

Consolidated Statements of Cash Flows (Unaudited)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Six months ended September 30, 2004 and 2003, and year ended March 31, 2004

	Millions of yen			Millions of U.S. dollars
	Six months ended Sept. 30, 2004	Six months ended Sept. 30, 2003	Year ended Mar. 31, 2004	Six months ended Sept. 30, 2004
1. Cash flows from operating activities:				
Income before income taxes and minority interests	¥ 96,715	¥ 186,880	¥ 404,894	\$ 871
Depreciation of premises, equipment and others	41,082	41,894	82,464	370
Depreciation of lease assets.....	168,782	167,285	336,271	1,520
Amortization of goodwill.....	4,280	4,191	(4,260)	39
Equity in earnings of affiliates	(12,893)	(8,044)	(15,700)	(116)
Net change in reserve for possible loan losses	(200,035)	(550,977)	(824,917)	(1,801)
Net change in reserve for possible losses on loans sold.....	—	(18,036)	(20,665)	—
Net change in reserve for employee bonuses	(855)	(1,134)	221	(8)
Net change in reserve for employee retirement benefits	131,309	7,969	(40,069)	1,182
Net change in reserve for expenses related to EXPO 2005 Japan	55	57	116	0
Interest income	(752,495)	(826,407)	(1,591,338)	(6,776)
Interest expenses	156,704	163,169	310,267	1,411
Net (gains) losses on securities.....	(74,018)	(40,431)	(67,928)	(667)
Net (gains) losses from money held in trust	—	1,007	(121)	—
Net exchange (gains) losses	(172,849)	221,477	407,340	(1,557)
Net (gains) losses from disposal of premises and equipment	8,716	7,985	30,697	78
Net (gains) losses from disposal of lease assets.....	(1,143)	49	(1,870)	(10)
Net change in trading assets	37,897	1,003,098	1,131,864	341
Net change in trading liabilities	(98,289)	(802,432)	(929,787)	(885)
Net change in loans and bills discounted	(18,373)	1,985,803	6,198,239	(165)
Net change in deposits	2,245,859	(428,206)	1,829,914	20,224
Net change in negotiable certificates of deposit	(478,870)	(1,479,196)	(1,338,888)	(4,312)
Net change in borrowed money (excluding subordinated debt) ...	(142,894)	(51,542)	(112,211)	(1,287)
Net change in deposits with banks	(683,001)	(432,383)	(1,299,305)	(6,150)
Net change in call loans, bills bought and receivables under resale agreements.....	(59,546)	(508,664)	(318,516)	(536)
Net change in receivables under securities borrowing transactions.....	(612,055)	1,356,233	971,914	(5,512)
Net change in call money, bills sold and payables under repurchase agreements	(1,845,325)	(3,181,690)	(5,704,903)	(16,617)
Net change in commercial paper	69,300	59,700	94,900	624
Net change in payables under securities lending transactions....	(1,344,179)	(182,466)	1,139,101	(12,104)
Net change in foreign exchanges (assets)	(219,887)	(24,440)	5,016	(1,980)
Net change in foreign exchanges (liabilities)	(39,119)	50,442	175,444	(352)
Issuance and redemption of bonds (excluding subordinated bonds).....	279,933	8,655	152,514	2,521
Net change in due to trust account	6,169	18,990	30,078	56
Interest received	797,421	856,081	1,636,935	7,181
Interest paid	(158,410)	(174,330)	(336,704)	(1,427)
Net change in payable on trading and securities contracts	—	—	1,188,672	—
Other, net.....	(332,096)	809,744	27,099	(2,991)
Subtotal	(3,202,113)	(1,759,666)	3,546,782	(28,835)
Income taxes paid.....	(28,614)	5,817	(24,664)	(258)
Net cash provided by (used in) operating activities.....	(3,230,728)	(1,753,848)	3,522,118	(29,093)

(Continued)

	Millions of yen			Millions of U.S. dollars
	Six months ended Sept. 30, 2004	Six months ended Sept. 30, 2003	Year ended Mar. 31, 2004	Six months ended Sept. 30, 2004
2. Cash flows from investing activities:				
Purchases of securities.....	¥(21,283,083)	¥(23,707,428)	¥(47,305,660)	\$(191,653)
Proceeds from sale of securities.....	16,679,189	15,807,610	30,688,033	150,195
Proceeds from maturity of securities	7,674,230	9,806,287	13,967,819	69,106
Purchases of money held in trust	—	(21,111)	(21,225)	—
Proceeds from sale of money held in trust	0	17,268	42,259	0
Purchases of premises and equipment	(22,183)	(22,248)	(80,932)	(200)
Proceeds from sale of premises and equipment	28,080	17,330	20,839	253
Purchases of lease assets.....	(185,819)	(192,936)	(368,159)	(1,673)
Proceeds from sale of lease assets.....	18,991	15,526	37,678	171
Purchases of stocks of subsidiaries.....	(2,970)	(8,999)	(8,999)	(27)
Net cash provided by (used in) investing activities	2,906,435	1,711,298	(3,028,346)	26,172
3. Cash flows from financing activities:				
Proceeds from issuance of subordinated debt	20,000	34,500	89,500	180
Repayment of subordinated debt.....	(22,240)	(95,500)	(195,000)	(200)
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights.....	237,275	238,362	436,453	2,137
Repayment of subordinated bonds and bonds with stock acquisition rights.....	(48,000)	(42,962)	(150,713)	(432)
Dividends paid	(46,447)	(33,330)	(33,360)	(418)
Proceeds from minority stockholders.....	—	—	25	—
Dividends paid to minority stockholders	(26,171)	(24,388)	(33,196)	(236)
Purchases of treasury stock	(502)	(152)	(632)	(5)
Proceeds from sale of treasury stock	3,936	936	24,058	35
Net cash provided by financing activities	117,850	77,465	137,134	1,061
4. Effect of exchange rate changes on cash and due from banks ...	716	(1,763)	(2,417)	7
5. Net change in cash and due from banks	(205,726)	33,151	628,488	(1,853)
6. Cash and due from banks at beginning of period	3,529,479	2,900,991	2,900,991	31,783
7. Change in cash and due from banks due to merger of consolidated subsidiaries	3,941	—	—	36
8. Change in cash and due from banks due to decrease of consolidated subsidiaries	—	(0)	(0)	—
9. Cash and due from banks at end of period.....	¥ 3,327,694	¥ 2,934,143	¥ 3,529,479	\$ 29,966

See accompanying notes to consolidated interim financial statements.