



SMFG SUMITOMO MITSUI
FINANCIAL GROUP

Financial Results in 1st Half, FY2004
&
Management Policies and Strategies

November 30, 2004

Sumitomo Mitsui Financial Group

Agenda

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7. Non-recurring gains (losses) /
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2. <SMFG Consolidated>: indicates consolidated figures of Sumitomo Mitsui Financial Group ("SMFG").

3. Figures in parenthesis indicate the amount of loss or decrease.

Part I

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1. Summary of financial results (1) SMFG Group

Group organization		Summary of financial result (Billions of yen)			
Sumitomo Mitsui Financial Group			FY2003	1st half, FY04	
			Ordinary profit	Ordinary profit	Net income
	100%	Sumitomo Mitsui Banking Corporation	342.8	114.1	53.4
	100%	Sumitomo Mitsui Card	185.1	125.2	118.6
	100%	SMBC Leasing	18.6	10.0	8.0
	100%	The Japan Research Institute	14.5	10.7	6.4
	40%	Daiwa Securities SMBC	7.5	1.1	0.4
			41.9	36.6	22.3
			Consolidated		
			Non-consolidated		
			Non-consolidated		
			Non-consolidated		
			Non-consolidated		
			Non-consolidated		

1. Summary of financial results (2) SMBC Non-consolidated

<SMBC Non-consolidated>

P/L

	FY03	1st half, FY03	1st half, FY04	Year change	(Billions of yen)
Gross banking profit	1,584.1	795.3	762.7	(32.6)	
Expenses	(584.0)	(296.0)	(291.1)	4.9	
Banking profit*	1,000.1	499.3	471.6	(27.7)	* Excluding transfer to general reserve for possible loan losses
Marketing Units	721.9	337.5	364.6	44.0	**
Treasury Unit	356.5	206.4	142.1	(64.8)	**
Credit cost	(803.4)	(359.4)	(455.8)	(96.4)	** Managerial accounting basis on which fluctuations in interest rate and foreign exchange rate are adjusted
Gains (losses) on stocks	103.9	18.8	44.8	26.0	
Net income	301.1	139.6	118.6	(21.1)	

B/S

	03/9	04/3	04/9	Change from 04/3	
Domestic lendings	52.1	47.9	47.5	(0.4)	(Trillions of yen)
NPLs	3,866.6	2,811.2	2,484.4	(326.9)	(Billions of yen)
NPL ratio	6.4%	5.0%	4.4%	(0.6%)	
Equity portfolio* (Acquisition cost)	2,515.5	2,152.2	1,956.8	(195.4)	(Billions of yen)
BIS capital ratio**	10.95%	11.37%	10.93%	(0.44%)	* Stocks with market value, categorized in "Other securities" ** SMFG Consolidated basis

2. Performance by business unit

<SMBC Non-consolidated>

(Billions of yen)

		1 st half, FY04	Year change*	
Consumer Banking Unit	Gross Banking profit	167.2	15.6	(1)
	Expenses	(118.5)	3.3	
	Banking profit	48.7	18.9	
Middle Market Banking Unit	Gross Banking profit	306.2	12.4	(2)
	Expenses	(87.0)	1.7	
	Banking profit	219.2	14.1	
Corporate Banking Unit	Gross Banking profit	85.6	4.5	(3)
	Expenses	(13.1)	0.9	
	Banking profit	72.5	5.4	
International Banking Unit	Gross Banking profit	41.2	3.6	
	Expenses	(19.1)	0.6	
	Banking profit	22.1	4.2	
Community Banking Unit	Gross Banking profit	5.9	0.8	
	Expenses	(3.8)	0.6	
	Banking profit	2.1	1.4	
Marketing Units	Gross Banking profit	606.1	36.9	
	Expenses	(241.5)	7.1	
	Banking profit	364.6	44.0	
Treasury Unit	Gross Banking profit	151.2	(64.8)	(4)
	Expenses	(9.1)	0	
	Banking profit	142.1	(64.8)	
Headquarters**	Gross Banking profit	5.4	(4.7)	(5)
	Expenses	(40.5)	(2.2)	
	Banking profit	(35.1)	(6.9)	
Total	Gross Banking profit	762.7	(32.6)	
	Expenses	(291.1)	4.9	
	Banking profit	471.6	(27.7)	

Major factors for year-over-year change in Gross banking profit

(Billions of yen)

(1) Consumer Banking: Profits related to mortgage loans	+8.3
+15.6 Investment trusts, pension-type insurance related fees	+7.0
(2) Middle Market Banking: Loan syndication related fees	+6.6
+12.4 Money remittance & EB & foreign exchange related fees	+2.8
Profits related to securitization	+2.6
(3) Corporate Banking: Profits related to securitization	+1.8
+4.5 Income related to derivatives products sales	+1.7
Money remittance, EB & foreign exchange related fees	+1.6
(4) Treasury: ALM operations	(61.7)
(64.8) Trading	(3.6)
(5) Headquarters: Adjustment related to fluctuations in interest rates, etc	(4.7)

* Managerial accounting basis on which fluctuations in interest rate and foreign exchange rate are adjusted. Those changes are adjusted in the account of Headquarters.

**Includes Asset Restructuring Unit.

3. Loan businesses (1) Loan portfolio (loan balance, loan spread)

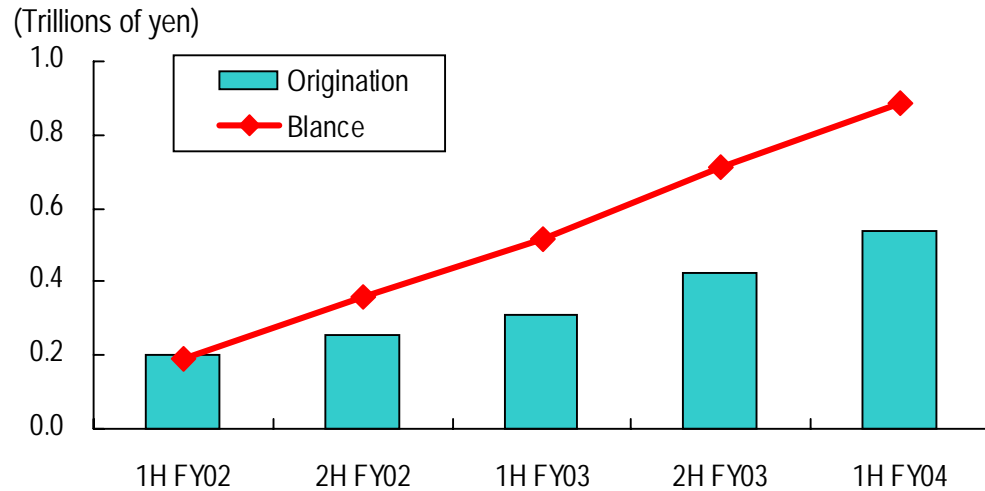
<SMBC Non-consolidated>

Loan balance					
(Trillions of yen)	Term-end balance			Average balance	
	04/9	Change from 04/3	FY03 Year change	1st half, FY04	Year change
Total lendings	50.7	(0.1)	(6.5)	50.6	(4.2)
Overseas lendings	3.2	+0.3	(0.7)	3.1	(0.2)
Domestic lendings	47.5	(0.4)	(5.8)	47.5	(4.0)
Excluding loans to the Government and Risk-monitored loans	44.6	(0.6)	(0.1)	-	-
(Domestic lendings - managerial accounting basis)					
Domestic Marketing Units (Consumer Banking + Middle Market Banking + Corporate Banking + Community Banking)	43.1	+0.3	+0.1	42.0	(0.2)
Individual clients (Consumer Banking Unit)	13.8	+0.1	+0.3	13.7	+0.2
Small- and medium sized enterprises (Middle Market Banking Unit)	20.3	(0.1)	+0.1	19.4	(0.1)
Large corporations (Corporate Banking Unit)	8.6	+0.3	(0.3)	8.4	(0.3)

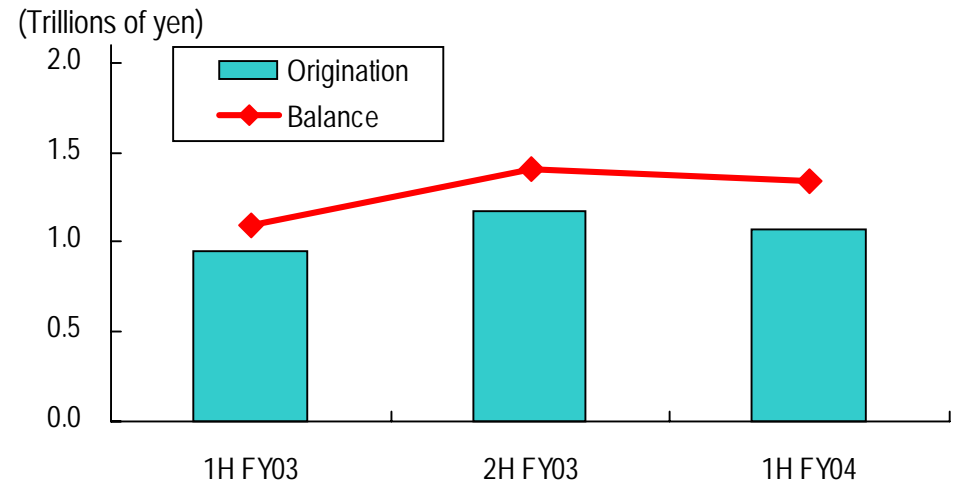
Loan spread				
	04/9	04/3	1st half, FY04	
	(Change from 04/3)	(Change from 03/3)	Average loan spread	Year change
Small- and medium sized enterprises (Middle Market Banking Unit)	(6bp)	(2bp)	155bp	(1bp)
Large corporations (Corporate Banking Unit)	(5bp)	(5bp)	88bp	(5bp)

3. Loan businesses (2) Origination and balance

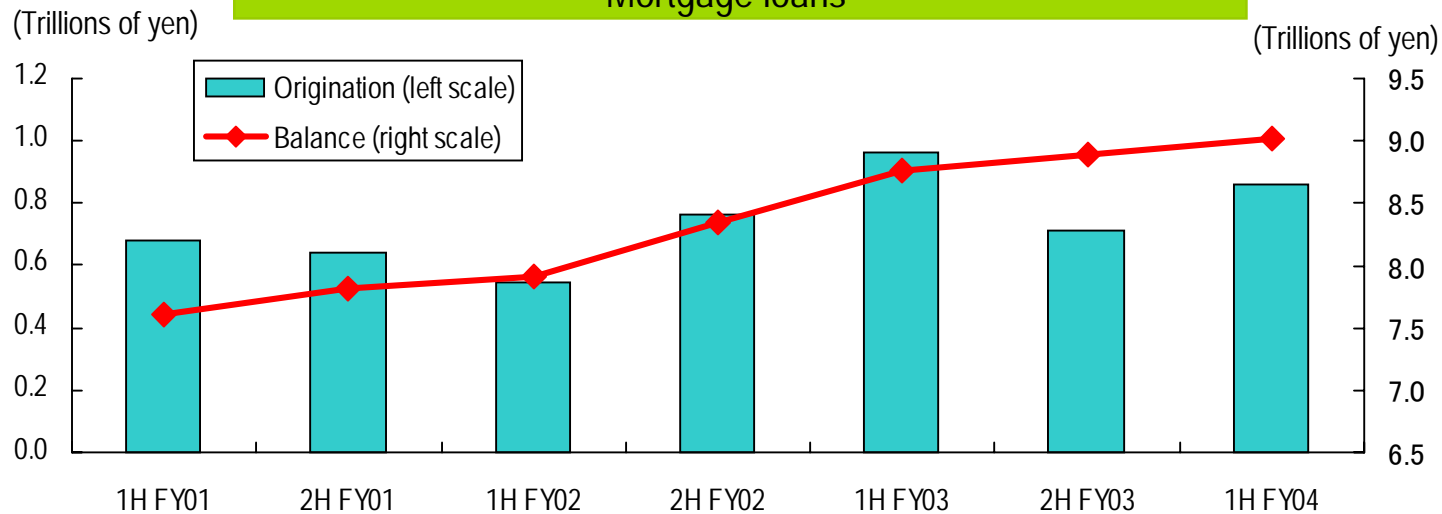
Business Select Loans ("BSL")*



N-funds, etc.*



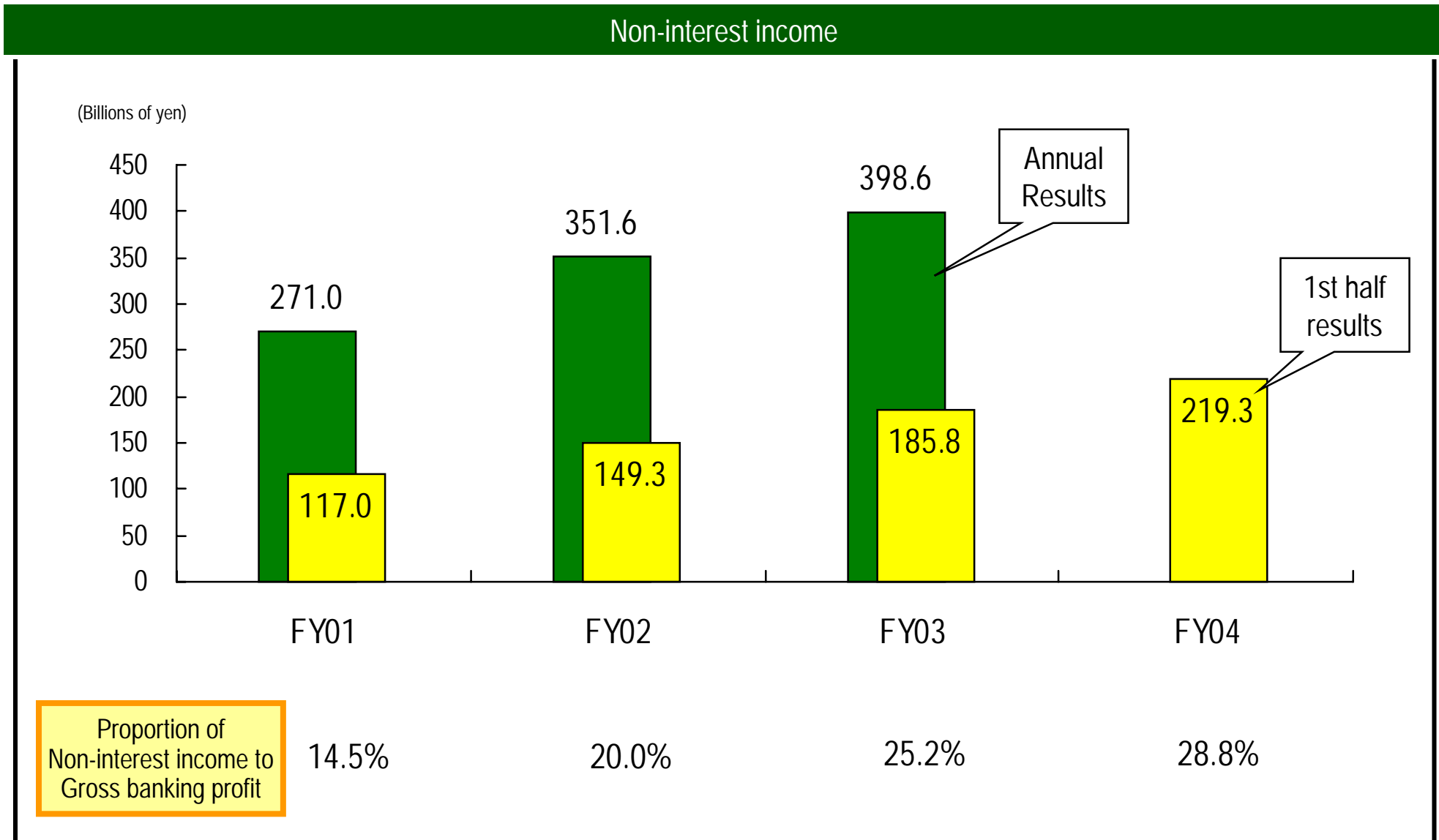
Mortgage loans**



* BSL: Introduced in Mar. 2002 N-fund: Introduced in Apr. 2003 ** Residential purpose

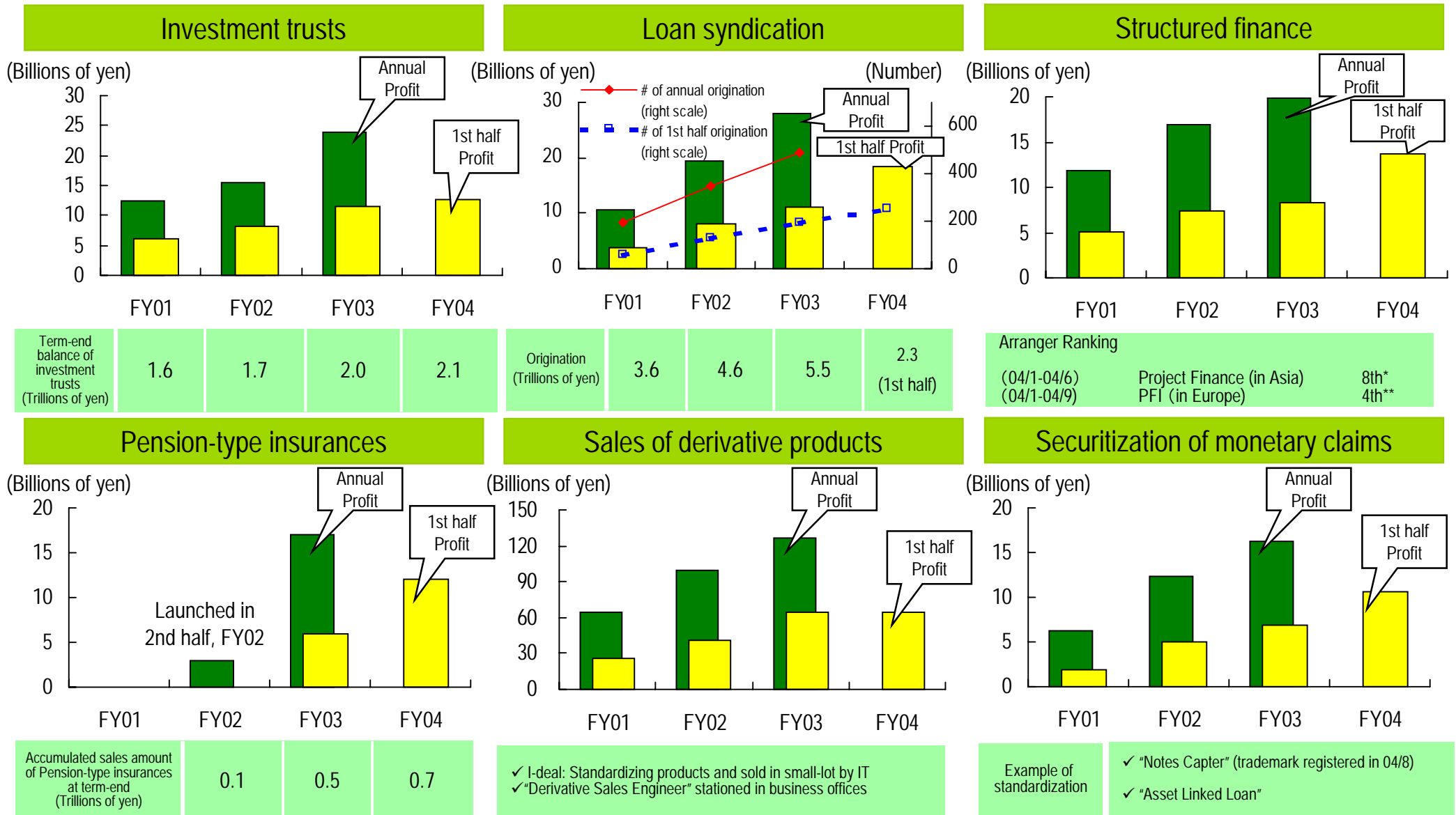
4. Non-interest income (1) Overview

<SMBC Non-consolidated>



(Note) Non-interest income: Fees and commissions, Income related to sales of derivative products, etc. Managerial accounting basis.

4. Non-interest income (2) Details



* Source: Thomson Financial **PFI (= Private Finance Initiative), Source: Dealogic

5. Credit cost / Non-performing loans (1) Credit cost

<SMBC Non-consolidated>

(Billions of yen)

(Billions of yen)

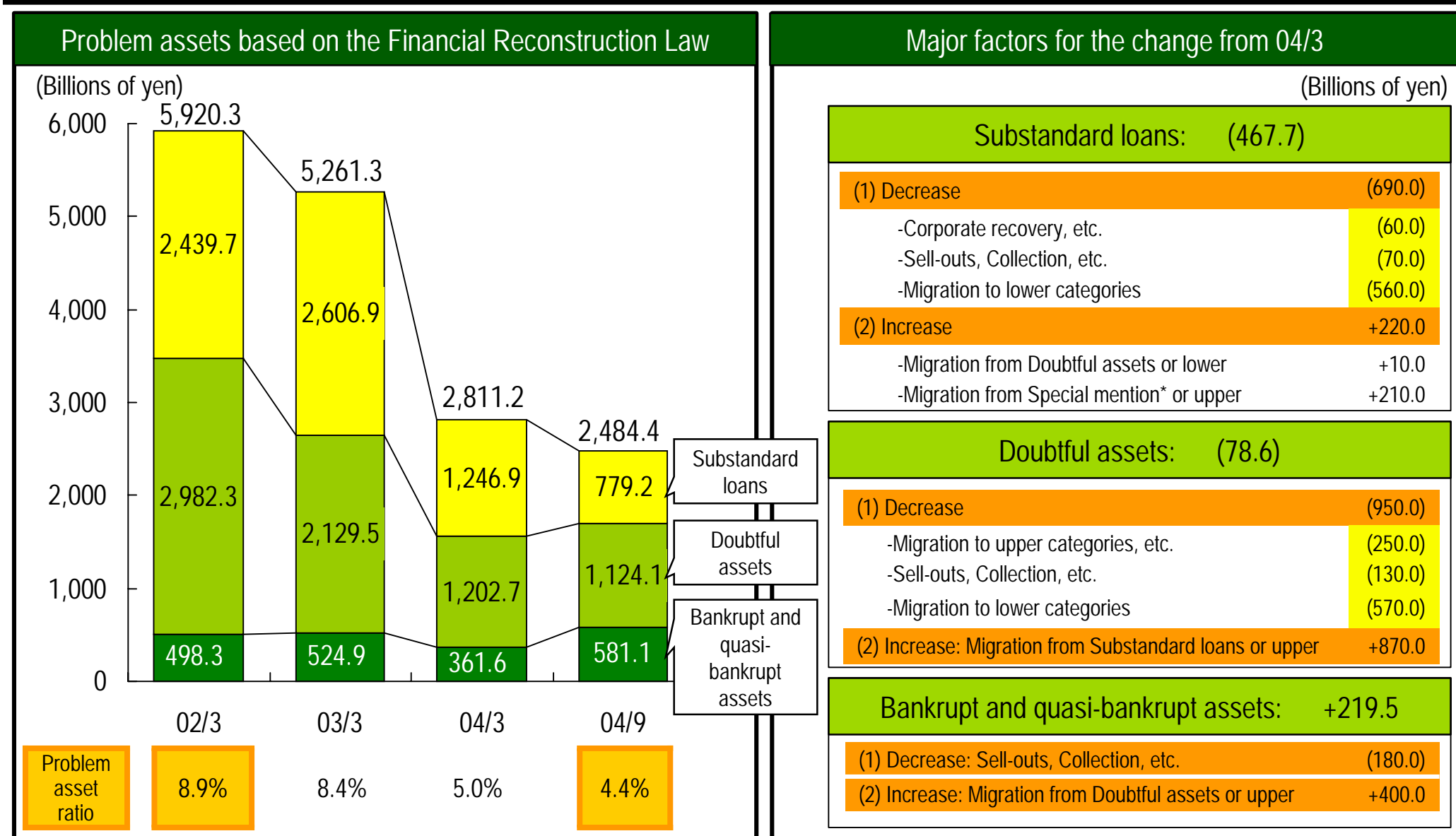
	1st half, FY03	1st half, FY04	Year change
Total credit cost	(359.4)	(455.8)	(96.4)
Transfer to general reserve for possible loan losses	-	349.7	349.7
Credit cost in Non-recurring gains (losses)	(373.6)	(805.5)	(431.9)
Write-off of loans	(337.9)	(348.8)	(10.9)
Transfer to specific reserve for possible loan losses	-	(403.8)	(403.8)
Losses on loans sold to CCPC	(0.7)	-	0.7
Losses on delinquent loans sold	(35.0)	(55.7)	(20.7)
Transfer to loan loss reserve for specific overseas countries	-	2.8	2.8
Credit cost in Extraordinary gains (losses)	14.2	-	(14.2)
Reversal of loan loss reserves	13.8	-	(13.8)
Transfer to specific reserve for possible loan losses	(217.3)	-	217.3
Reversal of general reserve for possible loan losses	229.1	-	(229.1)
Reversal of loan loss reserve for specific overseas countries	2.0	-	(2.0)
Reversal of reserve for losses on loans sold	0.4	-	(0.4)

	FY03		FY04
	Annual Result	1st half Result	1st half Result
Cost for "off-balancing"	Approx. (250.0)	Approx. (110.0)	Approx. (70.0)
Cost related to deterioration of borrowers' financial condition	Approx. (550.0)	Approx. (250.0)	Approx. (390.0)
Total	(803.4)	(359.4)	(455.8)

5. Credit cost / Non-performing loans

(2) Reduction of non-performing loans

<SMBC Non-consolidated>



*Claims to Borrowers Requiring Caution excluding claims to Substandard Borrowers.

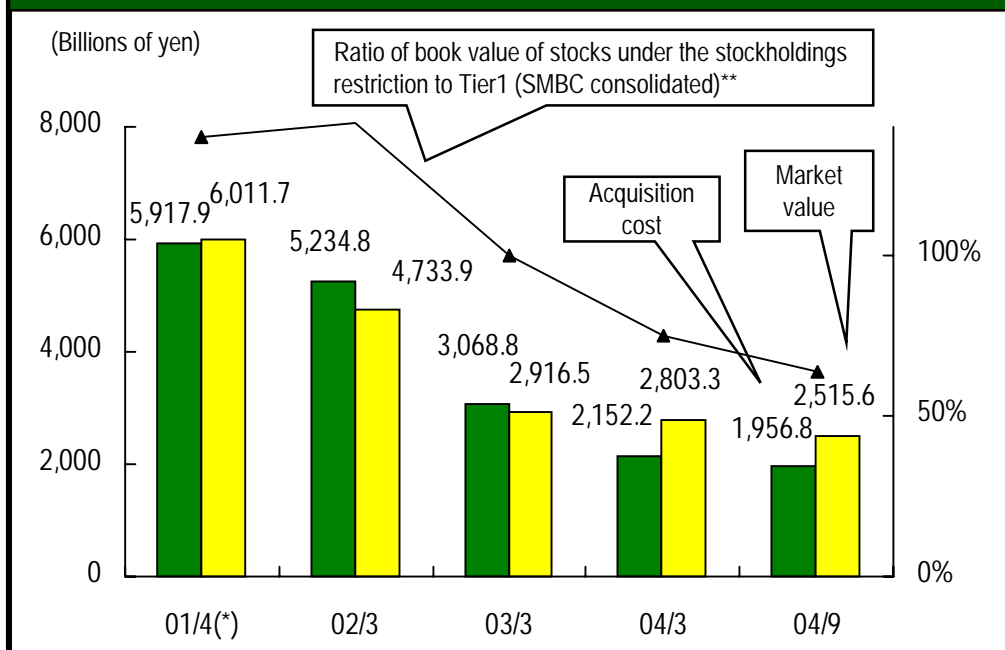
6. Gains (losses) on stocks

<SMBC Non-consolidated>

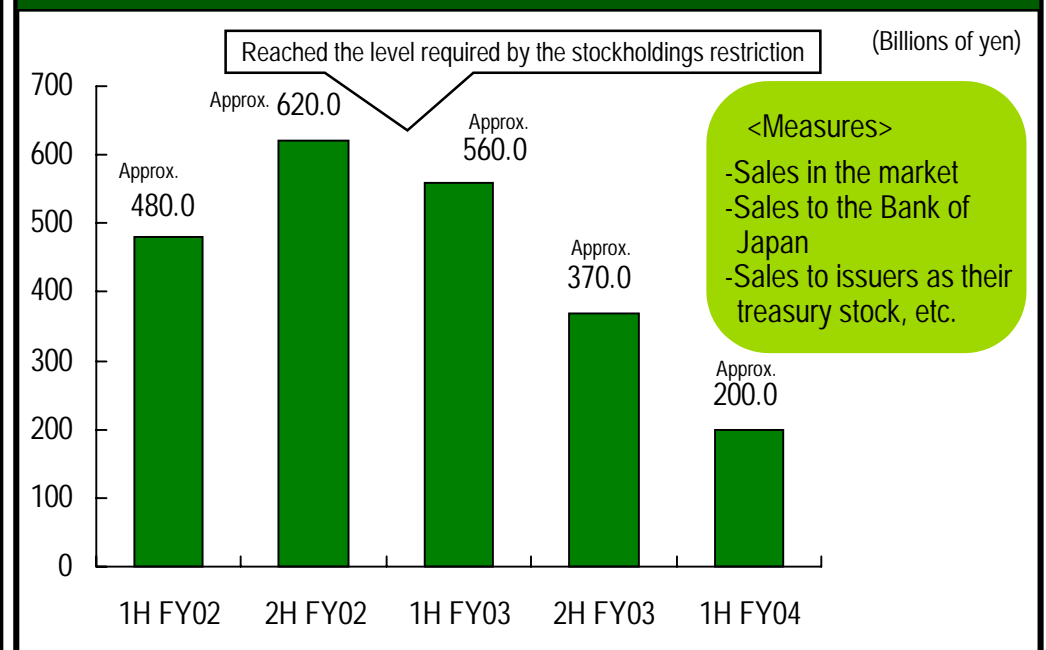
(Billions of yen)

	1st half, FY03	1st half, FY04	Year change
Gains (losses) on stocks	18.8	44.8	+26.0
Gains on sale of stocks	50.9	60.0	+9.1
Losses on sale of stocks	(24.7)	(0.4)	+24.3
Losses on devaluation of stocks	(7.4)	(14.8)	(7.4)

Balance of listed and OTC stocks classified as Other securities



Sales of stockholdings



* Figures on April 2, 2001, after the merger of the former Sakura Bank and the former Sumitomo Bank

** Book value of stocks under the stockholdings restriction for 01/4 and 02/3: Not available. Figures of book value of stocks for 01/4 and 02/3 are the balance of listed and OTC stocks classified as Other securities.

7. Non-recurring gains (losses) / Extraordinary gains (losses)

<SMBC Non-consolidated>

	(Billions of yen)			(Billions of yen)	
	1 st half, FY03	1 st half, FY04	Year change	Details	
Non-recurring gains (losses)	(394.1)	(696.1)	(302.0)		
Credit related costs	(373.6)	(805.5)	(431.9)		
Gains (losses) on stocks	18.8	44.8	26.0		
Other non-recurring gains (losses)	(39.3)	64.6 ⁽¹⁾	103.9		
Ordinary profit	105.2	125.2	20.0		
Extraordinary gains (losses)	37.8	(12.1)	(49.9)		
Gains (losses) on disposition of premises and equipment	(6.4)	(4.0) ⁽²⁾	2.4		
Amortization of net transition obligation from initial application of the new accounting standard for employee retirement benefits	(10.1)	(8.0) ⁽³⁾	2.1		
Reversal of loan loss reserves	13.8	-	(13.8)		
Reversal of reserve for losses on loans sold	0.4	-	(0.4)		
Refund of enterprise tax from the Tokyo Government and interest on the refund	40.3	-	(40.3)		
Income before income taxes	143.0	113.1	(29.9)		
Income taxes, current	(12.6)	(1.7)	10.9		
Income taxes, refund	-	7.4 ⁽⁴⁾	7.4		
Income taxes, deferred	9.2	(0.2) ⁽⁵⁾	(9.4)		
Net income	139.6	118.6	(21.0)		

(1) Gains on securities contributed to employee retirement benefit trusts:	75.3
(2) Losses on disposition of branches through branch integration and closure, etc.	
(3) Amortization of unrecognized obligation of employee retirement benefits (Straight-line amortization over five years from FY00):	(8.0)
(4) Refund of income tax at overseas branches	
(5) Increase in Deferred tax assets:	1.5
Increase in Deferred tax liabilities related to land revaluation excess:	(1.7)

8. B/S (1) Overview

<SMBC Non-consolidated>

(Billions of yen)

	04/3	04/9	Change
Assets	94,109.1	92,742.9	(1,366.2)
Loans and bills discounted	50,810.1	50,723.6	(86.5) (1)
Securities	26,592.6	23,524.9	(3,067.7) (2)
Deferred tax assets	1,590.5	1,631.6	41.1 (3)
Liabilities	91,238.2	89,986.1	(1,252.1)
Deposits	60,067.4	62,011.6	1,944.2 (4)
NCDs	3,589.4	3,239.2	(350.2)
Bonds	3,177.7	3,699.1	521.4
Stockholders' equity	2,870.9	2,756.8	(114.1)
Capital stock	560.0	560.0	-
Capital surplus	1,237.3	1,262.5	25.2
Retained earnings	676.1	592.1	(84.0) (5)
Land revaluation excess	81.2	83.7	2.5
Net unrealized gains (losses) on Other securities	316.3	258.5	(57.8) (6)

Major factors for change from 04/3

- (1) Loans: Overseas: increase JPY 0.3 trillion:
 -yen depreciation: increase JPY 0.1 trillion
 -increase in loans to blue-chip corporations
 Domestic: decrease JPY 0.4 trillion:
 -reduction in Risk-monitored loans:
 decrease JPY 0.4 trillion
- (2) Securities: JGBs: decrease JPY 1.6 trillion
 Foreign currency denominated bonds:
 decrease JPY 1.4 trillion
- (3) Deferred tax assets: <please refer to page 16>
- (4) Deposits: Overseas, offshore, etc.:
 increase JPY 1.3 trillion
- (5) Retained earnings: Net income: increase JPY 118.6 billion
 Dividends to SMFG: decrease 200.0 billion
- (6) Net unrealized gains (losses) on other securities:
 decrease in unrealized gains on stocks

8. B/S (2) Securities portfolio and derivatives

<SMBC Non-consolidated>

Unrealized gains (losses) on Other securities

As of 04/9		(Billions of yen)		
	Net unrealized gains(losses)	Gains		Change from 04/3
		Gains	Losses	
Stocks	558.9	607.7	(48.8)	(92.2)
Bonds	(62.2)	13.3	(75.5)	39.7
Others	(39.3)	7.3	(46.6)	(46.3)
Total	457.4	628.3	(170.9)	(98.8)

Derivative transactions on deferred hedge accounting basis

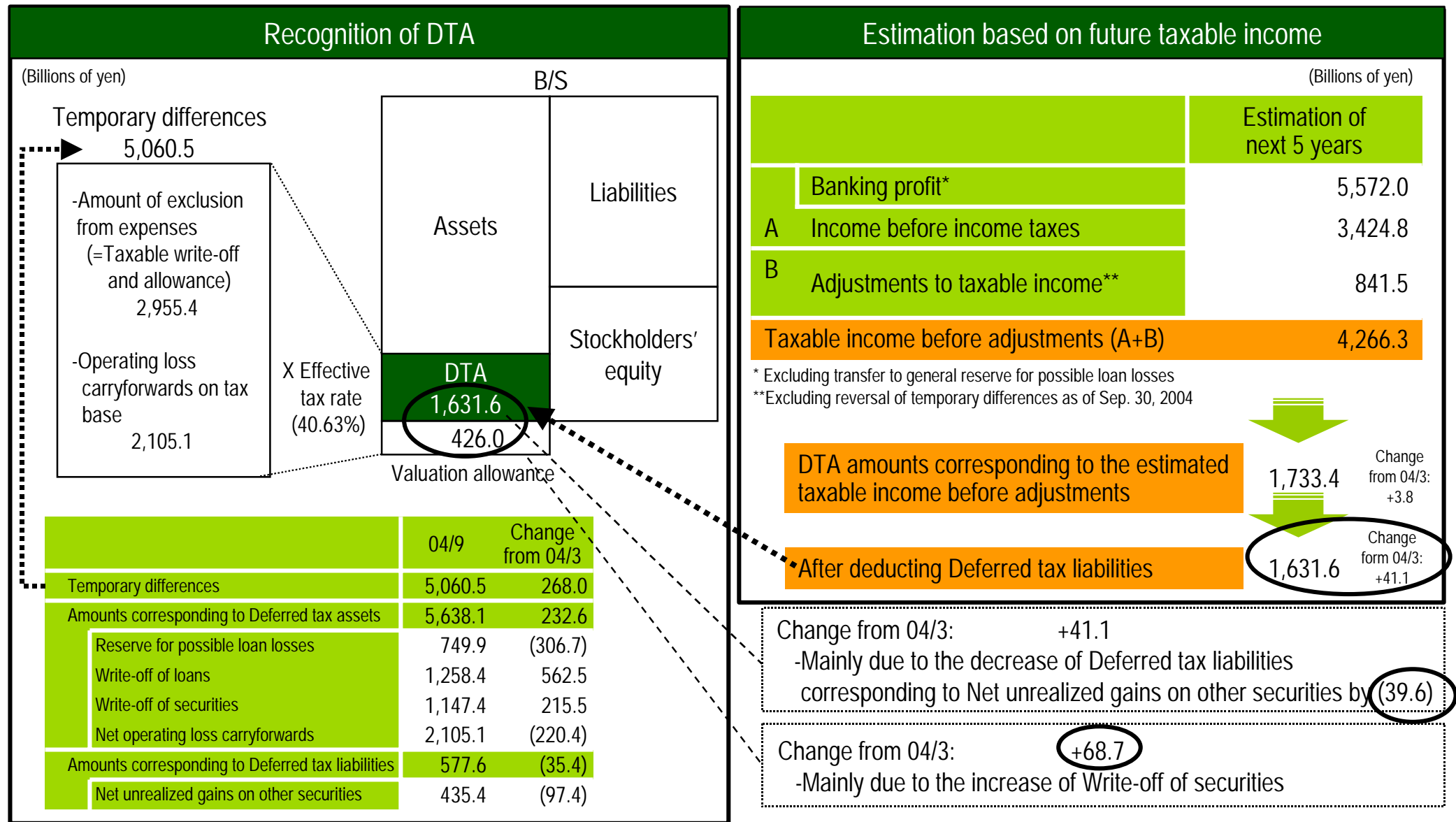
As of 04/9		(Billions of yen)		
	Net assets	Assets		Net deferred gains (losses)
		Assets	Liabilities	
Interest rate swaps	(11.5)	66.5	78.0	(71.2)
Currency swaps	0.3	1.5	1.2	3.4
Others	(6.9)	3.9	10.8	(19.1)
Total	(18.1)	71.9	90.0	(86.9)

Balance of other securities held, classified by maturity

As of 04/9		(Billions of yen)								
	One year or less	Change from 04/3	More than 1 year to 5 years	Change from 04/3	More than 5 years to 10 years	Change from 04/3	More than 10 years	Change from 04/3	Total	
									Total	Change from 04/3
Bonds	2,753.6	43.6	7,370.5	(1,595.9)	2,872.2	(1,032.8)	1,965.9	860.6	14,962.2	(1,724.4)
JGBs	2,582.3	(4.5)	5,566.6	(1,440.6)	2,143.3	(1,058.0)	1,958.9	857.1	12,251.0	(1,646.0)
Japanese local government bonds	0.9	(0.2)	183.6	(10.7)	221.5	(0.3)	0.5	0.0	406.6	(11.3)
Japanese corporate bonds	170.4	48.3	1,620.3	(144.6)	507.3	25.5	6.5	3.6	2,304.6	(67.2)
Others	262.1	(39.3)	2,831.3	(1,288.2)	386.7	(39.7)	343.8	(42.4)	3,824.0	(1,409.5)
Total	3,015.7	4.3	10,201.8	(2,884.1)	3,258.9	(1,072.5)	2,309.7	818.3	18,786.2	(3,134.0)

8. B/S (3) Deferred tax assets

<SMBC Non-consolidated>



9. BIS capital ratio

<SMFG Consolidated>

(Billions of yen)

(Billions of yen)

	04/3	04/9 <Preliminary>	Change		
Tier I	3,571.6	3,645.6	74.0	Tier I	
Capital stock & Capital surplus	2,113.0	2,114.6	1.6	Consolidated net income: 53.4	
<Preferred stock>	<1,796.3>	<1,592.9>	<(203.4)>	Tier II	
Retained earnings	564.8	612.4	47.6	Subordinated bonds on public offering	
Net unrealized losses on other securities	-	-	-	Overseas dated subordinated bonds:	
Preferred securities issued by SPCs	814.0	823.6	9.6	EUR 1.25 billion (=JPY 171.3 billion)	
Tier II*	3,416.5	3,419.4	2.9	Subtraction items	
45% of unrealized gains on other securities	249.4	208.9	(40.5)	Acquisition of shares of Promise 145.4	
45% of land revaluation excess	68.5	71.1	2.6	Risk-adjusted assets	
General reserve for possible loan losses	740.1	601.7	(138.4)	Increase of mortgages and new type unsecured loans to SMEs: amounting to approximately 940.0	
Perpetual subordinated debt	755.6	826.1	70.5		
Dated subordinated debt	1,603.0	1,711.6	108.6		
Subtraction items	(250.8)	(443.6)	(192.8)		
BIS capital	6,737.4	6,621.4	(116.0)		
Risk-adjusted assets	59,204.0	60,539.1	1,335.1		
BIS capital ratio	11.37%	10.93%	(0.44%)		
Tier I ratio	6.03%	6.02%	(0.01%)		

(Note)
The Resolution and Collection Corporation ("RCC") converted a part of Public Fund Preferred Stocks of JPY 201.0 billion into common stock on Sep. 30, 2004.
SMFG repurchased the common stock on Nov. 2, 2004.
(Market value: JPY 267.7 billion)

* Amounts counted as the BIS capital.

10. Highlights of consolidated financial results (1) Consolidated P/L

<SMFG Consolidated>

	(Billions of yen)				
	1 st half, FY03	1 st half, FY04	Change	Difference from SMBC Non- consolidated results	Difference from SMBC Non-consolidated results
Consolidated gross profit	1,049.1	1,020.0	(29.2)	257.2	
Net interest income	663.2	595.8	(67.4)	104.9 ⁽¹⁾	(1) Minato Bank: 23% of the difference Kansai Urban Banking Corporation: 22% of the difference
Trust fees	0.1	0.7	0.6	-	Sumitomo Mitsui Card: 14% of the difference
Net fees and commissions	195.2	235.4	40.2	108.4 ⁽²⁾	(2) Sumitomo Mitsui Card: 43% of the difference SMBC Friend Securities: 20% of the difference
Net trading income	163.9	30.3	(133.6)	9.2	(3) SMBC Leasing: 95% of the difference
Net other operating income	26.7	157.7	131.0	34.8 ⁽³⁾	(4) Mainly due to the increase in loan loss reserve at subsidiaries engaged in loan guarantees (Approximately JPY 100 billion)
General and administrative expenses	(448.1)	(423.6)	24.5	(132.5)	(5) Mainly profits from Daiwa Securities SMBC
Credit related cost	(441.5)	(612.8)	(171.3)	(157.0) ⁽⁴⁾	(6) Sumitomo Mitsui Card: JPY 12.9 billion SMBC Leasing: JPY 12.1 billion Daiwa Securities SMBC : JPY 17.1 billion* SMBC Friend Securities: JPY 10.4 billion
Gains (losses) on stocks	20.6	48.8	28.2	4.0	
Equity in earnings of affiliates	8.0	12.9	4.8	12.9 ⁽⁵⁾	
Ordinary profit	165.5	114.1	(51.4)	(11.1)	
Extraordinary gains (losses)	21.4	(17.4)	(38.8)	(53)	
Net income	143.5	53.4	(90.1)	(65.2)	
Consolidated net business profit	532.7	544.9	12.2	73.3 ⁽⁶⁾	*Corresponding to 40% of the company's profit

(Note) Consolidate net business profit = (SMBC Non-consolidated banking profit) + (Other consolidated subsidiaries' ordinary profit) + (Affiliates' ordinary profit) X (Ownership ratio) - (Internal transactions (dividends, etc.))
International transactions within the accounts on International gross profit are adjusted (Please refer to P39 (Appendix 2))

10. Highlights of consolidated financial results (2) Consolidated B/S

<SMFG Consolidated>

(Billions of yen)

	SMFG Consolidated		SMBC Non-consolidated		Difference	
	04/9	Change from 04/3	04/9	Change from 04/3	04/9	Change from 04/3
Problem assets*	2,965.6	(370.6)	2,484.4	(326.9)	481.2	(43.7) (1)
Substandard Loans	944.9	(496.2)	779.1	(467.8)	165.8	(28.4)
Doubtful Assets	1,313.3	(95.9)	1,124.1	(78.5)	189.2	(17.4)
Bankrupt and Quasi-Bankrupt Assets	707.3	211.5	581.1	219.4	126.2	(7.9)
Total claims	60,033.4	569.6	56,157.8	472.2	3,875.6	97.4 (2)
Total assets	101,054.2	(1,160.9)	92,742.9	(1,366.1)	8,311.3	205.2
Deferred tax assets	1,743.2	36.7	1,631.6	41.1	111.6	(4.4)
BIS Capital	6,621.4	(116.0)	6,157.7	140.5	463.7	256.5

Difference from SMBC Non-consolidated results	
(1) Minato Bank:	27%
Kansai Urban Banking Corporation:	19%
(2) Minato Bank	31%
Kansai Urban Banking Corporation:	27%
SMBC Europe:	14%

Balance of consumer finance products		
	(Billions of yen)	
	04/9	Change from 04/3
SMBC	Approx. 270	(5)
Sumitomo Mitsui Card	Approx. 250	10
At-Loan	Approx. 100	10
QUOQ	Approx. 70	0
Total	Approx. 690	15

* Problem assets based on the Financial Reconstruction Law

11. Earnings forecast for FY2004

SMBC

(Billions of yen)

[Non-consolidated]	FY03 Result	FY04 Forecast	Change from earnings forecast announced in 04/5
Banking profit*	1,000.1	980.0	-
Gross banking profit	1,584.1	1,565.0	-
Expenses	(584.0)	(585.0)	-
Total credit cost	(803.4)	(650.0)	(200.0)
Ordinary profit	185.1	440.0	(60.0)
Net income	301.1	250.0	(30.0)

* Excluding transfers to general reserve for possible loan losses.

SMFG

(Billions of yen)

	FY03 Result	FY04 Forecast	Change from earnings forecast announced in 04/5
[Consolidated] Ordinary income	3,552.5	3,450.0	50.0
Ordinary profit	342.8	470.0	(180.0)
Net income	330.4	180.0	(150.0)
[Non-consolidated] Operating income	55.5	260.0	-
Ordinary profit	51.2	255.0	-
Net income	50.5	255.0	-

Part II

1.	Overview of 1 st half, FY2004 - Strategy & Financial results	----- P.22, 23
2.	Management policy in 2 nd half, FY2004	----- P.24
3.	Accelerating the offensive in strategic businesses	
	(1) New type unsecured loans to SMEs	----- P.25
	(2) Financial consulting for individuals	----- P.26
	(3) Investment banking business	----- P.27
4.	Strengthening group profitability	
	(1) Reinforcement of group companies through collaboration among group companies	----- P.28
	(2) Reinforcement of group profitability through strategic alliance <Overview>	----- P.29
	(i) Collaboration with Daiwa Securities Group	----- P.30, 31
	(ii) Strategic alliance with Promise	----- P.32, 33
	(iii) Proposal for integration with UFJ Group	----- P.34
5.	Completion of intensive improvement in asset quality	----- P.35
6.	Closing	----- P.36

1. Overview of 1st half, FY2004 – Strategy & Financial results <Summary>

<SMBC Non-consolidated>

Progress in management policy in FY2004
<Increase profitability>

<Business Strategies>_

Accelerating the offensive in strategic businesses

- Further reinforcement of competitive advantages
=> Steadily grow new type unsecured loans to SMEs, financial consulting for individuals, and investment banking business
- Early establishment of earnings base
=> Strategic alliance with Promise

<Business Performance>

Establishing earnings structure to ensure Banking profit of JPY 1 trillion

=> Banking profit : 1st half JPY 471.6 billion (above the original plan)

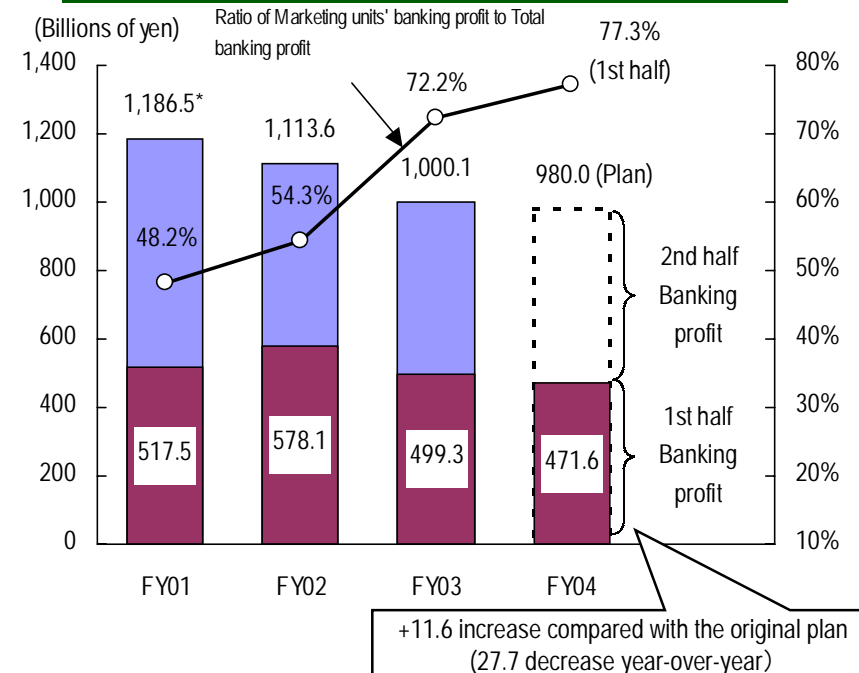
Changing earnings structure toward sustainable growth

=> Increased the ratio of Marketing units' banking profit to Total banking profit to 77%

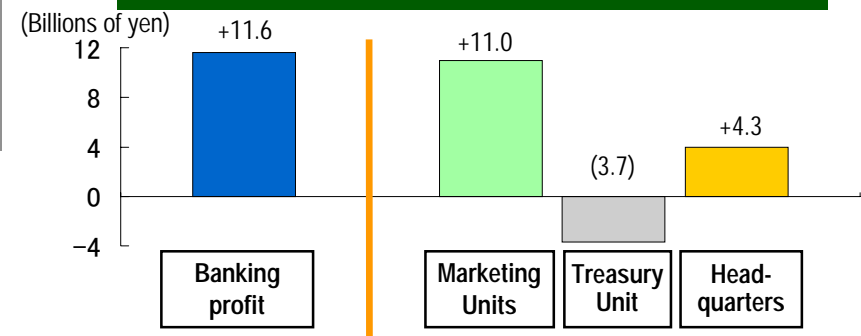
1st half of FY2004

: Executed business strategies and achieved results as planned

Banking profit

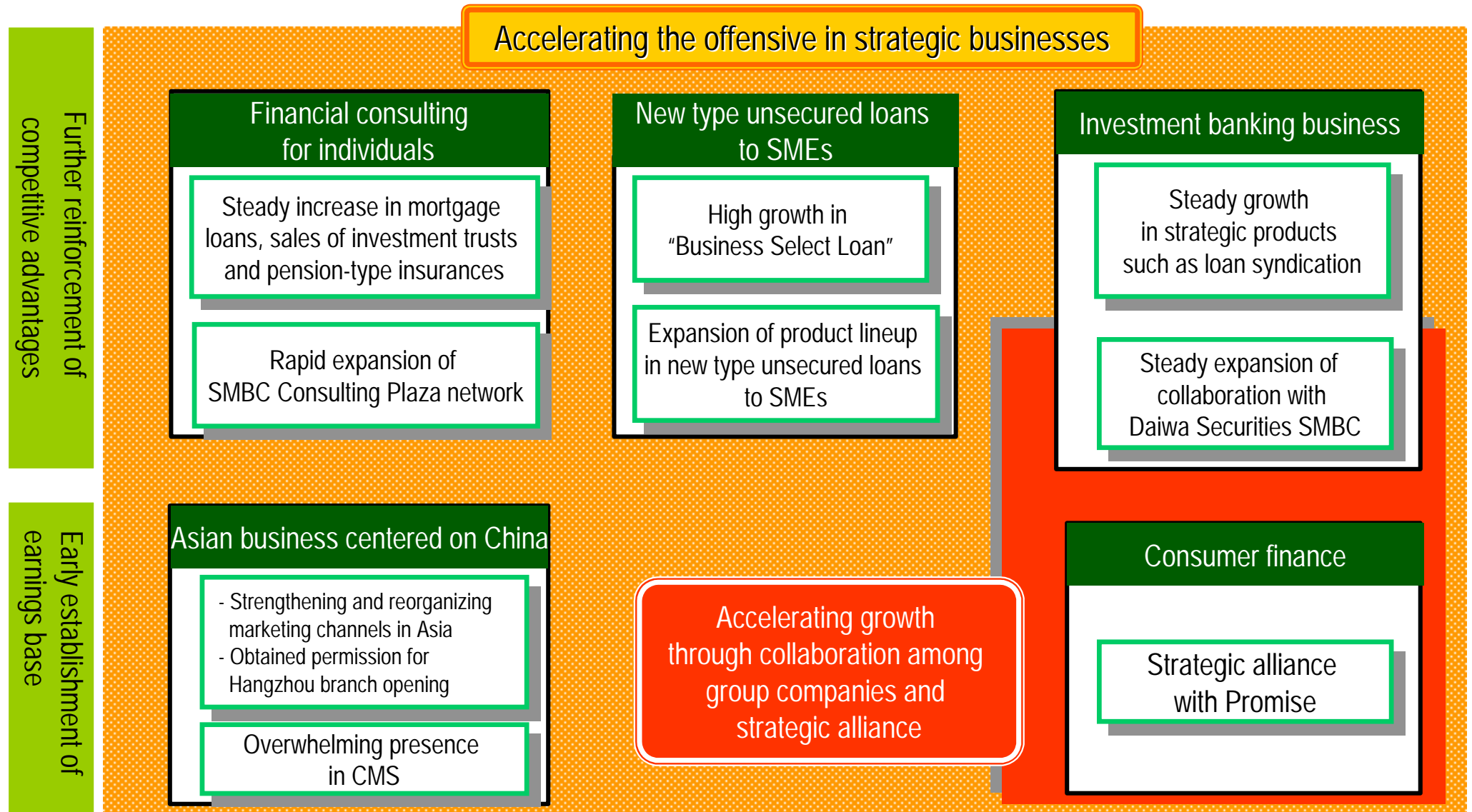


Banking profit compared to the original plan



1. Overview of 1st half, FY2004 – Strategy & Financial results

<Achievements in strategic businesses>



2. Management policy in 2nd half, FY2004

<Accelerating the offensive in strategic businesses> + <Strengthening group profitability>

✓ Accelerating the offensive in strategic businesses



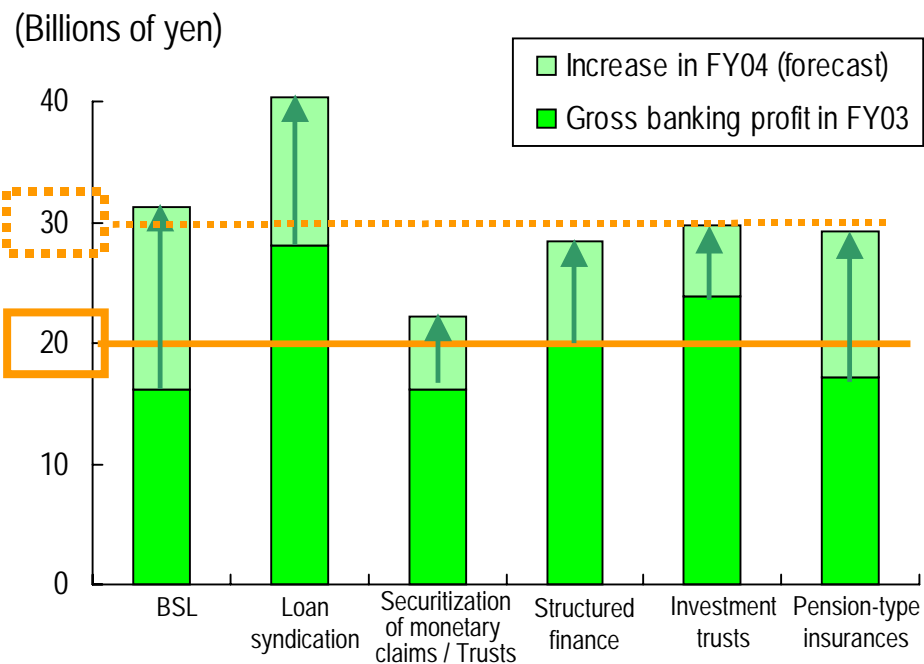
New type unsecured loans to SMEs, financial consulting for individuals and investment banking business

✓ Strengthening group profitability



Reinforcing group companies and promoting strategic alliance

Earnings forecast of strategic businesses in FY2004



SME loans

Investment banking business

Financial consulting for individuals

Projecting profit-increase in Marketing units in FY2004

<SMBC Non-consolidated>

(Billions of yen)

	FY04 Forecast	Year change
Gross banking profit	1,565.0	(19.1)
Marketing Units	Approx. 1,290.0	Approx. 110.0
Treasury Unit	Approx. 265.0	Approx. (110.0)
Headquarters	Approx. 10.0	Approx. (20.0)
Expenses	(585.0)	(1.0)
Banking profit	980.0	(20.1)

Strengthening of group profitability

- ✓ Further reinforcing group companies
- ✓ Strengthening collaboration with Daiwa Securities SMBC
- ✓ Strategic alliance with Promise: Accelerating preparation for the launch of business

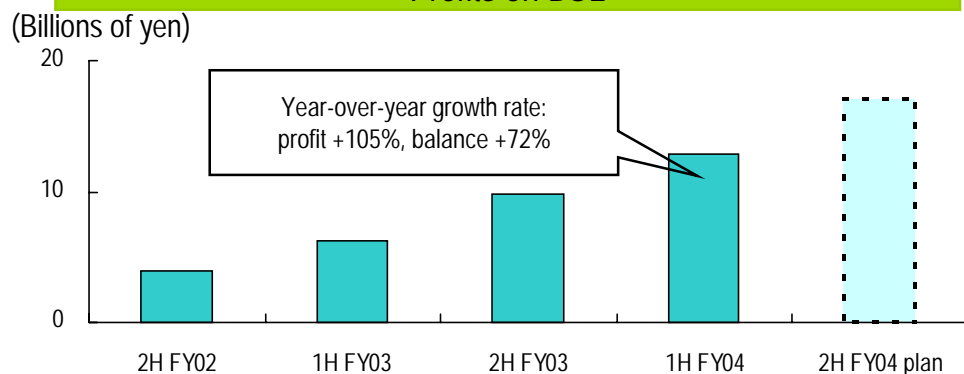
3. Accelerating the offensive in strategic businesses (1) SMBC: New type unsecured loans to SMEs

Actions

- ✓ Expand marketing channels for SME clients (Sub-office & Corporate Sales Desk) :
Approx. +40 locations
- ✓ Refine standard interest rate table for N-fund
=> Fundamentally improve product competitiveness to attract customers

Revised up the original origination target for new type unsecured loan

Profits on BSL

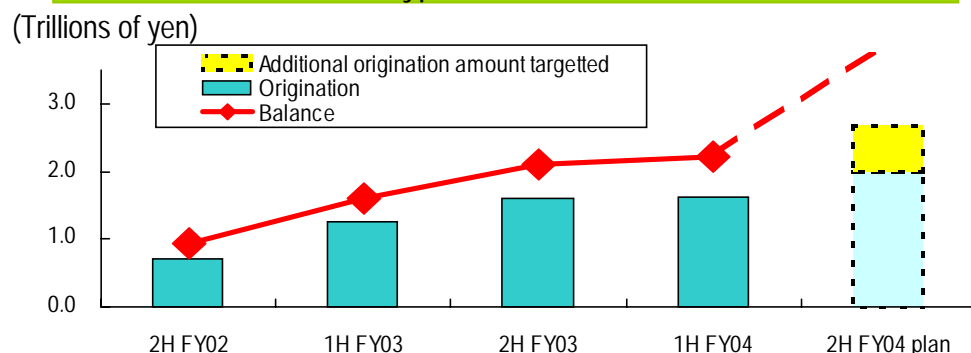


Expansion of marketing channels for corporate customers

Corporate client segments	Channels	Number of locations End of 1H04 => Increase in 2H04
Upper Middle	Corporate Business Office	87
Middle	Corporate Business Office for SMEs	96
Lower Middle	Business Support Office	30
Small	Corporate Sales Office	8
	Sub-office	31
	Corporate Sales Desk	0

Approx. +40

New type unsecured loans



(Note) Number of channels is the one in Middle Market Banking Unit

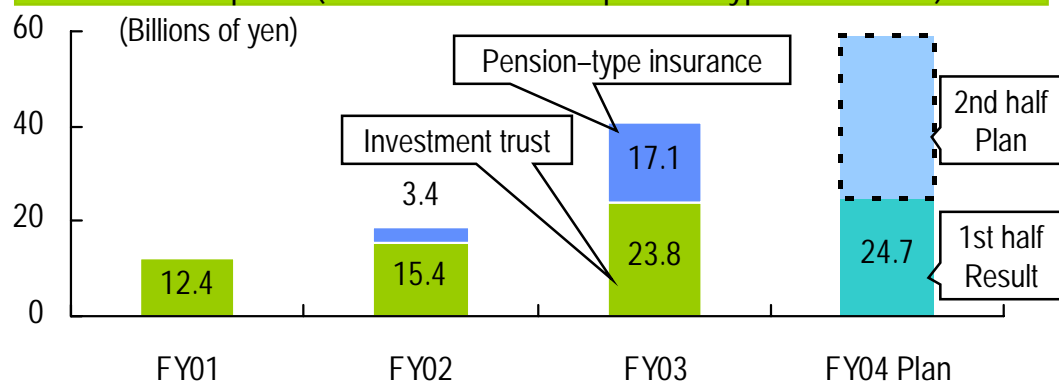
3. Accelerating the offensive in strategic businesses (2) SMBC: Financial consulting for individuals

Actions

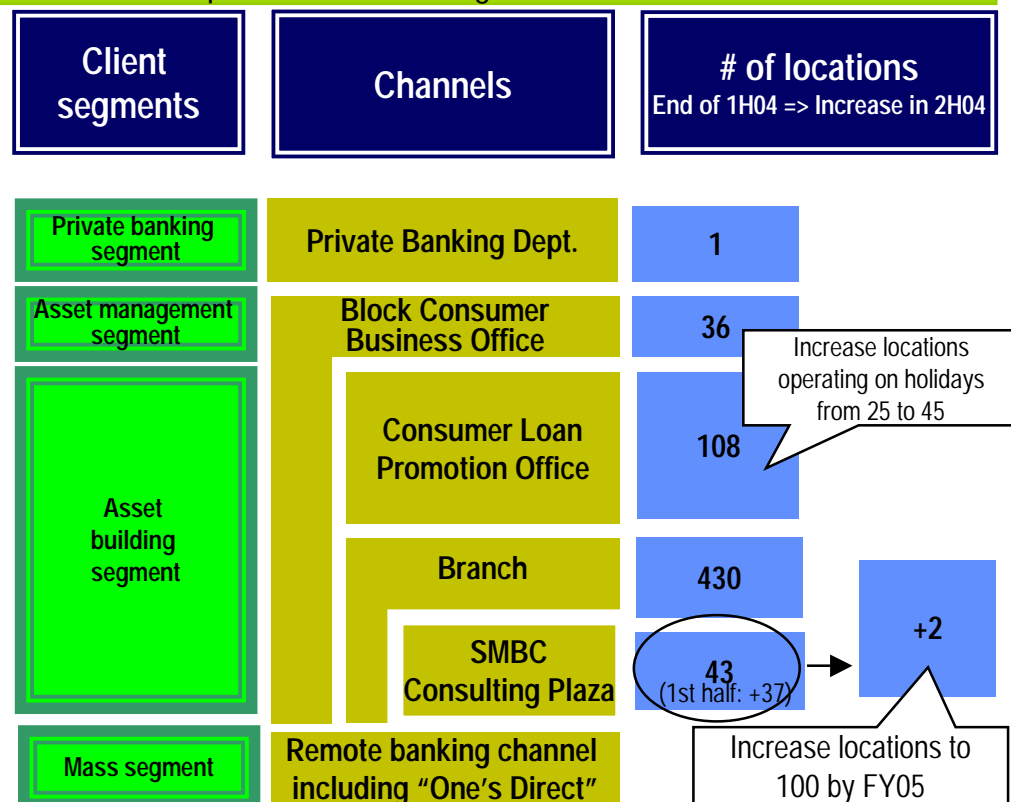
- ✓ Increase contact points with customers by offering various business hours (open on holidays and nights)
- ✓ Expand product lineup via starting securities intermediary business in December (ex. foreign currency bonds)

Further strengthen our competitive advantages in Japan (No.1 position in Japan)

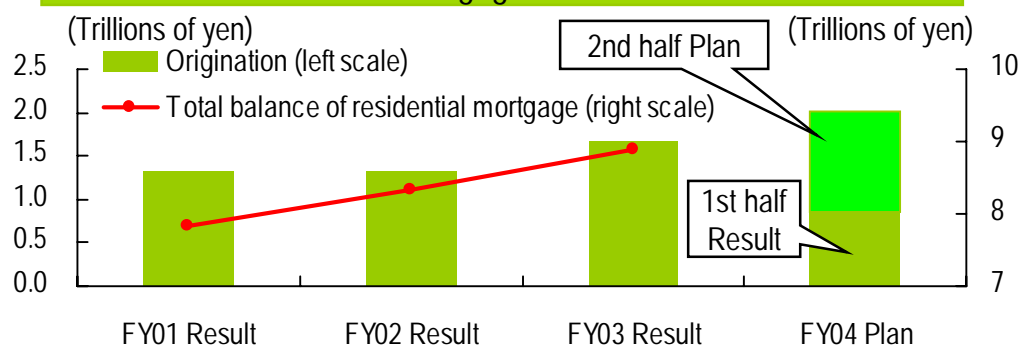
Related profits(investment trusts & pension-type insurances)



Expansion of marketing channels for individuals

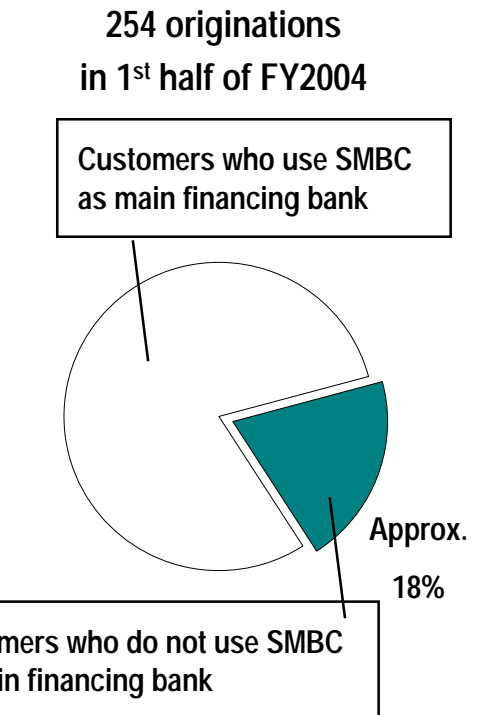
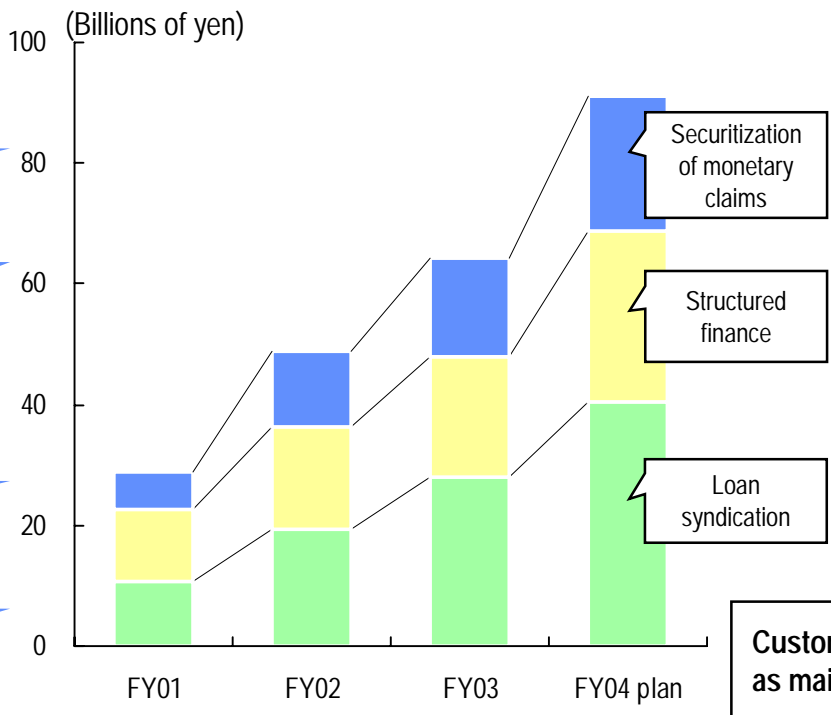
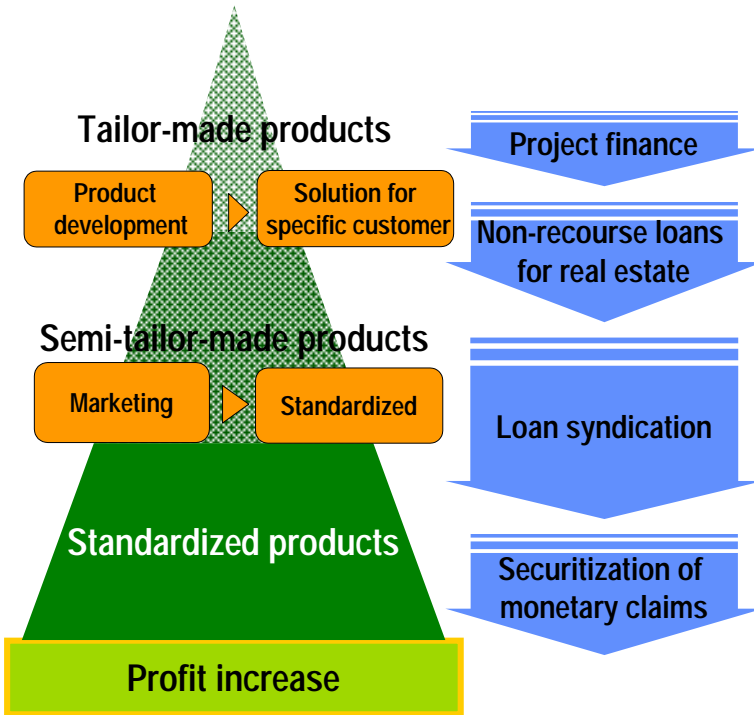
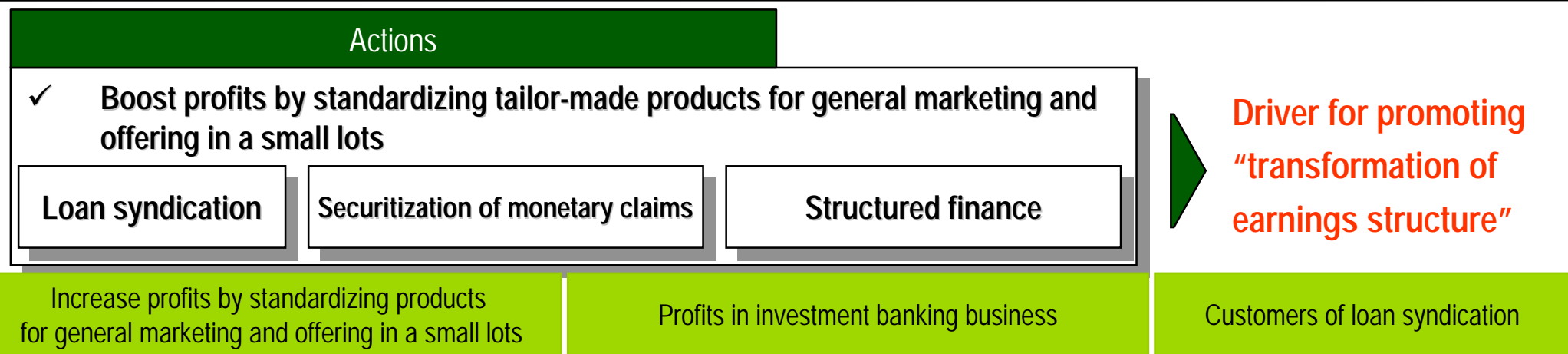


Mortgage loans



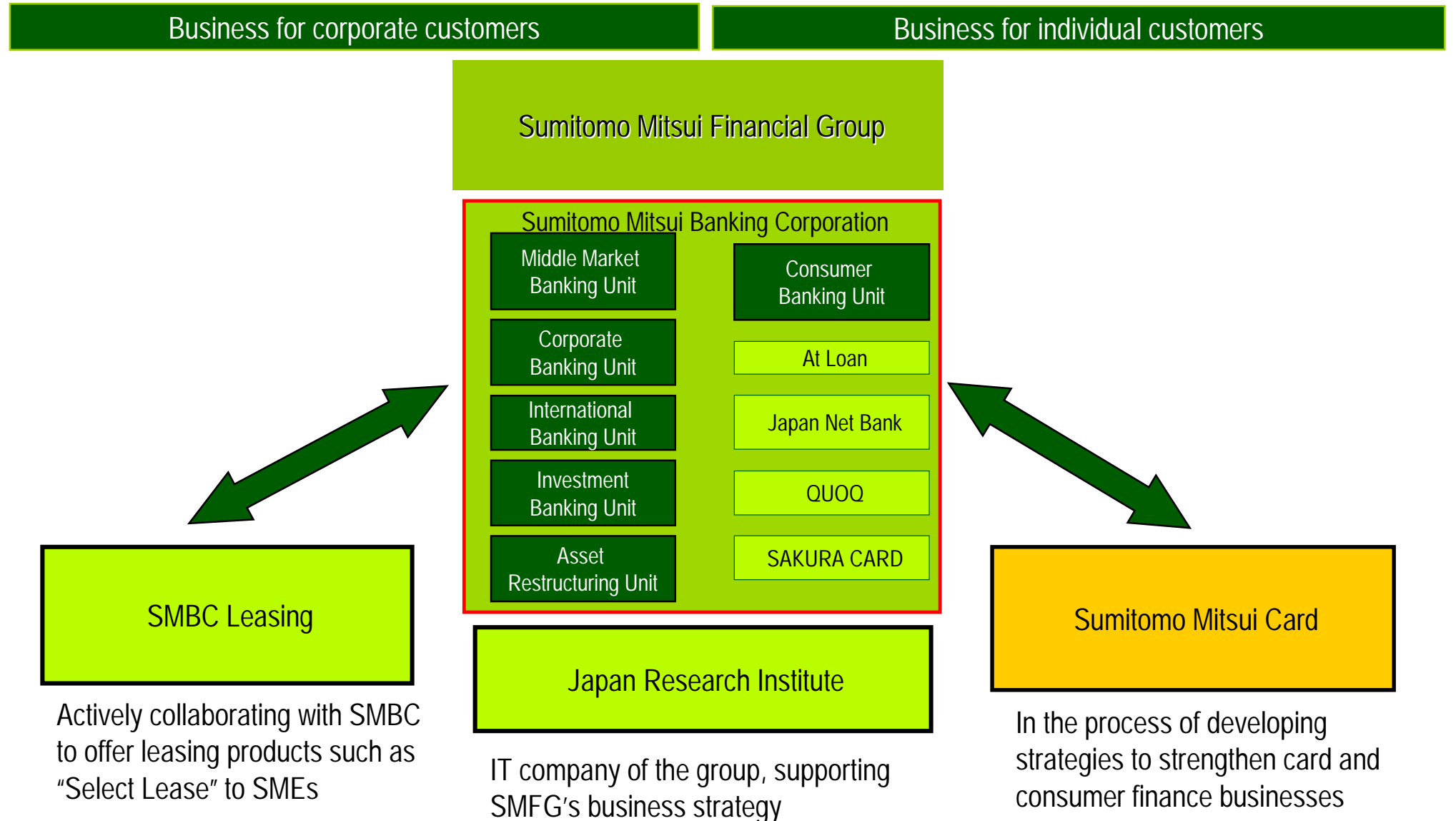
(Note) Number of SMBC locations

3. Accelerating the offensive in strategic businesses (3) SMBC: Investment banking business



4. Strengthening group profitability

(1) Reinforcement of group companies through collaboration among group companies



4. Strengthening group profitability

(2) Reinforcement of group profitability through strategic alliance <Overview>

Key for success

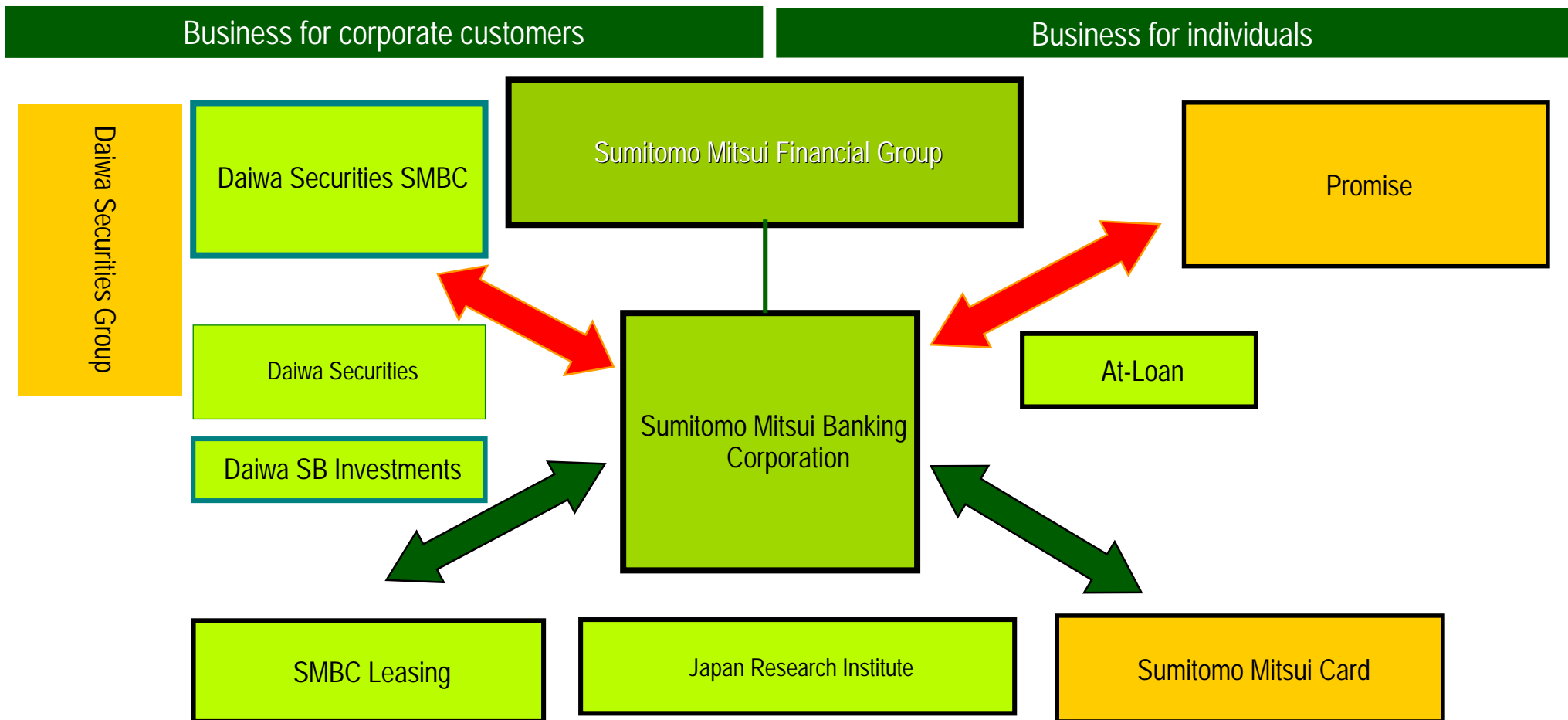
Expertise
Alliance with leading companies

+

Business franchise
SMBC's customer base & marketing channels

+

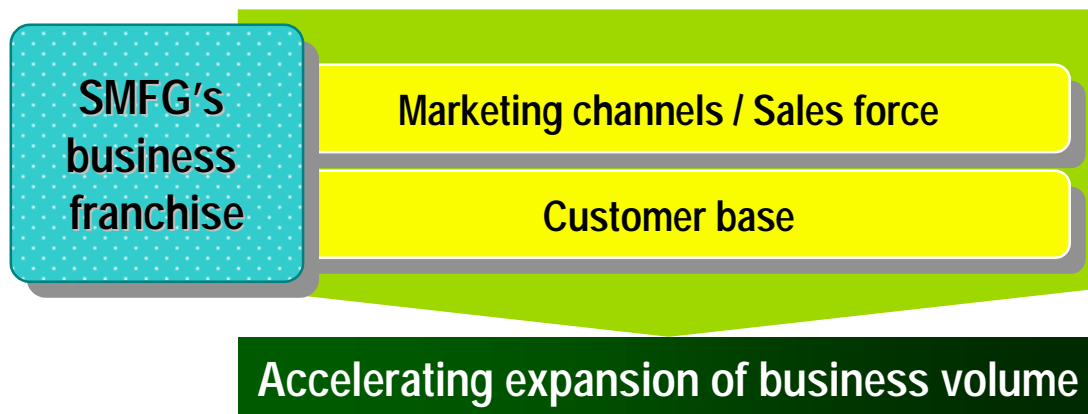
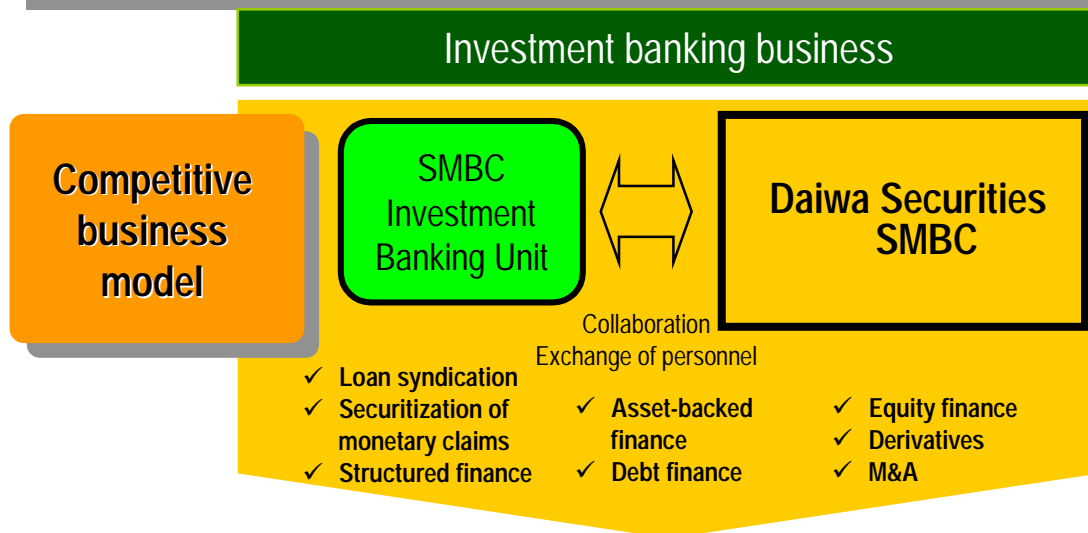
Speed in making business profitable



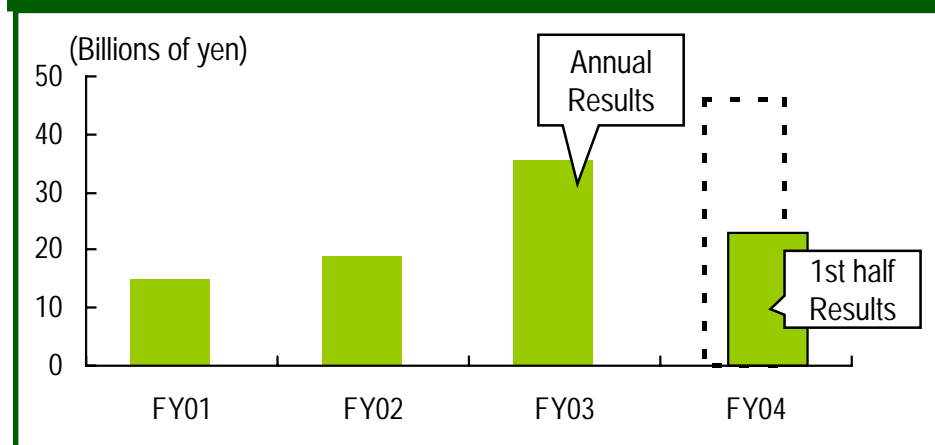
4. Strengthening group profitability

(2) (i) Collaboration with Daiwa Securities Group

- ✓ Japan's foremost business model => Built a solid framework of collaboration during the past 5 years since the establishment of Daiwa Securities SMBC
- ✓ Profits through collaboration are steadily increasing



Profits through collaboration with Daiwa Securities SMBC*



Book runner: Public offering of stocks (Apr. 2004 – Sep. 2004) **

(Billions of yen)	Underwritten	Share
1. Daiwa Securities SMBC	385.6	32.1%
2. Nomura Securities	328.4	27.4%
3. Nikko Citi Group Securities	296.1	24.7%
4. Mitsubishi Securities	67.1	5.6%
5. Merrill Lynch Japan Securities	45.6	3.8%

*Profits of SMBC and Daiwa Securities SMBC through collaboration.

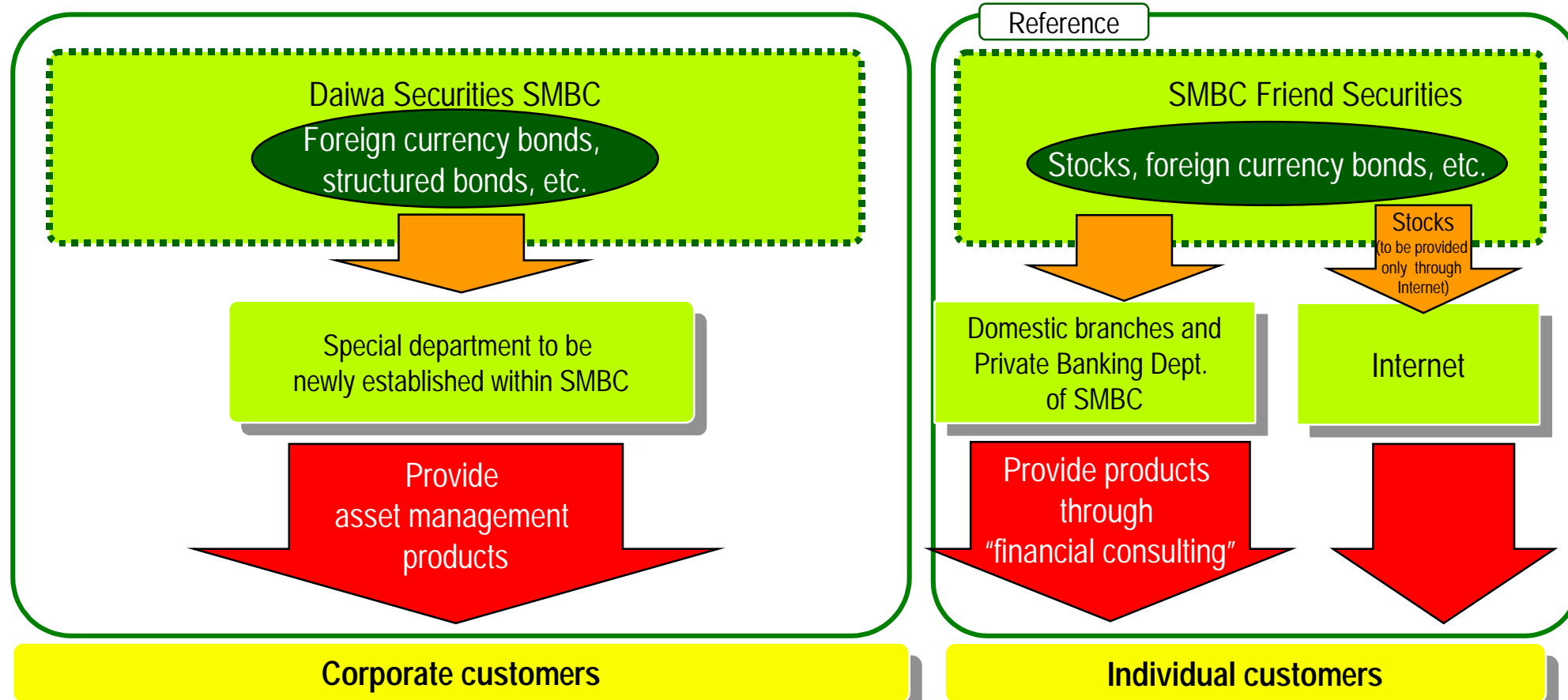
** Source: Thomson Financial

4. Strengthening group profitability

(2) (i) Collaboration with Daiwa Securities Group

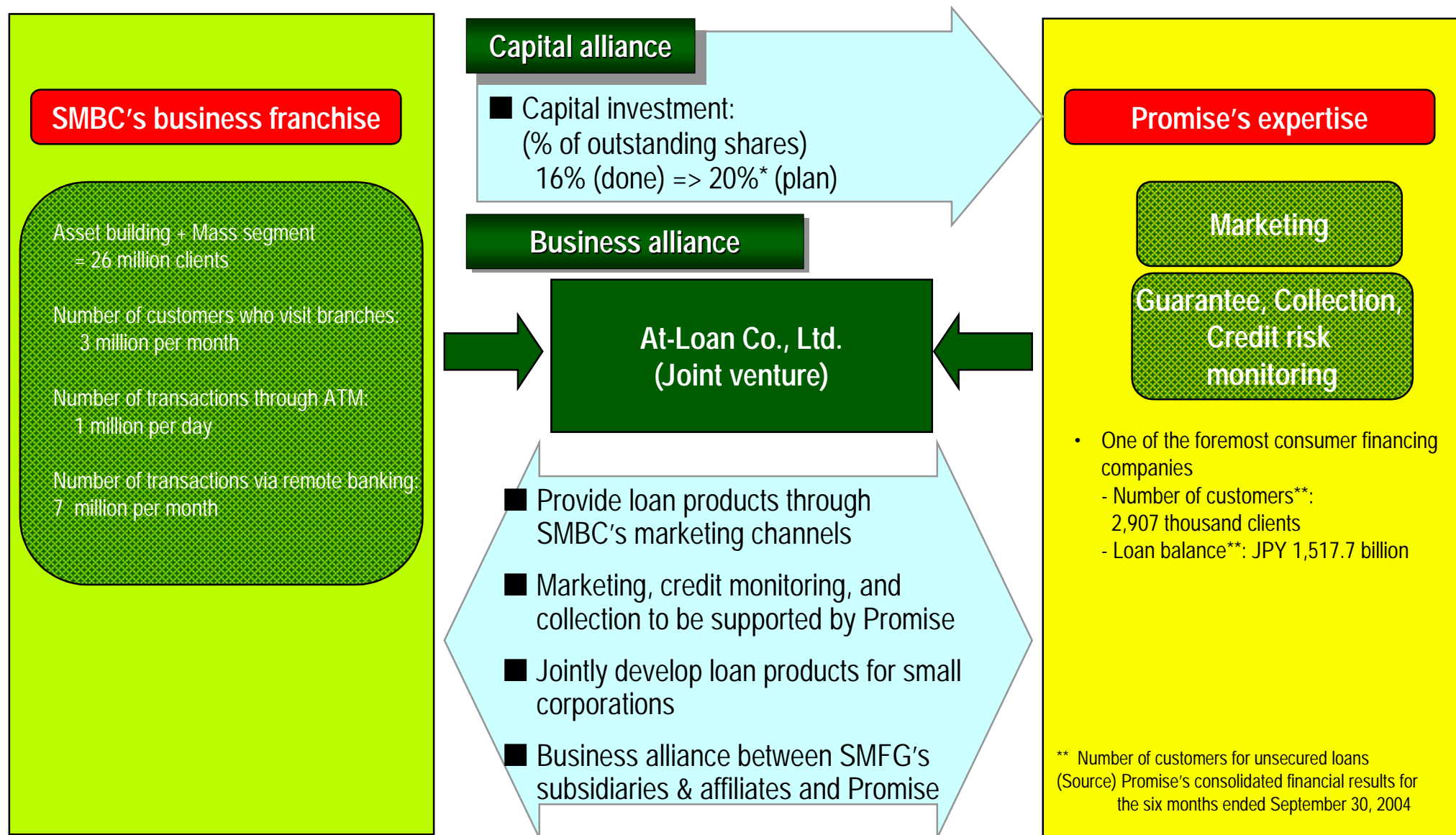
- ✓ Further promote collaboration with Daiwa Securities Group when start securities intermediary business in December

Structure of SMBC's Securities Intermediary Business



4. Strengthening group profitability

(2) (ii) Strategic alliance with Promise <Overview>



* Plans to acquire Promise shares additionally in appropriate ways, up to 20% of total outstanding shares

4. Strengthening group profitability

(2) (ii) Strategic alliance with Promise <Structure>

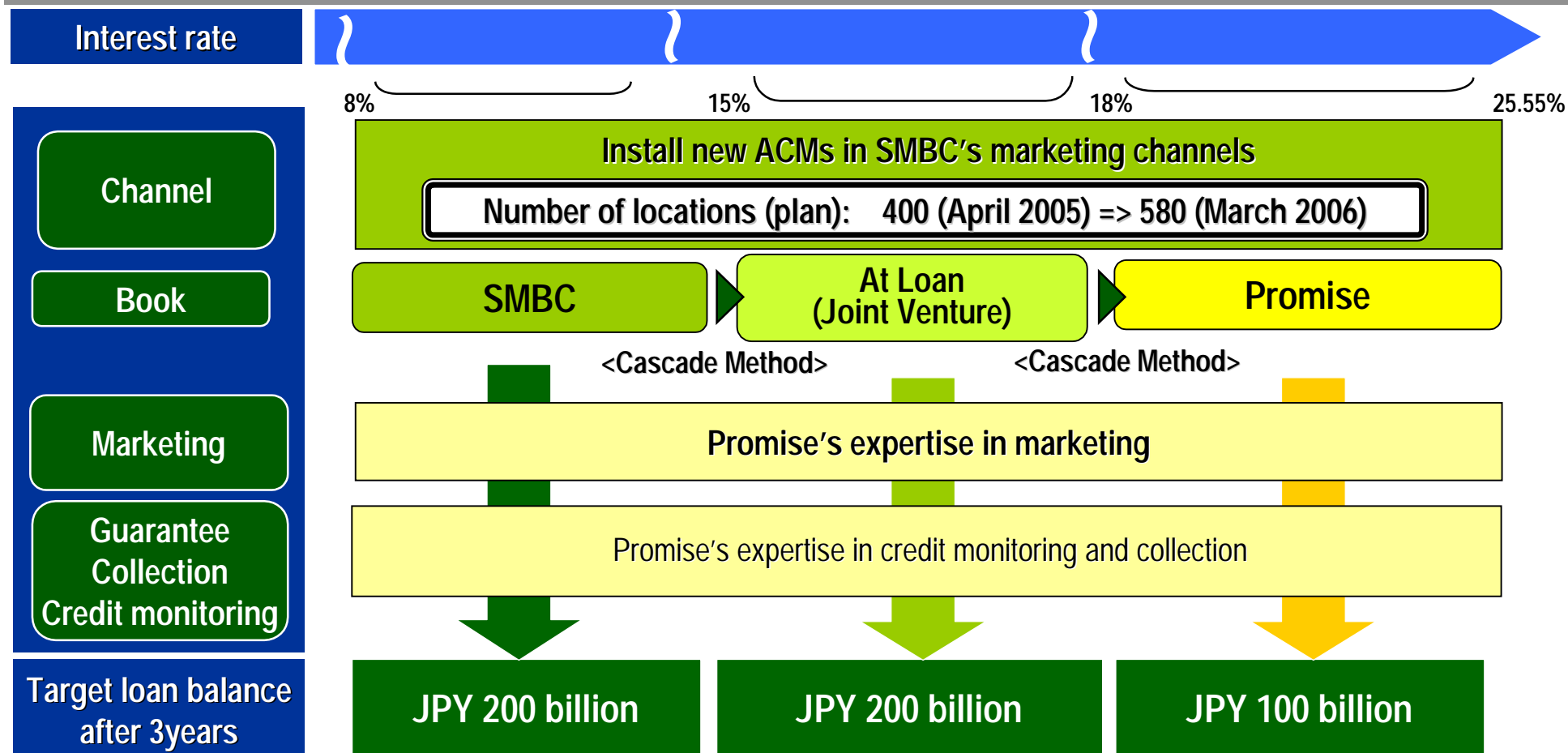
Speedy expansion of marketing channels: Install new ACMs (Automatic Contract Machines) developed by Promise

Install at 400 locations in April 2005



Expand to 580 locations in FY2005

Target loan balance of approx. JPY 500 billion* after 3 years



*Aggregate amount of SMBC, JV, and Promise

4. Strengthening group profitability

(2) (iii) Proposal for integration with UFJ Group

Strategic significance

- ✓ Dominant revenue base and business franchise through the integration
- ✓ Realization of dominant market share & competitiveness in the strategic businesses

SMFG's Proposal

- ✓ Integration ratio UFJ : SMFG = 1 share : 1 share
 - JPY 200 billion average annual pre-tax benefit from rationalization

Impact on further value creation

To surely realize rationalization effects(JPY200 billion) at an early date

To reinforce revenue base through the dominant market share in the focused high-growth business areas (Loans to SMEs and financial consulting business for individuals)

Most profitable bank in Japan with banking profit reaching JPY 2 trillion and net income reaching JPY 1 trillion

August 2004: Proposal to UFJ



September 2004: Extended the expiration date of the proposal to the end of June 2005

5. Completion of intensive improvement in asset quality

1st half of FY2004

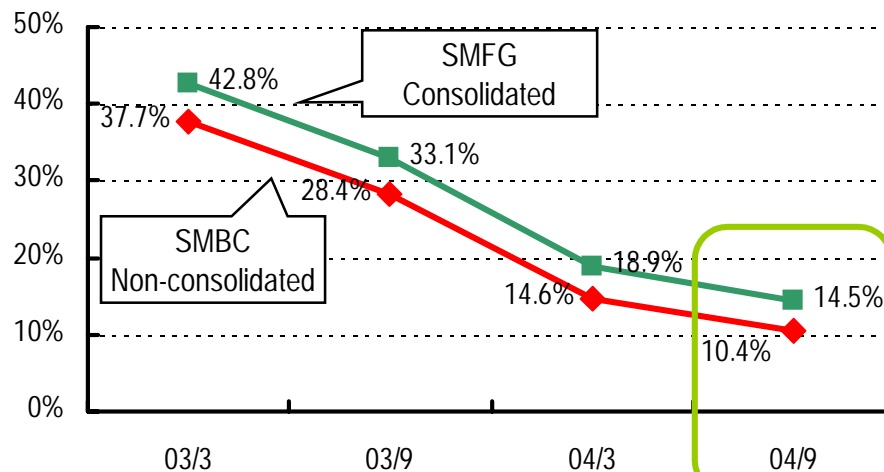
- Intensive disposal of problem assets to achieve the target of halving the problem asset ratio
- Increased loan loss reserves to prepare better for future credit risks
- Additionally provided reserve for possible loan losses at the consolidated subsidiaries engaged in loan guarantees, in order to improve financial soundness

2nd half of FY2004

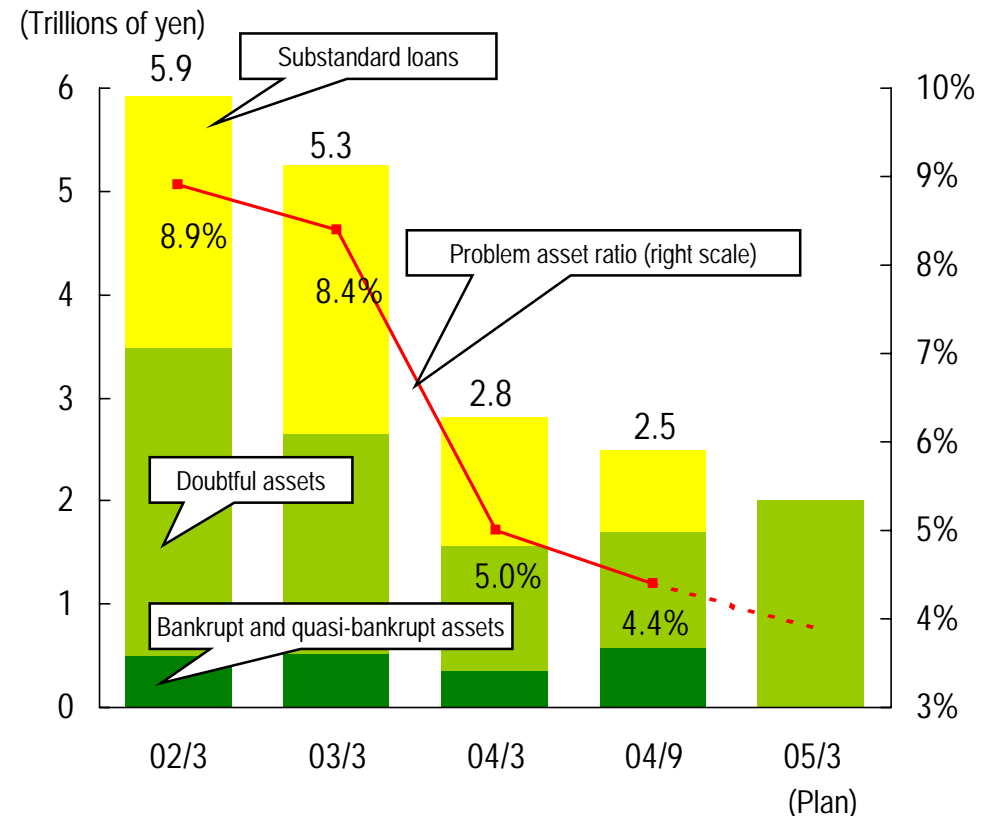
Reduce the balance of problem assets to less than JPY 2 trillion and the Problem Asset Ratio to less than 4%, leading to a situation where credit cost is incurred at "cruising speed"

Further reduce future credit risk exposures related to NPLs, both on SMFG consolidated basis and SMBC non-consolidated basis

Ratio of net problem assets to Tier I capital**



Problem assets* and Problem Assets Ratio

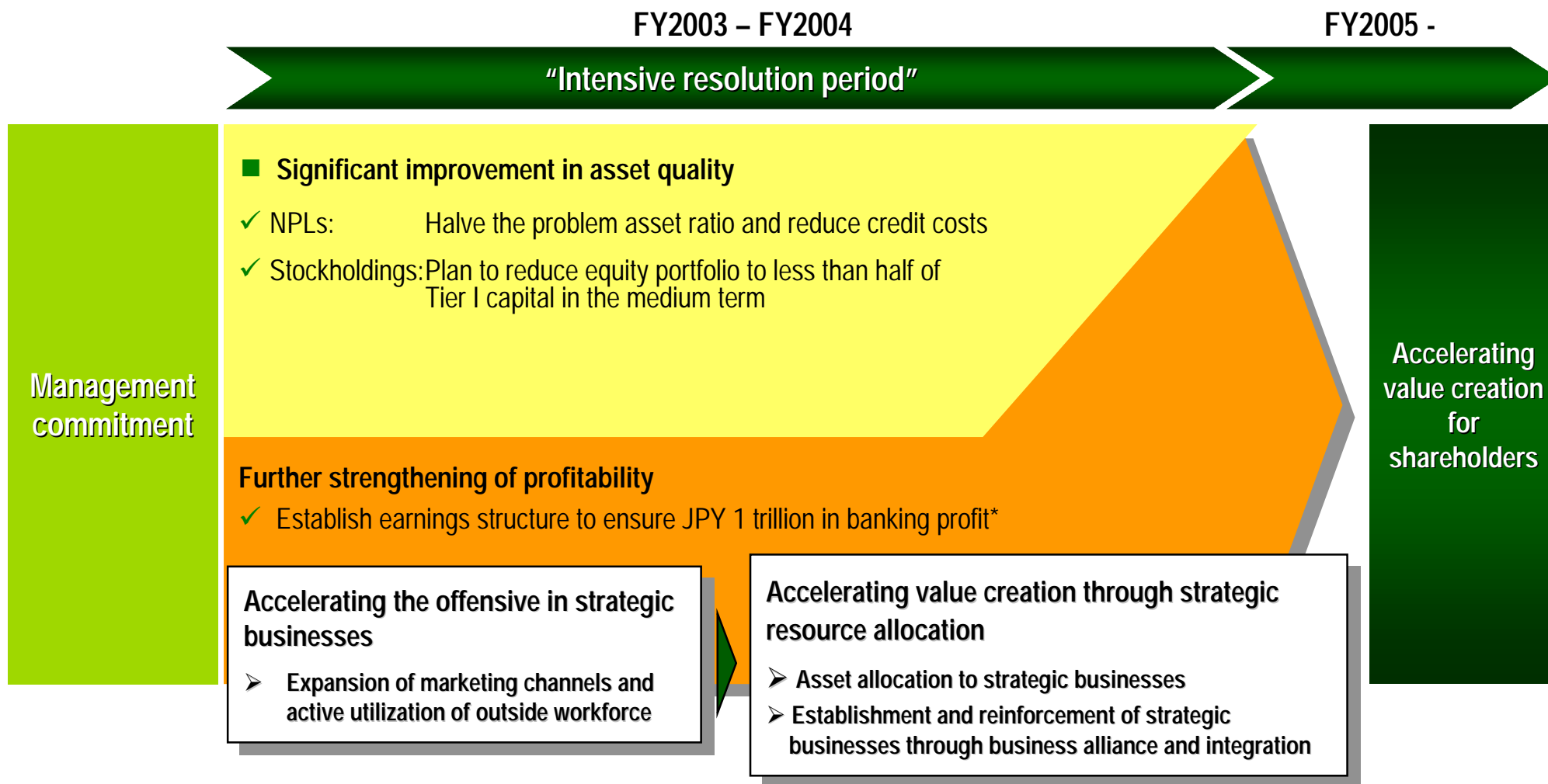


* Problem assets based on the Financial Reconstruction Law

** $(1 - \text{coverage ratio}) \times (\text{balance of Problem assets based on the Financial Reconstruction Law}) / \text{Tier I Capital (SMFG consolidated)}$

6. Closing

Accelerating offensive through investing business resources further



*Banking profit = Banking profit excluding transfer to general reserve for possible loan losses

Appendix

1. Financial highlights of recent years
2. Gross banking profit
3. Average balance and yield of major items (domestic)
4. Expenses and domestic branch network & workforce
5. Disclosure of problem assets based on the Financial Reconstruction Law
6. Reserve ratio and coverage ratio for problem assets based on the Financial Reconstruction Law
7. Progress of "off-balancing"
8. Loan portfolio and problem assets, classified by industry
9. Unrealized gains (losses) on securities
10. Equity portfolio, composition by industry
11. Segmentation of corporate clients & marketing channels
12. New type unsecured loans to SMEs

13. Loan portfolio of new type unsecured loans to SMEs
14. Asian business centered on China
15. Consumer banking
16. Segmentation of individual clients & marketing channels
17. Branch & ATM networks
18. Remote banking ("One's Direct")
19. Sumitomo Mitsui Card
20. SMBC Leasing
21. Japan Research Institute
22. Daiwa Securities SMBC
23. Preferred stocks
24. Proposal for integration with UFJ Group:
Breakdown of rationalization effect
25. Proposal for integration with UFJ Group:
Source of top-line synergy

(Appendix 1) Financial highlights of recent years

<SMBC Non-consolidated>

	(Billions of yen)								
	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	1H FY04
Gross banking profit	1,432.3	1,441.8	1,449.5	1,434.5	1,503.2	1,864.9	1,760.6	1,584.1	762.7
Expenses	(808.0)	(808.7)	(778.9)	(727.6)	(700.1)	(678.4)	(647.0)	(584.0)	(291.1)
Banking profit*	624.3	633.1	670.6	702.9	803.1	1,186.5	1,113.6	1,000.1	471.6
Total credit cost	(461.5)	(2,224.8)	(2,095.9)	(1,130.6)	(819.1)	** (1,546.2)	(1,074.5)	(803.4)	(455.8)
Ordinary profit	110.5	(1,034.6)	(1,495.2)	336.4	359.2	(521.6)	(597.2)	185.1	125.2
Net income	86.4	(842.2)	(749.4)	105.9	137.8	(322.9)	(478.3)	301.1	118.6

* Excluding transfers to general reserve for possible loan losses.

** Including credit cost of JPY 0.8 billion for the former Wakashio Bank, booked in extraordinary items.

(Note) Figures for FY00 and before are combined figures for the former Sakura Bank and the former Sumitomo Bank, not including the former Wakashio Bank.

(Appendix 2) Gross banking profit

<SMBC Non-consolidated>

(Billions of yen)

	1 st half, FY03	1 st half, FY04	Change
Gross domestic profit	559.0	590.1	31.1
<i>Excluding gains (losses) on bonds</i>	556.6	570.2	13.6
Net interest income	481.7	462.4	(19.3) (1)
<i>Gains on interest rate swaps</i>	17.2	14.4	(2.8)
Trust fees	0.1	0.7	0.6
Net fees and commissions	78.2	100.6	22.4 (2)
Net trading income	(1.9)	0.7	2.6
Net other operating income	0.9	25.7	24.8
<i>Gains (losses) on bonds</i>	2.4	19.9	17.5
Gross international profit*	236.3	172.6	(63.7)
<i>Excluding gains (losses) on bonds</i>	219.9	165.8	(54.1)
Net interest income	87.9	26.0	(61.9) (3)
<i>Gains on interest rate swaps</i>	41.5	18.6	(22.9)
Net fees and commissions	21.1	26.5	5.4
Net trading income	69.5	76.0	6.5 (4)
Net other operating income	57.8	44.1	(13.7)
<i>Gains (losses) on bonds</i>	16.4	6.8	(9.6)

(Billions of yen)

Major factors in increase / decrease	
(1) Domestic net interest income:	(19.3)
-Decrease in loan volume	
(2) Domestic net fees and commissions:	22.4
-Increase in fees related to investment trusts and pension-type insurances	
-Increase in fees related to loan syndication, and other investment banking business	
(3) International net interest income:	(61.9)
-Decrease in Treasury unit's profits	
(4) International net trading income:	6.5
-Increase in income related to sales of derivatives products to clients	

(Reference) Adjustments related to the items consisting of gross international profit

(Billions of yen)

	1 st half, FY03	1 st half, FY04	Change
Net interest income	1.0	(2.4)	(3.4)
Net trading income	(82.2)	55.6	137.8
Net other operating income	81.2	(53.2)	(134.4)

* After adjustments related to the items consisting of gross international profit.

(Appendix 3) Average balance and yield of major items (domestic)

<SMBC Non-consolidated>

Interest earning assets						
(Billions of yen)						
	1 st half, FY03		1 st half, FY04		Change	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Interest earning assets	70,975.6	1.45%	67,599.9	1.46%	(3,375.7)	0.01%
Loans and bills	50,802.7	1.73%	46,818.0	1.79%	(3,984.7)	0.06%
Securities	19,207.9	0.58%	19,493.6	0.65%	285.7	0.07%

Interest bearing liabilities						
(Billions of yen)						
	1 st half, FY03		1 st half, FY04		Change	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Interest bearing liabilities	72,139.1	0.09%	70,639.7	0.09%	(1,499.4)	0.00%
Deposits, etc.	56,927.3	0.02%	57,704.2	0.02%	776.9	0.00%
Expense ratio*	0.74%		0.74%		0.00%	
Total cost of funding	0.83%		0.83%		0.00%	

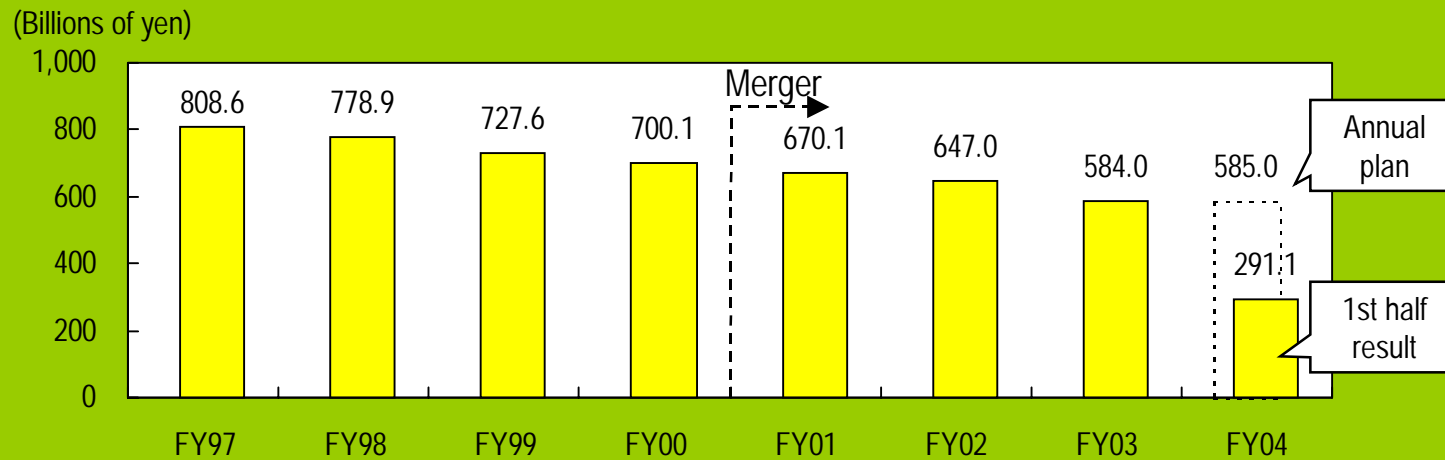
	1 st half, FY03	1 st half, FY04	Change
Overall interest spread	0.62%	0.63%	0.01%
Interest spread	1.71%	1.77%	0.06%

*Expense ratio is calculated by yield of total cost of funding minus yield of interest bearing liabilities.

(Appendix 4) Expenses and domestic branch network & workforce

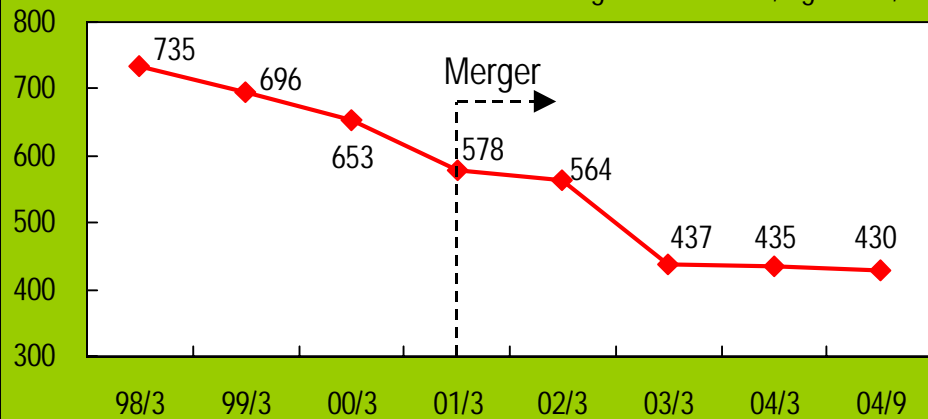
<SMBC Non-consolidated>

Expenses

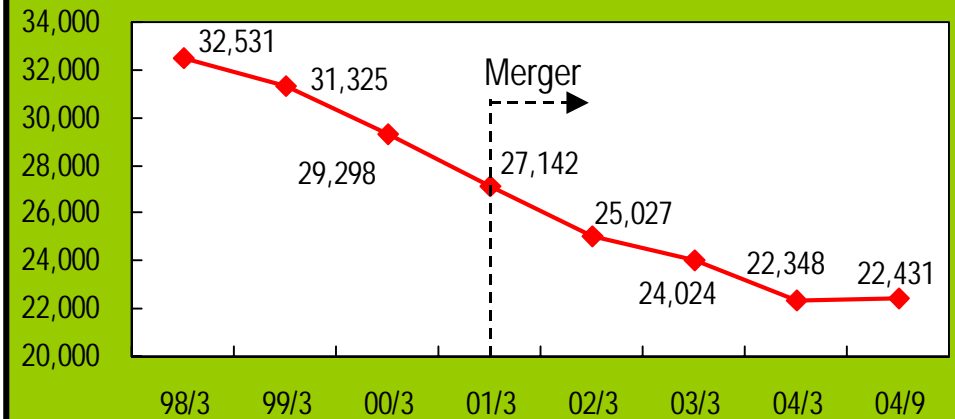


Number of domestic branches*

*Excluding sub-branches, agencies, etc.



Number of employees



(Note) Figures of FY01 (02/3) and before exclude those of the former Wakashio Bank.

(Appendix 5) Disclosure of problem assets based on the Financial Reconstruction Law

<SMBC Non-consolidated>

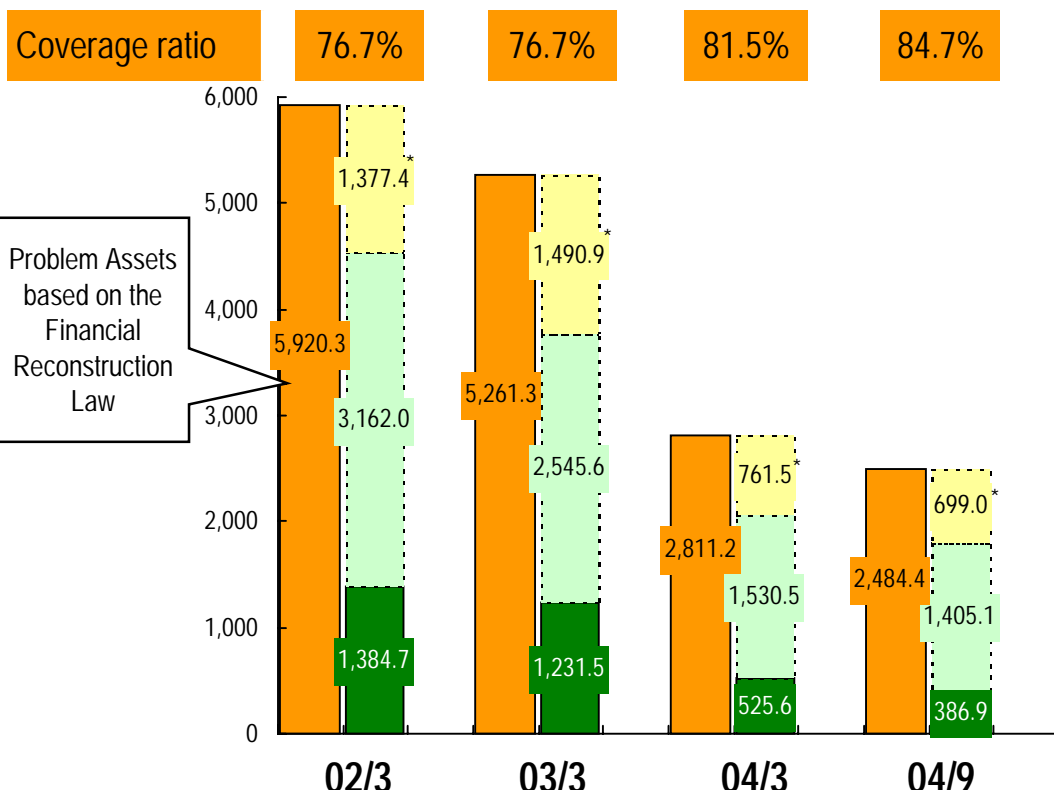
As of 04/9		Classification under Self-Assessment				(Billions of yen)	
Category of Borrowers under Self-Assessment	Problem assets based on the Financial Reconstruction Law	Classification I	Classification II	Classification III	Classification IV	Reserve for possible loan losses	Reserve ratio
Bankrupt Borrowers	Bankrupt and Quasi-Bankrupt Assets 581.1 (i) (Change from 04/3: +219.5)	Portion of claims secured by collateral or guarantees, etc. 561.6 (a)		Fully reserved 19.5	Direct Write-offs (*1)	Specific Reserve 26.1 (*2)	100% (*3)
Effectively Bankrupt Borrowers							
Potentially Bankrupt Borrowers	Doubtful Assets 1,124.1 (ii) (Change from 04/3: -78.6)	Portion of claims secured by collateral or guarantees, etc. 461.6 (b)		Necessary amount reserved 662.5		Specific Reserve 512.3 (*2)	77.3% (*3)
Borrowers Requiring Caution	Substandard Loans 779.2 (iii) (Change from 04/3: -467.7) (Claims to Substandard Borrowers)						
Normal Borrowers	Normal Assets 53,673.4	Claims to Borrowers Requiring Caution, excluding claims to Substandard Borrowers				General Reserve 419.3	3.8% [10.1%] (*4)
		Claims to Normal Borrowers					0.1% (*4)
Total 56,157.8 (iv)						Loan Loss Reserve for Specific Overseas Countries 4.9	
A=(i)+(ii)+(iii)		B: Portion secured by collateral or guarantees, etc.		C: Unsecured portion (A-B)		Reserve ratio: D/C (*5) = 64.8%	
2,484.4 (v) (Change from 04/3: -326.8) <Problem asset ratio ((v)/(iv)) 4.4%>		(a)+(b)+(c) 1,405.1		1,079.3	D: Specific Reserve + General Reserve for Substandard Loans (*2) 699.0	Coverage Ratio: (B+D)/A = 84.7%	

- *1 Includes amount of direct reduction totaling JPY 1,409.2 billion.
- *2 Includes reserve for assets that are not subject to disclosure based on the Financial Reconstruction Law standards. (Bankrupt/Effectively Bankrupt Borrowers: JPY 6.6 billion, Potentially Bankrupt Borrowers: JPY 10.0 billion)
- *3 Reserve ratios for claims on Bankrupt Borrowers, Effectively Bankrupt Borrowers, Potentially Bankrupt Borrowers, Substandard Borrowers and Borrowers Requiring Caution including Substandard Borrowers are the proportion of reserve for the possible loan losses to each category's total unsecured claims.
- *4 Reserve ratios for claims on Normal Borrowers and Borrowers Requiring Caution (excluding claims to Substandard Borrowers) are the proportion of the reserve for possible loan losses to the respective claims of each category.
- *5 The proportion of the reserve to the claims, excluding the portion secured by collateral or guarantees, etc.

(Appendix 6) Reserve ratio and coverage ratio for problem assets based on the Financial Reconstruction Law

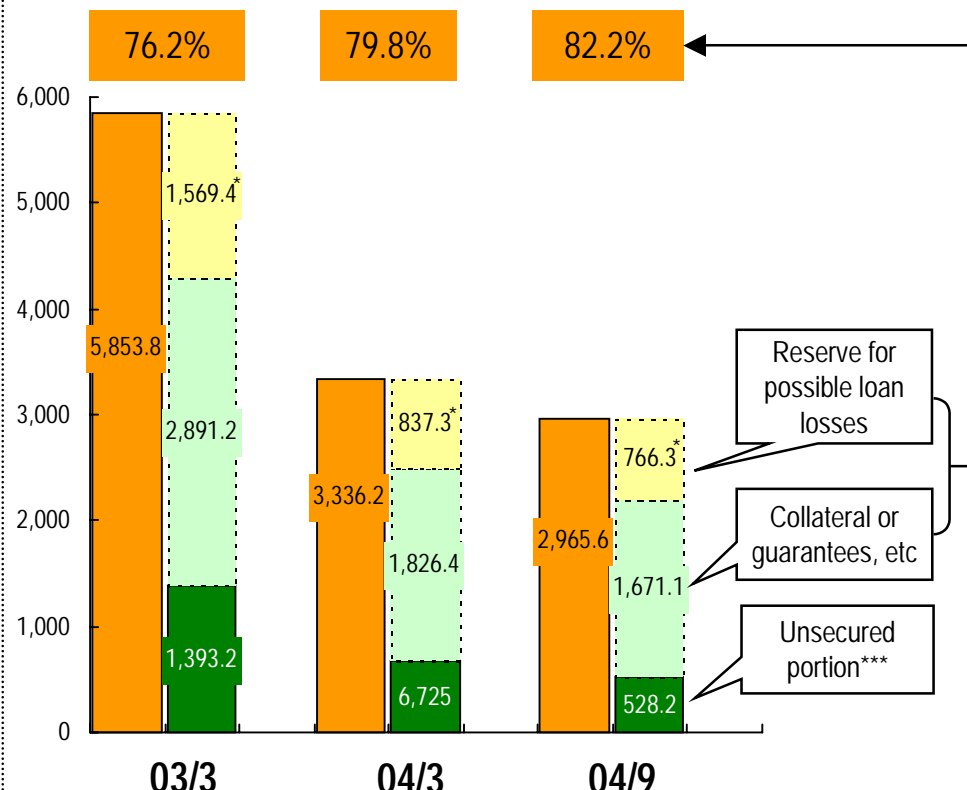
<SMBC Non-consolidated>

(Billions of yen)



<SMFG Consolidated>

(Billions of yen)



Reserve ratio	49.9%	54.9%	59.5%	64.8%
Substandard loans	21.8%**	33.7%	39.0%	38.7%
Doubtful assets	75.9%	79.2%	83.6%	77.3%
Bankrupt and quasi-bankrupt assets	100.0%	100.0%	100.0%	100.0%

* partially include the reserve to the assets which are not Problem assets based on the Financial Reconstruction Law (<04/9> Bankrupt and Effectively Bankrupt Borrowers: JPY 6.6 billion, Potentially Bankrupt Borrowers: JPY 10.0 billion)

** excluding the former Wakashio Bank.



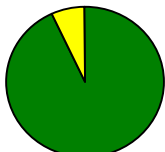
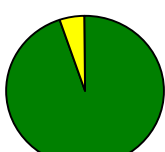
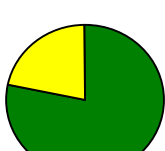
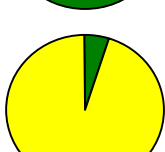
***<SMFG Consolidated> Unsecured portion
=Problem assets based on the Financial Reconstruction Law
- Reserve for possible loan losses - Collateral or guarantees, etc.

(Note) Reserve ratio: the proportion of the reserve to the claims, excluding the portion secured by collateral or guarantees, etc.
Coverage ratio: the proportion of the reserve and collateral or guarantees, etc. to the claims.

(Appendix 7) Progress of "off-balancing"

<SMBC Non-consolidated>

(Billions of yen)

Term-end balance of Problem Assets*	Accumulated amount of "off-balancing" results**	Progress ratio as of 04/9	"Off-balanced" amount in 1 st half, FY04: (JPY 904.0 billion)
Existing borrowers as of 00/9 3,247.8	(3,221.7)	 99.2%	1) Disposition by borrowers' liquidation (6.7)
Newly deteriorated borrowers in 2H FY00 711.4	(695.1)	 97.7%	2) Reconstructive disposition (47.7)
Newly deteriorated borrowers in FY01 2,146.0	(2,001.3)	 93.3%	3) Improvement in debtors' performance due to reconstructive disposition (107.7)
Newly deteriorated borrowers in FY02 1,212.2	(1,146.8)	 94.6%	4) Loan sales to market (69.7)
Newly deteriorated borrowers in FY03 957.8	(748.5)	 78.1%	5) Direct write-offs (314.1)
Newly deteriorated borrowers in 1H FY04 1,044.9	(56.8)	 5.4%	6) Collection / repayment, etc. (329.7)
			7) Improvement in debtors' performance (28.4)

* Total balance of Problem assets classified as Doubtful assets or lower under the Financial Reconstruction Law.

** Off-balanced amount includes the result of measures connected to "off-balancing."

(Appendix 8) Loan portfolio and problem assets, classified by industry <SMBC Non-consolidated>

(Billions of yen)

	Loans and bills discounted			Problem assets based on the Financial Reconstruction Law			
	04/9		04/3	04/9	Reserve Ratio	(c) -(d)	04/3
	(a)	(a)-(b)	(b)	(c)			(d)
Domestic offices (excluding offshore banking account)	47,520.0	(431.5)	47,951.5	2,429.0	64.0%	(311.3)	2,740.3
Manufacturing	5,582.3	(211.9)	5,794.2	81.5	73.1%	(247.0)	328.5
Agriculture, forestry, fisheries, and mining	120.6	(13.2)	133.8	0.9	79.3%	(0.2)	1.1
Construction	1,655.0	(62.2)	1,717.2	361.3	59.8%	254.0	107.3
Transportation, communications and public enterprises	3,081.0	(53.7)	3,134.7	87.4	62.6%	2.0	85.4
Wholesale and retail	5,423.6	(68.6)	5,492.2	300.8	77.9%	(68.0)	368.8
Finance and insurance	5,065.6	173.1	4,892.5	47.6	74.9%	(7.1)	54.7
Real estate	6,340.6	(654.5)	6,995.1	899.6	57.0%	(117.1)	1,016.7
Various services	5,541.5	70.6	5,470.9	417.4	61.7%	(117.1)	534.5
Municipalities	438.5	(249.7)	688.2	-	-	-	-
Others	14,271.3	638.5	13,632.8	232.5	100.0%	(10.8)	243.3
Overseas offices and offshore banking accounts	3,203.6	345.0	2,858.6	55.3	87.2%	(15.7)	71.0
Public sector	38.2	(25.5)	63.7	0.1	87.7%	(11.3)	11.4
Financial institutions	257.1	29.7	227.4	2.4	87.1%	1.7	0.7
Commerce and industry	2,804.0	408.0	2,396.0	52.8	87.2%	(6.0)	58.8
Others	104.3	(67.3)	171.6	-	-	-	-
Total	50,723.6	(86.5)	50,810.1	2,484.4	64.8%	(326.8)	2,811.2

1. "Problem assets based on the Financial Reconstruction Law" include loans and bills discounted, acceptances and guarantees, suspense payments, and other credit-type assets.

2. Reserve Ratio = (Reserve for possible loan losses) / (Problem assets excluding amounts recoverable due to collaterals and guarantees) X 100

Reserve for possible loan losses is sum of general reserve for Substandard loans and specific reserve.

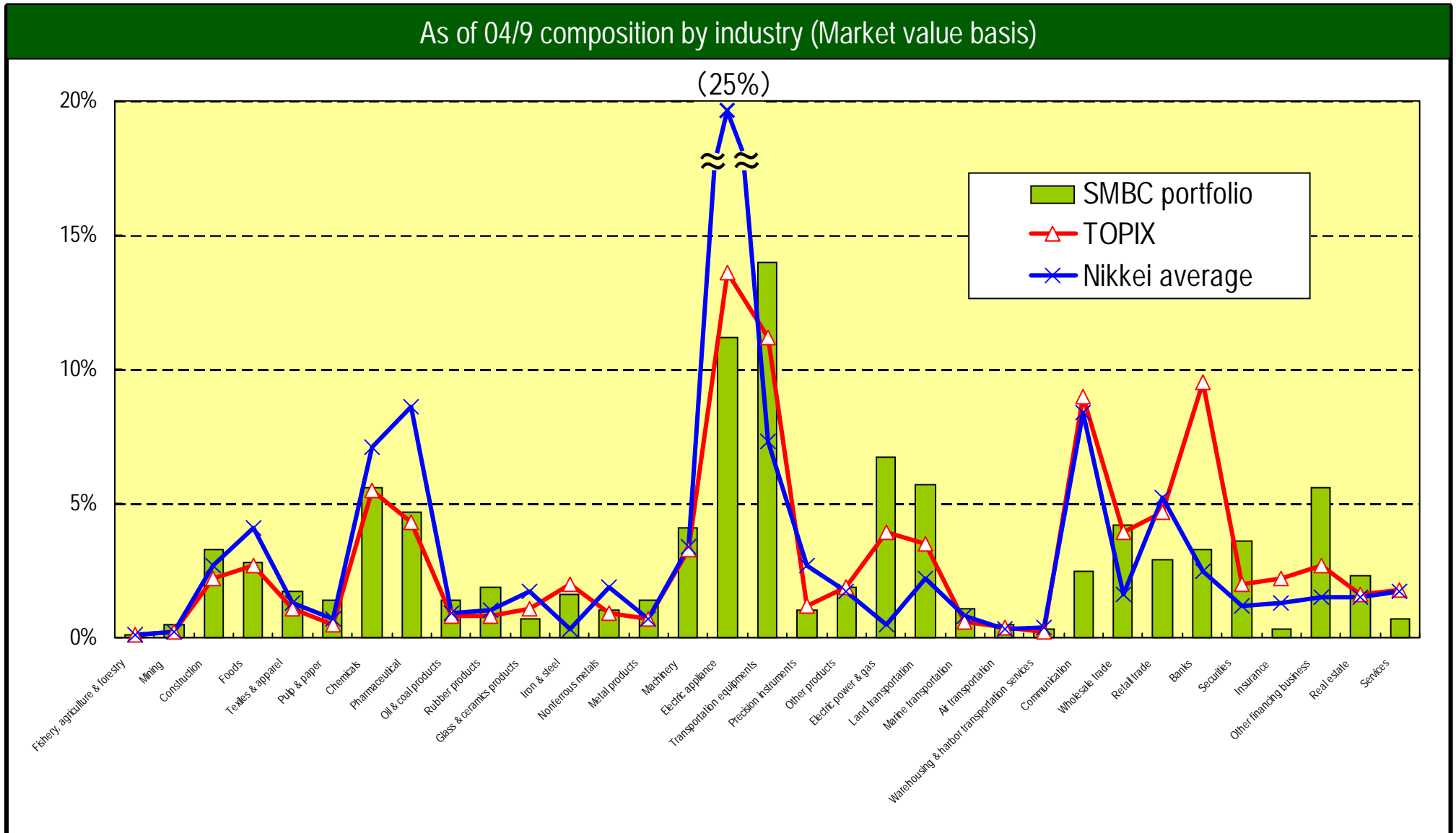
(Appendix 9) Unrealized gains (losses) on securities

(Billions of yen)

		04/9				04/3			
			Unrealized gains	Unrealized losses	Change from 04/3		Unrealized gains	Unrealized losses	
SMBC non-consolidated	Held-to-maturity purpose	(5.2)	2.4	(7.6)	2.4	(7.6)	2.6	(10.3)	
	Stocks of subsidiaries and affiliates	36.6	37.3	(0.7)	(5.1)	41.7	41.7	-	
	Other securities	457.4	628.3	(170.9)	(98.7)	556.1	757.1	(200.9)	
	Stocks	558.9	607.7	(48.8)	(92.2)	651.1	711.5	(60.4)	
	Bonds	(62.2)	13.3	(75.5)	39.7	(101.9)	16.2	(118.1)	
	Others	(39.3)	7.3	(46.6)	(46.2)	6.9	29.3	(22.4)	
	Other money held in trust	0.2	0.3	(0.1)	0.1	0.1	0.2	(0.1)	
	Total	489.0	668.3	(179.3)	(101.3)	590.3	801.6	(211.3)	
	Stocks	595.5	645.0	(49.5)	(97.3)	692.8	753.2	(60.4)	
	Bonds	(68.0)	15.0	(83.0)	42.4	(110.4)	18.0	(128.4)	
Others	(38.5)	8.3	(46.8)	(46.4)	7.9	30.4	(22.5)		
SMFG consolidated	Held-to-maturity purpose	(5.3)	2.4	(7.7)	2.1	(7.4)	2.8	(10.3)	
	Other securities	484.1	664.7	(180.7)	(91.5)	575.6	787.5	(211.9)	
	Stocks	581.7	637.4	(55.7)	(88.1)	669.8	736.9	(67.1)	
	Bonds	(58.1)	18.4	(76.5)	45.1	(103.3)	18.6	(121.8)	
	Others	(39.5)	8.9	(48.4)	(48.6)	9.1	32.0	(23.0)	
	Other money held in trust	0.2	0.3	(0.1)	0.0	0.1	0.2	(0.1)	
	Total	478.9	667.4	(188.4)	(89.4)	568.3	790.6	(222.3)	
	Stocks	581.7	637.4	(55.7)	(88.1)	669.8	736.9	(67.1)	
Bonds	(64.0)	20.1	(84.1)	47.8	(111.8)	20.3	(132.1)		
Others	(38.8)	9.9	(48.6)	(49.1)	10.3	33.4	(23.1)		

(Appendix 10) Equity portfolio, composition by industry

<SMBC Non-consolidated>



(Appendix 11) Segmentation of corporate clients & marketing channels

Corporate Business Office for SMEs	Corporate Sales Office	Business Support Office* & sub-office
04/9 96	04/9 8	04/9 61
(change from 04/3 +20)	(change from 04/3 0)	(change from 04/3 -19)

Client segments

Company size (annual sales)

Upper-middle

JPY 10 billion or more

Middle

JPY 3 billion or more

Lower-middle

JPY 1 billion or more

Small

Less than JPY 1 billion

Channels

	Internal HR	External HR	
		Total SME channels: 165	
Corporate Business Office 87	Corporate Business Office for SMEs 96	Corporate Sales Office 8	Business Support Office & sub-office 61

Product departments (Investment Banking Unit, etc.)
Business offices and product departments both commit to profit target:
"Double-front system"

* "Business Support Office": mainly dealing with Business Select Loan. Number of locations in the table is as of Sep. 30, 04.

(Appendix 12) New type unsecured loans to SMEs

<SMBC Non-consolidated>

Business Select Loan

- Accumulated number of origination: approx. 85,000
- Accumulated amount of origination: approx. JPY 1,700 billion (as of 04/9)
- New clients ratio (1st half, FY04):40% (approx. 7,000 new clients)
- Quick approval using SMBC original credit scoring model
- Targeted at corporate clients with annual sales of JPY 1 billion or less
- Unsecured, no third party guarantee
- Risk control based on diversified loan portfolio

Business Select Loan	
Product launch	March 2002
Risk evaluation	SMBC's original credit scoring model
Loan amount	JPY 50 million at maximum (with monthly repayment)
Interest rate	2.75% ~ - Variable according to the level of credit risk - Discounted according to the overall transaction volume with SMBC
Loan term	Within 5 years (7 years at maximum)
Collateral	Not required (loan term 3 years or less)
Guarantee	Not required (guarantee by representative director required)
Fee	New clients: JPY 50,000, Existing clients: JPY 10,000
Channels	165 domestic offices Business Support Office & sub-office: 61 Corporate Business Office: 96 Corporate Sales Office: 8

N-fund

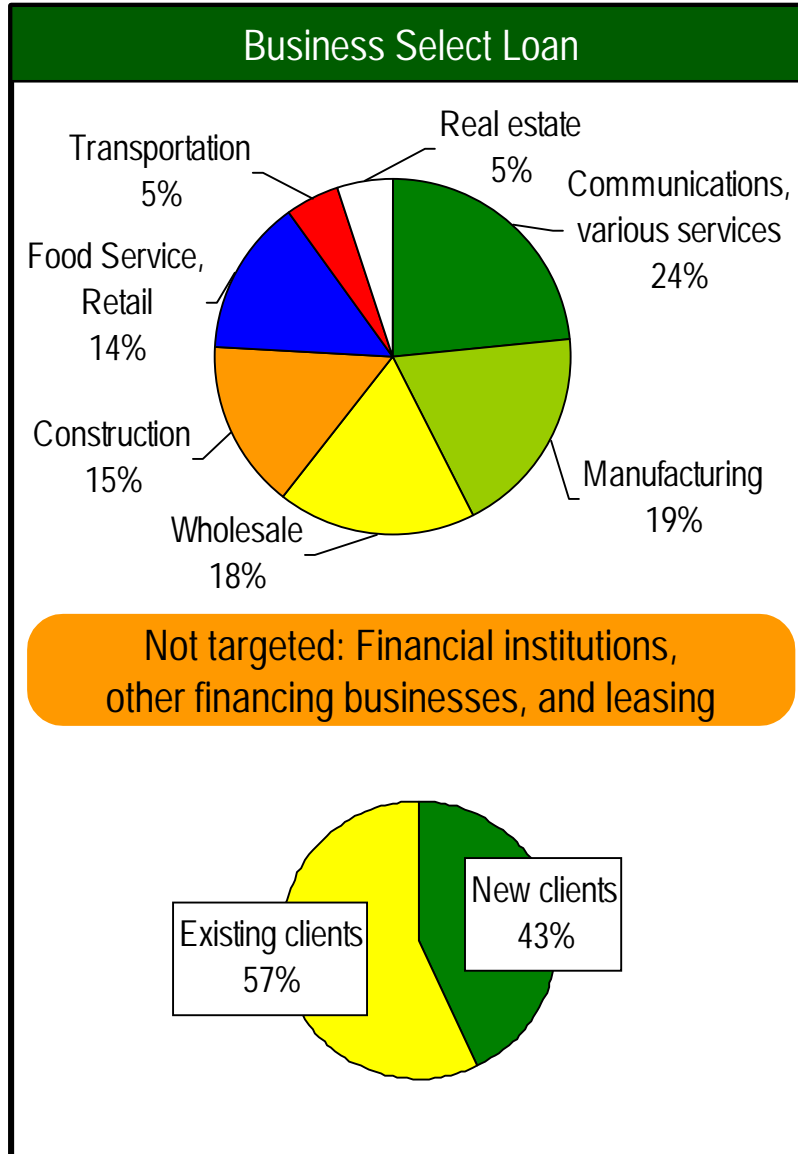
- Accumulated number of origination: approx. 80,000
- Accumulated amount of origination: approx. JPY 3,900 billion (as of 04/9)
- New clients ratio (1st half, FY04):10% (approx. 1,000 new clients)
- Loan with simplified, standardized approval criteria (reflecting the portfolio approach of loan management)
 - Quick approval based on standardized process
 - No size criterion on clients' annual sales
 - Available on unsecured basis
 - Loan portfolio management focusing on credit risk diversification

N-fund		
Product launch	April 2003	
Approval method	"Standard" Check-list type: Standardized processing using check-list	"Simplified" Check-list type: Check-list with cash-flow and interest-bearing liabilities
Loan amount	JPY 5 billion at maximum	JPY 2 billion at maximum
Interest rate	Standard interest rate (2.50%) - Variable according to the level of credit risk	
Loan term	Within 5 years (7 years at maximum)	
Collateral	Available on unsecured basis	
Guarantee	Required according to the level of credit risk	
Channels	183 Corporate Business Office	

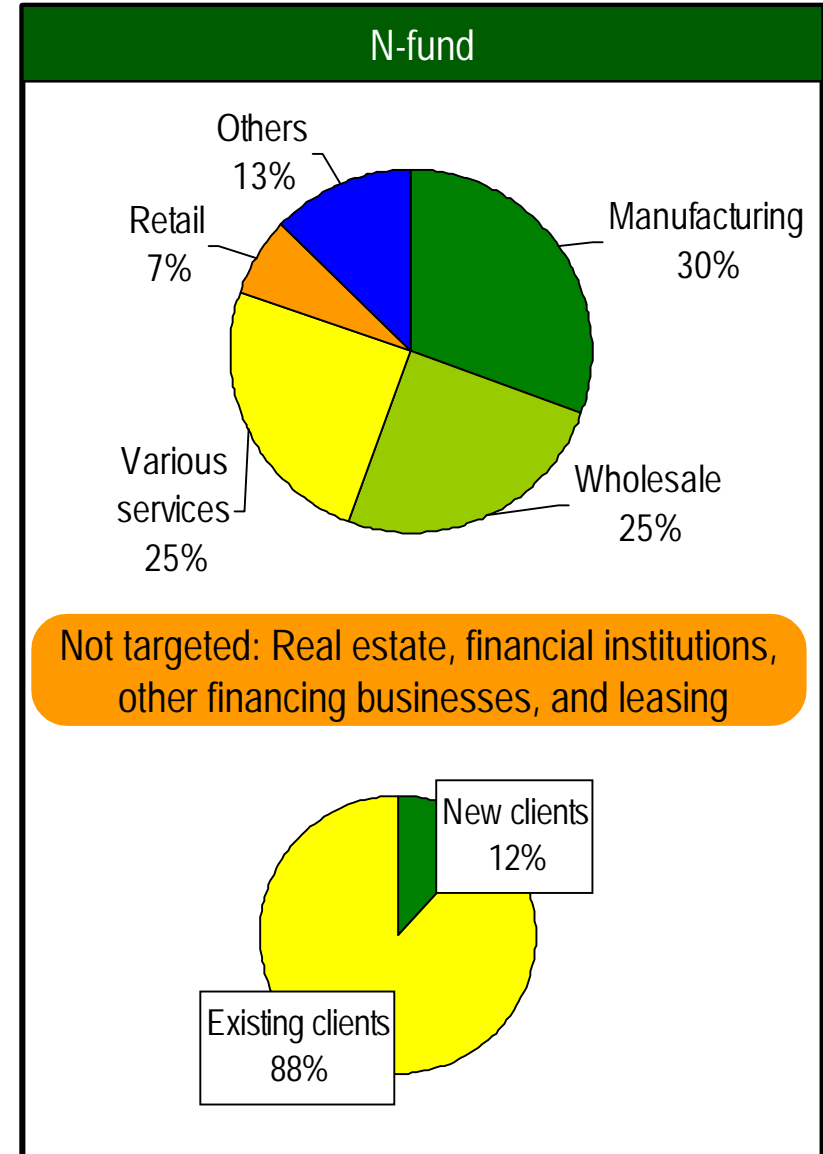
(Appendix 13) Loan portfolio of new type unsecured loans to SMEs

<SMBC Non-consolidated>

Industry mix
(Sep. 30, 04)



Ratio of new clients
to existing clients
(1st Half , FY04)



(Appendix 14) Asian business centered on China

<SMBC Non-consolidated>

SMBC's advantages in China

Largest branch network among Japanese banks: Nine branches including Hangzhou Branch

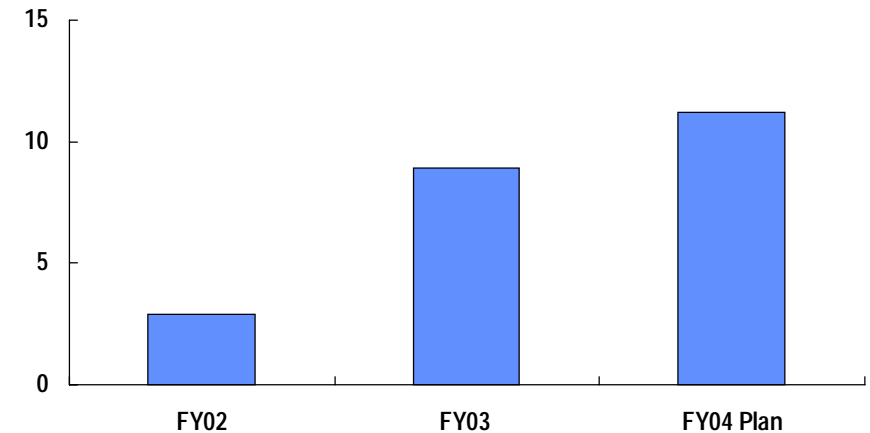
- 1st branch opening in Hangzhou city among Japanese banks (scheduled in FY2004)
- Efficient operation through enhancement of Shanghai Branch's head-quarter functions

No.1 CMS in Asia + Structure of cooperation between domestic and Asian offices

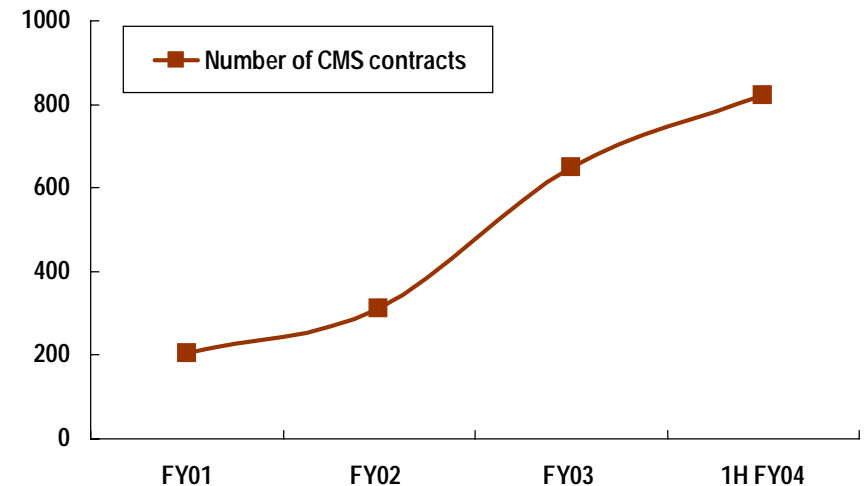
- ✓ Improving cooperation between domestic and Asian offices under the management of a single managing director in charge of businesses related to China
 - Smooth collaboration with China Business Promotion Dept. (in Tokyo) and local branches (in China)
- ✓ Developing business opportunities with companies starting business in China
 - Individual consulting or proposals by China Business Promotion Dept.
 - Framework to offer information timely to meet the needs of customers
- ✓ Promoting trade-finance and CMS to Japanese companies in China
 - "Import Finance Management System" (applying for the business model patent)
- ✓ Promoting advisory services and periodically holding seminars on businesses in China
 - "China Business Club" (3,247 members as of Nov. 2004)
- ✓ Enhancing collaboration with Daiwa Securities SMBC

Gross banking profit of business related to China

(Billions of yen)



Number of CMS contracts



(Appendix 15) Consumer banking

<SMBC Non-consolidated>

Assets under SMBC account				
	(Billions of yen)			
	03/9	04/3	04/9	Change from 04/3
Individual deposits	31,424.6	31,631.8	32,093.3	461.5
Liquid deposits	17,352.5	17,874.4	18,398.5	524.1
Time deposits	13,547.0	13,186.1	13,156.0	(30.1)
Foreign currency dominated deposits	525.2	571.3	538.8	(32.5)
Investment trusts for individuals	1,741.0	1,920.0	2,062.3	142.3
	1st half, FY03	2nd half, FY03	1st half, FY04	Year change
Sales of pension-type insurances	138.5	241.7	268.3	129.8

Loans				
	(Billions of yen)			
	03/9	04/3	04/9	Change from 04/3
Housing loans	12,718.0	12,725.0	12,842.2	117.2
Residential purpose	8,757.1	8,891.6	9,015.6	124.0
Other consumer loans	1,238.7	1,150.8	1,066.1	(84.7)
	1st half, FY03	2nd half, FY03	1st half, FY04	Year change
Originated amount of residential housing loans*	963.4	712.1	863.1	(100.3)

* Excluding bridge loans for loans by Housing Loan Corporation.

(Appendix 16) Segmentation of individual clients & marketing channels

<SMBC Non-consolidated>

SMBC Consulting Plaza (# of locations)

04/9
43 (change from 04/3
+37)

Consumer Loan Promotion Office

04/9
108 (change from 04/3
-1)

(Note) New marketing channels specialized in financial consulting for individuals

Client segments	Private banking segment (including company owners) Approx. 1,000 clients	Asset management segment Approx. 150,000 clients	Asset building segment Approx. 8 million clients	Mass segment Approx. 18 million clients	
	-Company owners -Large-scale real estate owners -High net worth individuals	-Company owners & executives -Doctors, lawyers -High net worth individuals	-Working householders -Retirees	-Singles -Students -Housewives	
Channels	Private Banker Private Banking Dept.	Financial consultant Block Consumer Business Office 36	Loan planner Consumer Loan Promotion Office 108	"Money-Life" Consultant & Low-counter teller* SMBC Consulting Plaza 43 Branch 430	"One's Direct" & ATM

*"Low-counter teller" is a teller who serves customers at low counters to provide more personal services.

**Number of locations in the table is as of Sep. 30, 04.

(Appendix 17) Branch & ATM networks

<SMBC Non-consolidated>

Number of branches, ATMs							
	99/3	00/3	01/3	02/3	03/3	04/3	04/9
Manned domestic branch *	696	653	578	564	437	435	430
Unmanned domestic branch	1,017	1,509	1,831	1,907	1,952	1,971	1,913
Available for 24 hours	10	10	916	966	988	1,012	976
Number of ATMs	8,524	8,225	7,583	7,530	7,164	6,985	6,783
Inside SMBC branch	5,813	5,413	4,793	4,519	3,914	3,789	3,695
Outside SMBC branch	2,711	2,812	2,790	3,011	3,250	3,196	3,088
@BANK	2	509	1,090	1,154	1,139	1,190	1,137
Consumer Loan Promotion Office	82	92	88	74	75	109	108
SMBC Consulting Plaza	-	-	-	-	-	6	43

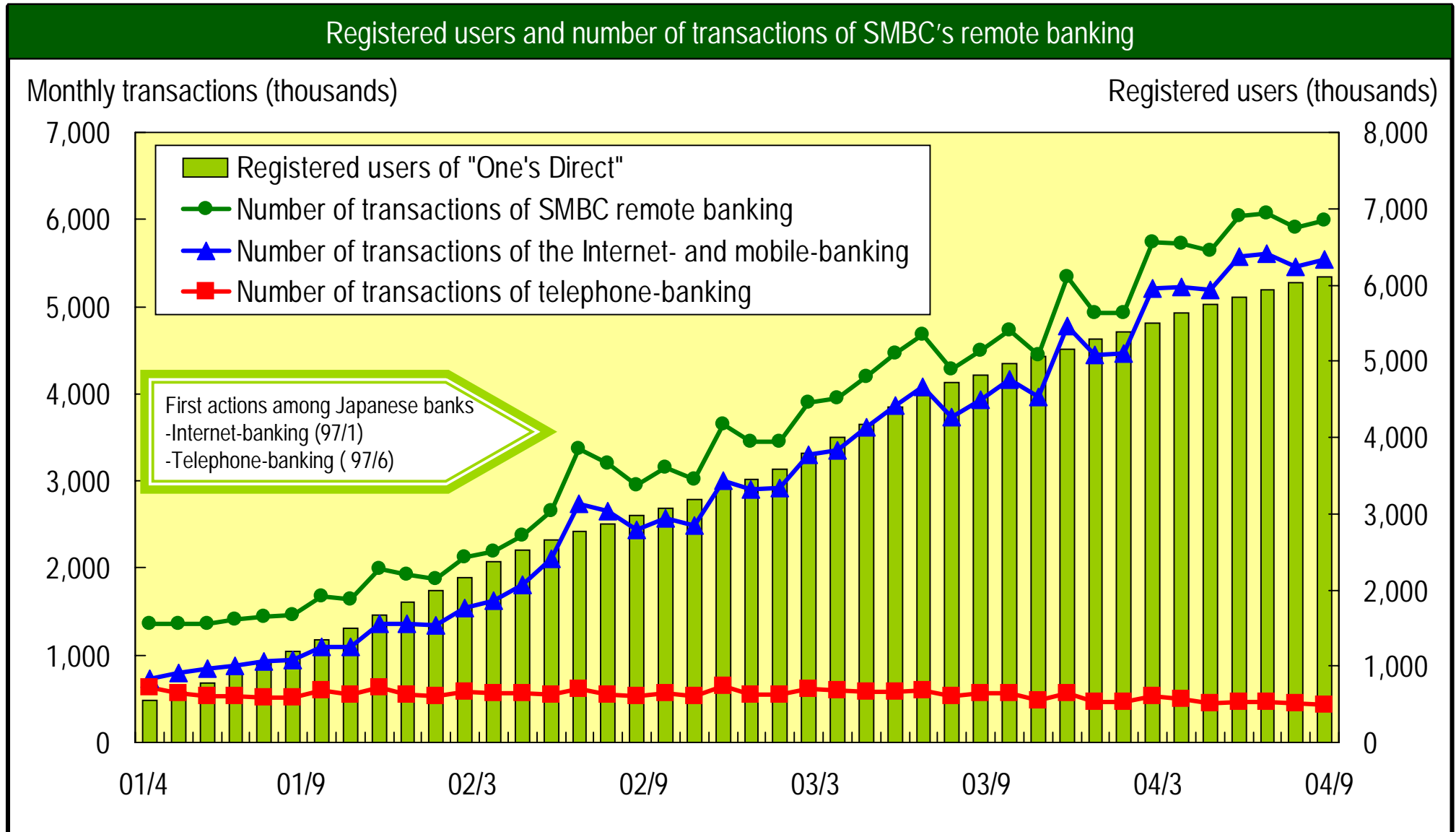
@BANK

	(Millions)						
	FY98	FY99	FY00	FY01	FY02	FY03	1H FY04
Number of transactions through @BANK	-	1	17	29	32	34	17

*Excluding representative offices and agencies.

(Appendix 18) Remote banking ("One's Direct")

<SMBC Non-consolidated>



(Appendix 19) Sumitomo Mitsui Card

Results

	(Billions of yen)			
	FY02	FY03	1 st half, FY04	Year change
Operating revenue	122.1	126.3	63.9	2.3
Operating profit	16.0	18.5	10.0	3.7
Ordinary profit	16.0	18.6	10.0	3.6
Net income	14.0	12.6	8.0	4.2
Card sales handled	3,035.5	3,258.4	1,741.4	159.8
Number of cardholders (Tens of thousands)	1,212	1,276	1,309	75

Profile

	(Billions of yen)
	04/9
Total assets	662.3
Capital stock	10.0
Number of employees	1,701

1st half, FY04 highlights

- **Recorded stable growth**
 - Increased number of new cardholders
 - Applied CRM strategy to existing customers
 - Increased amount of card sales handled and balance of credit finance
- **Strengthened in-sourcing businesses**
 - Provided electronic payment services which use IC cards



Focal actions in 2nd half, FY04

- **Promotion of "Main-Card" strategy**
 - Raise utilization ratio and average price per usage of each cardholder through implementation of CRM strategy
- **Proactive sales promotion of credit finance such as revolving payments**
- **Strengthen in-sourcing business**
- **Enhance protection of cardholders' personal information**

(Appendix 20) SMBC Leasing

Results					Profile	
	(Billions of yen)				(Billions of yen)	
	FY02	FY03	1 st half, FY04	Year change		04/9
Operating revenue	515.0	553.0	287.8	40.3	Total assets	1,744.4
Operating profit	20.4	23.2	13.4	3.3	Lease assets	1,404.5
Ordinary profit	7.4	14.5	10.7	5.7	Capital stock	82.6
Net income	3.0	6.3	6.4	3.7	Number of employees	939
Leased amount	466.4	555.7	258.0	(9.5)		

1st half, FY04 highlights

- Achieved significant increase in profit by improving spreads and reducing funding cost
- Thoroughly implemented business policies focusing on risk-return profile
- Developed small & middle client markets
 - Upgraded "Select Lease"



Focal actions in 2nd half, FY04

- Further develop small & middle client markets
 - Reinforce nationwide promotion of "Select Lease"
 - Promote collaboration with manufactures and dealers
- Apply more flexibility into profit margin policies that take into consideration total profitability of transactions

(Appendix 21) Japan Research Institute

Results					Profile	
	(Billions of yen)				(Billions of yen)	
	FY02*	FY03	1 st half, FY04	Year change		04/9
Operating revenue	70.2	105.1	52.8	7.2	Total assets	69.8
Operating profit	7.6	7.6	0.9	(0.6)	Capital stock	10.0
Ordinary profit	10.1	7.5	1.1	(0.4)	Number of employees	3,159
Net income	7.8	4.0	0.4	(0.3)		

*Sum of the figures before and after the corporate split in Nov.02

1 st half, FY04 highlights
<ul style="list-style-type: none"> ▪ Realized benefits of integration of SMBC's IT systems departments <ul style="list-style-type: none"> -Promoted efficiency through concentration of resources of IT systems business -Boosted buying power through greater purchase scale ▪ Promoted sales of large-scale packaged products with high profit margin <ul style="list-style-type: none"> -"J CIRIUS" (Matched clients' needs for shorter delivery and lower costs)



Focal actions in 2 nd half, FY04
<ul style="list-style-type: none"> ▪ Further realization of benefits of integration <ul style="list-style-type: none"> -Contribute to promotion of group's businesses by establishing group-wide IT systems based on new technologies ▪ Promote "focused" strategy in IT systems business <ul style="list-style-type: none"> -Further strengthen competitive edge by allocating resources intensively to businesses such as finance and ERP business and financial system services

(Appendix 22) Daiwa Securities SMBC

Results						1st half, FY04 results	
	FY01	FY02	FY03	1H FY04	(Billions of yen) Year-over-year change		
Operating revenue	109.5	118.3	161.7	101.3	23.8	<ul style="list-style-type: none"> • Ordinary profit was JPY 36.6 billion, 79% increase year over year 	
Commissions	54.7	52.1	68.5	38.8	14.1	<ul style="list-style-type: none"> • Proactively captured clients' needs in financing and business restructuring, and achieved favorable results in corporate bond underwritings, public equity offerings and M&As 	
Net gains on trading securities	26.1	44.3	65.8	55.1	19.3		
Interest and dividend income	28.7	21.9	27.3	7.3	(9.6)		
Interest expense	6.8	7.4	9.5	7.7	3.2		
Net operating revenue	102.7	110.9	152.2	93.6	20.7	<ul style="list-style-type: none"> • Achieved top position in league tables 	
Selling, general and administrative expenses	90.3	95.4	111.3	57.9	4.6	<ul style="list-style-type: none"> <Major deals> -Straight bond: TEPCO, Shiseido, etc. -Public offering of stock: JT, Sumitomo Corporation, etc. 	
Ordinary profit	13.2	16.6	41.9	36.6	16.1		
Net income	5.4	6.4	23.2	22.3	10.1		

Straight bond lead manager (Apr. - Sep. 04) *			Book runner: Public offering of stock (Apr. - Sep. 04) *		
	(Billions of yen)			(Billions of yen)	
	Underwritten	Share		Underwritten	Share
1. Daiwa Securities SMBC	1,013.5	23.0%	1. Daiwa Securities SMBC	385.6	32.1%
2. Nomura Securities	845.7	19.2%	2. Nomura Securities	328.4	27.4%
3. Mizuho Securities	754.9	17.2%	3. Nikko Citi Group Securities	296.1	24.7%
4. Mitsubishi Securities	555.8	12.6%	4. Mitsubishi Securities	67.1	5.6%
5. Nikko Citi Group Securities	445.4	10.1%	5. Merrill Lynch Japan Securities	45.6	3.8%

*Source: Thomson Financial

(Appendix 23) Preferred stocks

	GS preferred stock	Overseas SPV preferred stock	Public Fund preferred stocks		
Type of Preferred stock	1 st – 12 th series Type 4 Preferred stock	13 th series Type 4 Preferred stock	Type 1 Preferred stock	Type 2 Preferred stock	Type 3 Preferred stock
Aggregate amount of issue	JPY 150.3 billion	JPY 345.0 billion	JPY 201.0 billion	JPY 300.0 billion	JPY 800.0 billion
Outstanding Balance as of Sep. 30, 04	JPY 150.3 billion	JPY 342.6 billion	JPY 105.0 billion	JPY 300.0 billion	JPY 695.0 billion
Conversion price as of Sep. 30, 04					JPY 349,600
Conversion price as of Oct. 1, 04	JPY 322,300	JPY 312,000	JPY 947,100	[Not determined]	JPY 644,200
Conversion period	Feb. 8, 2003- Feb. 7, 2028	Apr. 14, 2003- Jul. 12, 2005	Dec. 2, 2002- Feb. 26, 2009	Aug. 1, 2005- Feb.26, 2009	Dec. 2, 2002- Sep. 30, 2009
Date of mandatory conversion	Feb. 8, 2028	Jul. 13, 2005	Feb. 27, 2009	Feb. 27, 2009	Oct. 1, 2009

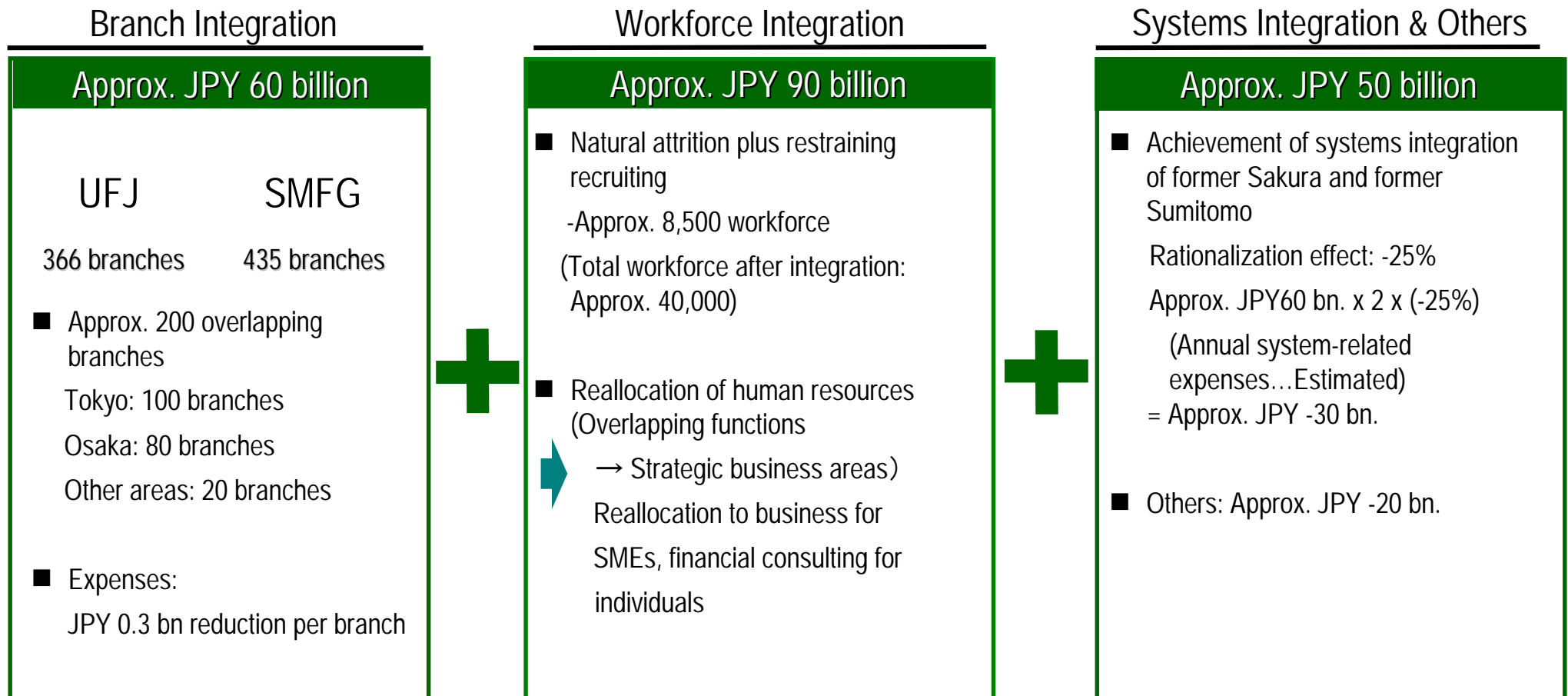
Become convertible starting Feb. 2005
subject to transfer restrictions for at least two years following the issuance.*

Sep. 2004: JPY 201.0 billion converted into common stock
(Nov. 2004: Repurchased the common stock issued upon the conversion)

*GS preferred stock is generally nontransferable. The underlying common stock is subject to certain transfer restrictions as well as hedge restrictions that will lapse in equal installments on the second, third and fourth anniversaries of the issue date.

(Appendix 24) Proposal for integration with UFJ Group: Breakdown of rationalization effect

- JPY 200 billion average annual pre-tax benefit from rationalization
- Track record of achieving cost reduction from the integration of former Sakura and former Sumitomo
 - Reduced expenses from ¥700.1bn in FY2000 to JPY 584.0 billion in FY2003 (-17%)



(Appendix 25) Proposal for integration with UFJ Group: Source of top-line synergy

Overwhelming business franchise in number of corporate customers, new unsecured loans to SMEs, sales of investment trusts & pension-type insurances, and mortgage loans

	SMEs		Financial consulting for individuals		
	# of corporate customers	New unsecured loans to SMEs	Balance of investment trusts	Annual sales of pension-type insurances	Balance of mortgage loans*
SMFG	177,000	JPY 733.7 billion	JPY 1.9 trillion	JPY 380 billion	JPY 12.7 trillion
UFJ	147,000	JPY 200.0 billion	JPY 0.7 trillion	JPY 110 billion	JPY 9.7 trillion
MTFG	104,000	JPY 180.0 billion	JPY 0.7 trillion	JPY 200 billion	JPY 7.9 trillion
UFJ+SMFG	324,000	JPY 933.7 billion	JPY 2.6 trillion	JPY 490 billion	JPY 22.4 trillion
UFJ+MTFG	251,000	JPY 380.0 billion	JPY 1.4 trillion	JPY 310 billion	JPY 17.6 trillion



This material contains certain forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may materially differ from those contained in the forward-looking statements as a result of various factors.

The following items are among the factors that could cause actual results to differ materially from the forward-looking statements in this material: business conditions in the banking industry, the regulatory environment, new legislation, competition with other financial services companies, changing technology and evolving banking industry standards and similar matters.