,366	\$ —	\$ 33,366
(2) Intersegment	552	436	58	242	1,288	(1,288)	—
Total	31,592	1,458	644	960	34,654	(1,288)	33,366
Ordinary expenses	32,560	997	589	566	34,712	(1,064)	33,648
Ordinary profit (loss)	\$ (968)	\$ 461	\$ 55	\$ 394	\$ (58)	\$ (224)	\$ (282)
II. Assets	\$853,191	\$43,837	\$22,943	\$30,318	\$950,289	\$(20,995)	\$929,294

(3) Ordinary income from overseas operations

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Consolidated ordinary income from overseas operations (A)	¥ 249,602	¥ 302,057	\$ 2,326
Consolidated ordinary income (B)	3,580,796	3,552,510	33,366
(A) / (B)	7.0%	8.5%	7.0%

Notes: 1. Consolidated ordinary income from overseas operations are presented as counterparts of overseas sales of companies in other industries.

2. The above table shows ordinary income from transactions of overseas branches of SMBC and transactions of overseas consolidated subsidiaries, excluding internal income. These extensive transactions are not categorized by transaction party and the geographic segment information is not presented because such information is not available.

32. Subsequent Events

- (1) The following appropriations of retained earnings of SMFG at March 31, 2005 were approved by the general meeting of shareholders held on June 29, 2005:

	Millions of yen		Millions of U.S. dollars
	2005	2004	2005
Cash dividends, ¥3,000 per share on common stock	¥17,607		\$164
¥10,500 per share on preferred stock (Type 1)	367		3
¥28,500 per share on preferred stock (Type 2)	2,850		27
¥13,700 per share on preferred stock (Type 3)	9,521		89
¥135,000 per share on preferred stock (First to Twelfth series Type 4)	6,763		63
¥67,500 per share on preferred stock (Thirteenth series Type 4)	7,228		67
¥728 per share on preferred stock (First series Type 6)	50		0

- (2) On April 27, 2005, SMFG, 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 (\$913 million).

33. Parent Company

(1) Nonconsolidated Balance Sheets Sumitomo Mitsui Financial Group, Inc.

March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2005	2004	2005
Assets			
Current assets	¥ 134,989	¥ 110,948	\$ 1,258
Cash and due from banks	44,021	98,159	410
Prepaid expenses	21	21	0
Deferred tax assets	40	17	1
Accrued income	443	424	4
Current portion of long-term loans to subsidiaries and affiliates	40,000	—	373
Accrued income tax refunds	50,349	12,179	469
Other current assets	112	145	1
Fixed assets	3,659,517	3,291,153	34,099
Premises and equipment	2	0	0
Buildings	0	0	0
Equipment	1	—	0
Intangible assets	41	47	0
Software	41	47	0
Investments and other assets	3,659,472	3,291,105	34,099
Investments in securities	10	76	0
Investments in subsidiaries and affiliates	3,656,465	3,246,462	34,071
Long-term loans to subsidiaries and affiliates	—	40,000	—
Deferred tax assets	2,997	4,565	28
Deferred charges	603	905	6
Organization cost	603	905	6
Total assets	¥3,795,110	¥3,403,007	\$35,363
Liabilities			
Current liabilities	¥ 475,494	¥ 230,286	\$ 4,431
Short-term borrowings	475,000	230,000	4,426
Accounts payable	67	47	1
Accrued expenses	286	97	3
Income taxes payable	31	1	0
Business office taxes payable	5	5	0
Reserve for employees bonuses	66	84	1
Other current liabilities	36	48	0
Total liabilities	475,494	230,286	4,431
Stockholders' equity			
Capital stock	1,352,651	1,247,650	12,604
Capital surplus	1,852,293	1,747,273	17,260
Capital reserve	1,352,764	1,247,762	12,605
Other capital surplus	499,529	499,510	4,655
Retained earnings	384,527	178,720	3,583
Voluntary reserve	30,420	30,420	283
Special voluntary earned reserves	30,420	30,420	283
Unappropriated retained earnings	354,107	148,300	3,300
Treasury stock	(269,857)	(921)	(2,515)
Total stockholders' equity	3,319,615	3,172,721	30,932
Total liabilities and stockholders' equity	¥3,795,110	¥3,403,007	\$35,363

(2) Nonconsolidated Statements of Income
Sumitomo Mitsui Financial Group, Inc.

Year ended March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2005	2004	2005
Operating income	¥258,866	¥55,515	\$2,412
Dividends on investments in subsidiaries and affiliates	251,735	47,332	2,346
Fees and commissions received from subsidiaries	6,289	7,341	58
Interest income on loans to subsidiaries and affiliates	841	841	8
Operating expenses	2,644	3,044	25
General and administrative expenses	2,644	3,044	25
Operating profit	256,222	52,470	2,387
Nonoperating income	134	121	2
Interest income on deposits	45	101	1
Fees and commissions income	17	9	0
Other nonoperating income	70	11	1
Nonoperating expenses	2,908	1,403	27
Interest on borrowings	1,274	874	12
Amortization of organization costs	301	301	3
Stock issuance costs	788	—	7
Fees and commissions expenses	537	206	5
Other nonoperating expenses	6	21	0
Income before income taxes	253,448	51,188	2,362
Income taxes:			
Current	3	3	0
Refund	(329)	—	(3)
Deferred	1,545	679	15
Net income	¥252,228	¥50,505	\$2,350
		Yen	U.S. dollars (Note 1)
Per share data:			
Net income	¥38,302.88	¥3,704.49	\$356.90
Net income — diluted	25,178.44	3,690.72	234.61