




SMFG SUMITOMO MITSUI
FINANCIAL GROUP

ANNUAL REPORT
2008

YEAR ENDED MARCH 31, 2008

SUMITOMO MITSUI FINANCIAL GROUP
SUMITOMO MITSUI BANKING CORPORATION



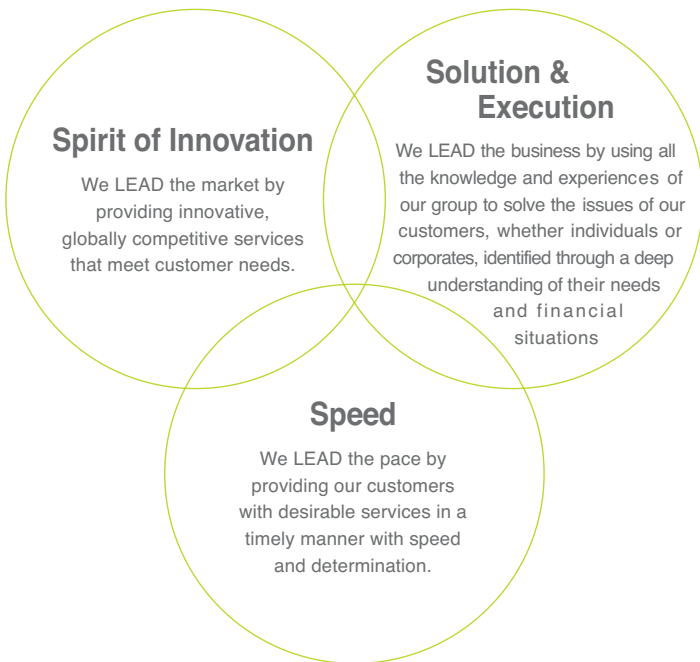
Aiming to become a globally competitive financial
services group with the highest trust

LEAD THE VALUE

We are a group of highly qualified professionals
that can provide truly valuable financial services to our customers.
Each of us thinks and acts with pride as experts in each business area
in order to LEAD the competition in creating and delivering
customer VALUE in a continually changing business environment.



These activities are supported by our three core strengths:



We create new VALUE by forming teams of specialists in various fields and providing optimal services to our customers through two-way communication. As a result, we will be selected as a truly trusted partner.

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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. Important factors that might cause such a material difference include, but are not limited to, those economic conditions referred to in this material as assumptions.

In addition, 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.

Sumitomo Mitsui Financial Group, Inc.

Public Relations Department
1-2, Yurakucho 1-chome, Chiyoda-ku,
Tokyo 100-0006, Japan
TEL: +81-3-5512-3411

Sumitomo Mitsui Banking Corporation

Public Relations Department
1-2, Yurakucho 1-chome, Chiyoda-ku,
Tokyo 100-0006, Japan
TEL: +81-3-3501-1111

September 2008



Message from the Management

We would like to thank you for your continuing support and patronage of Sumitomo Mitsui Financial Group (SMFG). In this annual report, we review the initiatives implemented in fiscal 2007, ended March 31, 2008, and explain our management policies for fiscal 2008.

Economic and Financial Conditions in Fiscal 2007

During fiscal 2007, the economies of Europe held firm, while those of Asia showed generally rapid expansion. In contrast, in the wake of the subprime loan crisis, the U.S. economy showed growing signs of a deceleration, and, in September and subsequent months, a series of reductions in policy interest rates was implemented. In Japan, the impact of the subprime loan problem was marginal, but, as a result of a slump in private housing investment, a sharp run-up in prices of energy and raw materials, and other factors, by the end of fiscal 2007, the economy was showing clear signs of moving into a period of adjustment.

In the financial markets, beginning in the summer of 2007, long-term market interest rates moved onto a declining trend, and, as a result of rising concerns about the future course of the U.S. economy, the yen appreciated against the U.S. dollar and the Nikkei stock price average dropped substantially compared with the end of the previous fiscal year. In addition, concern about a credit crunch mounted in the financial markets of Europe and the United States because of the massive losses reported by some financial institutions as a result of the subprime loan problem.

Amid this operating environment, major developments in Japan's financial services industry included the implementation of the Financial Instruments and Exchange Law in September 2007, which established a broad framework for the protection of users of financial instruments and services; the implementation of a fully revised Trust Business Law; and

the privatization of the operations of Japan's postal services in October 2007. In addition, in December 2007, the marketing of insurance products by banks and other financial institutions was fully granted to banks.

Principal Initiatives in Fiscal 2007

We made a strong start as a “first step” towards accomplishing our medium-term management plan^{*1}, while “coping with uncertainty in business environment.”^{*2}

^{*1}: For further details, please refer to page 6.

^{*2}: For further details, please refer to page 9.

Amid this economic and financial environment, with the beginning of fiscal 2007, we entered the first stage of our three-year medium-term management plan entitled “LEAD THE VALUE.” Under this plan, we draw on our three core strengths, which are “Spirit of Innovation,” “Speed,” and “Solution & Execution,” as well as focus on two strategic initiatives on a Groupwide basis: namely, “strengthening targeted growth business areas” and “fortifying platform for supporting sustainable growth.” The seven growth areas are Financial consulting services for individuals; Payments & settlement services, Consumer finance; Solution providing for corporations; Investment banking, Trust business; Focused business areas in global markets; Proprietary investment; and Credit derivative, Trading & distribution.

At the same time, we took decisive measures to cope with unpredictability and uncertainty in business environment that followed the subprime loan crisis. Specifically, we sold our exposure to subprime-related securitized products at an early date and made appropriate write-offs and loss provisions. As a result of these measures, our subprime-related exposure at the end of the fiscal year under review, after the deduction of write-offs and loss provisions, amounted to ¥5.5 billion. We, therefore, believe the impact of this level of exposure will have only a marginal impact on the Group's financial position.

During the fiscal year under review, SMFG's principal subsidiary SMBC reported an increase over the previous fiscal year in non-consolidated banking profit of ¥79.1 billion, owing to a combination of improvement in Gains (losses) on bonds and an increase in interest income from an improvement in the loan-to-deposit spread. These improvements more than offset the increase in expenses. Net income for SMFG on a consolidated basis rose ¥20.1 billion over the previous fiscal year, to ¥461.5 billion, as the rise in Total credit cost at SMBC and deterioration in Gains on equities were both offset by the increase in Banking profit and improvement in profit performance of other Group companies.



Teisuke Kitayama

President

Sumitomo Mitsui
Financial Group, Inc.

To increase returns to shareholders, SMFG raised its annual cash dividend per common share by ¥5,000, to ¥12,000. As a result of this increase, we attained our medium-term dividend payout ratio goal of more than 20%.

Fiscal 2008 Management Policies

The turbulence in the financial markets following the sub-prime loan crisis has still not subsided, and concern about a deceleration in economic growth is mounting both in Japan and overseas. Amid these conditions, we have positioned fiscal 2008 as a “year for taking step forward to accomplishing the medium-term management plan, while coping with uncertainty in business environment.” We will, therefore, continue to pursue our two strategic initiatives of “strengthening targeted growth business areas” and “fortifying platform for supporting sustainable growth.”

Strengthening Targeted Growth Business Areas

Provide Optimum Added Value to Our Customers Financial Consulting for Individuals

Foremost, as we seek to strengthen our position in the growth businesses, we would like to further enhance our “total consulting services” and provide “one-stop” shopping at SMBC for all types of financial services to our individual customers. In specific terms, this includes offering insurance products, such as whole-life, term, medical, and other policies, that we can now sell following their full liberalization in December 2007, and introducing a broader range of investment trusts and individual annuities. We would also like to substantially improve the services we offer to individuals by expanding the lineup of discretionary investment account based asset management services and products of SMBC Friend Securities, which became a wholly owned subsidiary of SMFG in September 2006, to create a new “business model that fuses banking and securities.” In addition, we are working to increase the number of consultants and reinforce the skills of personnel through further training. We will also significantly expand our office network by actively broadening the variety of outlets through the addition of more branches, SMBC Consulting Plazas, and SMBC Consulting Offices, principally in Japan’s three major urban centers.

Payment & Settlement Services, Consumer Finance

Next, in our credit card business, based on the credit card business strategy of our group that we announced in February 2008, we are planning to implement a merger among Central Finance Co., Ltd., OMC Card, Inc., and QOUQ with a target date of April 2009. With this newly merged company

and Sumitomo Mitsui Card as the focal points, we will work to achieve economies of scale within the Group and, by fusing the business bases of alliance partners, seek to maximize top-line synergies, and aim to become a “number one credit card entity in Japan.” In addition, in the consumer finance business, we will continue to promote our collaborative relationship with Promise Co., Ltd., by increasing the number of automated contract machines and responding to the sound needs of customers within the context of their lifestyles.

Solution Providing for Corporations and Investment Banking, Trust Business

For our corporate customers, we will continue to offer high-quality solutions that respond accurately to their diverse business issues by promoting closer collaboration among Corporate Business Offices and other business offices of the Middle Market Banking Unit, Corporate Advisory Division, and Daiwa Securities SMBC Co. Ltd. Moreover, through the Private Advisory Department, we will move ahead with initiatives in business areas where needs of individual customers and corporate customers co-exist, such as private banking, workplace banking and business succession consulting. Also, the Global Advisory Department, which we formed in April 2008, to enhance teamwork among offices in Japan and overseas and strengthen our capabilities for offering solutions to assist companies that are entering overseas markets and those corporate clients that wish to expand

Masayuki Oku

President

Sumitomo Mitsui
Banking Corporation



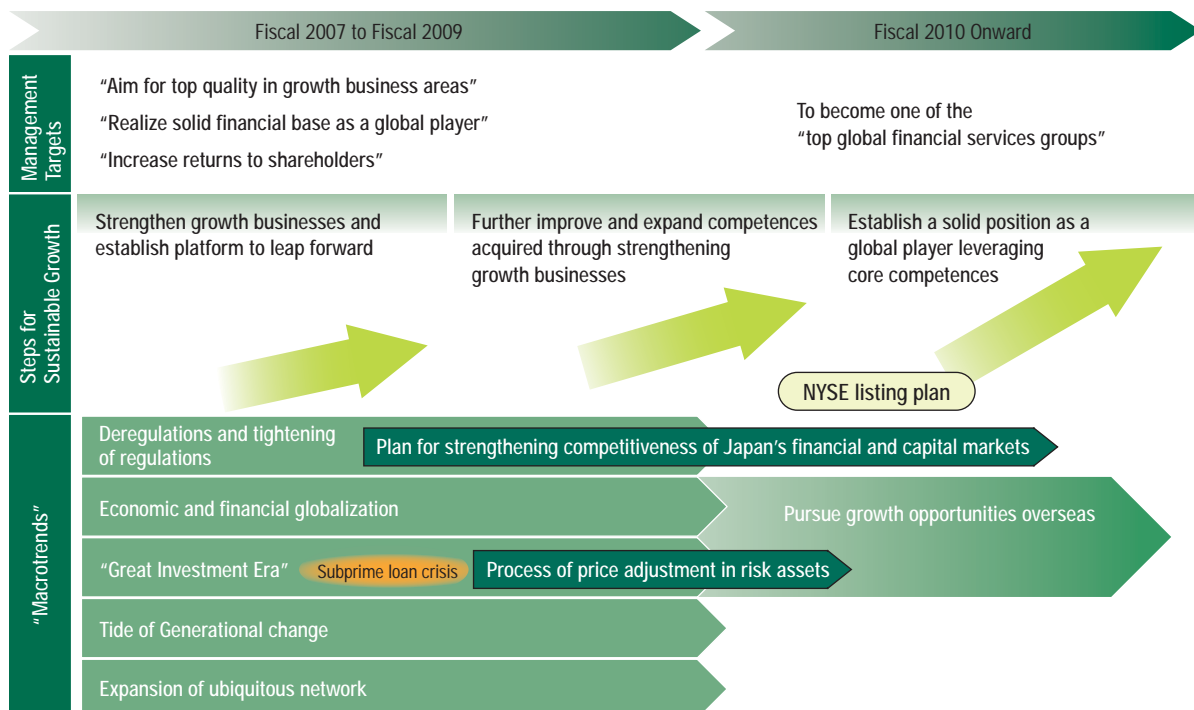
existing operations. In our investment banking operations, last fiscal year, we ranked number one for the first time in the domestic syndicated loan league table (Note 1). We will continue to offer a diverse range of financing methods, including structured finance, and continue to steadily strengthen our capabilities for offering proposals for business expansion and restructuring through M&A as well as other solutions to meet customer needs. In addition, we will move forward with initiatives to provide support for venture businesses and growth companies as well as promote activities in growth areas, such as environment-related businesses, including trading in emission rights.

Moreover, based on the strategic alliance SMFG concluded with the Sumitomo Corporation Group in October 2007, we have formed SMFG Finance and Leasing Company, Ltd., through the merger of SMBC Leasing Company, Limited, and Sumisho Lease Co., Ltd., and the newly formed company is engaged in offering a diverse range of leasing services. In addition, we intend to pursue further possibilities for offering business solutions drawing on the capabilities of the Group as a whole. These activities include offering systems development and operating services as well as security-related consulting and other services through the Group company JRI Solutions, Ltd.

Focused Business Areas in Global Markets

In overseas markets, demand for funds in the natural resource, energy, and other areas is strong, but in the wake of the subprime loan crisis, the competitive environment vis-à-vis European and U.S. banks has changed, leading to an expansion in opportunities for SMFG. However, the course of future development in the financial markets and the real economy has become less clear than in the past. We are, therefore, appraising changes in the market environment carefully and intend to take steady initiatives, while adopting an approach that allows for both aggressive action and defensive measures. In more specific terms, in those markets that are expected to show high rates of growth going forward, such as China, Southeast Asia, the Middle East, and Eastern Europe, we will strengthen our office network, expand the number of personnel, and take other measures to promote the development of our activities in these areas. In addition to these activities, SMBC has invested approximately GBP500 million and entered into collaborative agreement with Barclays PLC, one of the leading financial institutions in the United Kingdom, in June 2008.

Becoming a “Globally Competitive Financial Services Group with the Highest Trust”



Fortifying Platform for Supporting Sustainable Growth

Becoming a “Globally Competitive Financial Services Group with the Highest Trust”

Our second strategic initiative is to implement policies for fortifying our operational platform to support sustainable growth. In the area of compliance, which is one of the key related requirements, strict and thorough observance of laws and regulations in Japan and elsewhere will continue to be implemented in order to build a stronger ethical foundation for our activities. In addition, regarding customer satisfaction and quality enhancement, we intend to further strengthen our systems for taking action based on our customers' suggestions and requests.

In the area of risk management, we are moving ahead steadily with the measures we introduced in fiscal 2006 under Basel II (the new BIS regulations) and substantially increase the sophistication of our risk management systems. We are also stepping up our support and guidance for the Corporate Business Offices and other business offices of the Middle Market Banking Unit to substantially reinforce and strengthen our credit management systems.

In addition, to strengthen our systems as globalization proceeds, we are aiming to be a “globally competitive financial services group with the highest trust” and are considering a listing on the New York Stock Exchange (NYSE).

Aiming to Create Sustainable Shareholder Value

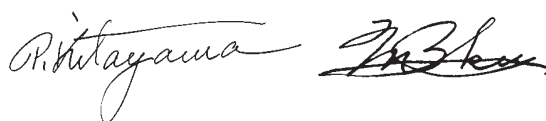
Through the various initiatives we have mentioned, we are aiming to attain our three management targets stated in our medium-term management plan of “aiming for top quality in growth business areas,” “realizing solid financial base as a global player,” and “increasing return to shareholders.”

Our outlook for fiscal 2008 calls for Net income on a non-consolidated basis at SMBC of ¥390 billion and Net

income on a consolidated basis for SMFG of ¥480 billion. Both of these figures will represent increases over the previous fiscal year. In addition, we are planning to increase dividends per common share by ¥2,000, to a total of ¥14,000 for the full fiscal year (Note 2). We will continue to seek to attain a well-balanced growth cycle of profitability, capital base, and risk assets, implying that we will expand our capital base through the further accumulation of retained earnings, invest in risk assets with a view to growth businesses, and work to enhance our risk-return profile. By maintaining this well-balanced flow, we aim to create sustainable shareholder value of our Group.

As we have outlined in this message, we are making steady advances toward attaining the targets of our medium-term management plan with the aim of responding to the trust and confidence placed in us by our stakeholders. As we continue this endeavor, we look forward to your continued support and understanding.

July 2008



Teisuke Kitayama

President

Sumitomo Mitsui
Financial Group, Inc.

Masayuki Oku

President

Sumitomo Mitsui
Banking Corporation

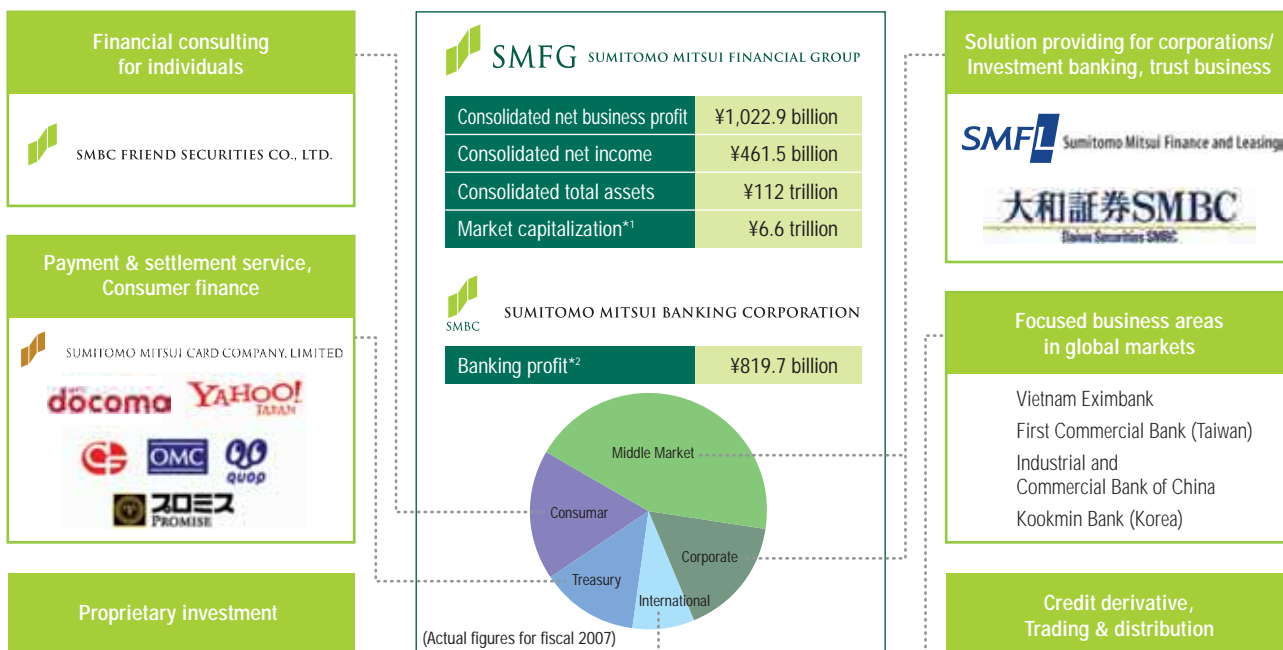
Notes: 1. Thomson Financial, Syndication Mandated Arranger Ranking for Japan in fiscal 2007

2. Before taking account of the stock split scheduled for January 2009

Supplementary Information Initiatives in Growth Business Areas

Basic Policies

To steadily move forward toward accomplishing the medium-term management plan, we are reinforcing our initiatives in growth business areas through both organic and inorganic approach.



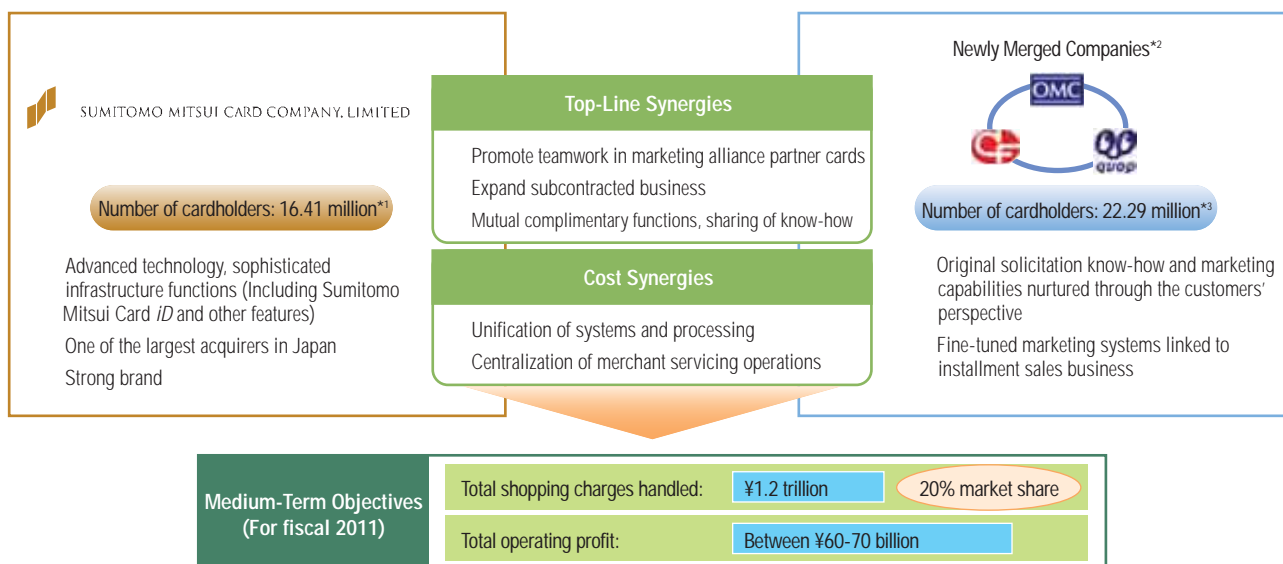
*1: As of May 23, 2008

*2: Managerial accounting basis. The graph excludes the portion supervised by Headquarters (Banking profit of negative ¥135.7 billion for fiscal 2007).

Payment & Settlement Service, Consumer Finance

Implementation of Group Strategy for Credit Card Business

SMFG is aiming to become the number one credit card entity in Japan by realizing top-line synergies as it fuses the expertise, customer bases, and networks of Group card companies as well as taking advantage of cost synergies generated by economies of scale throughout the Group.



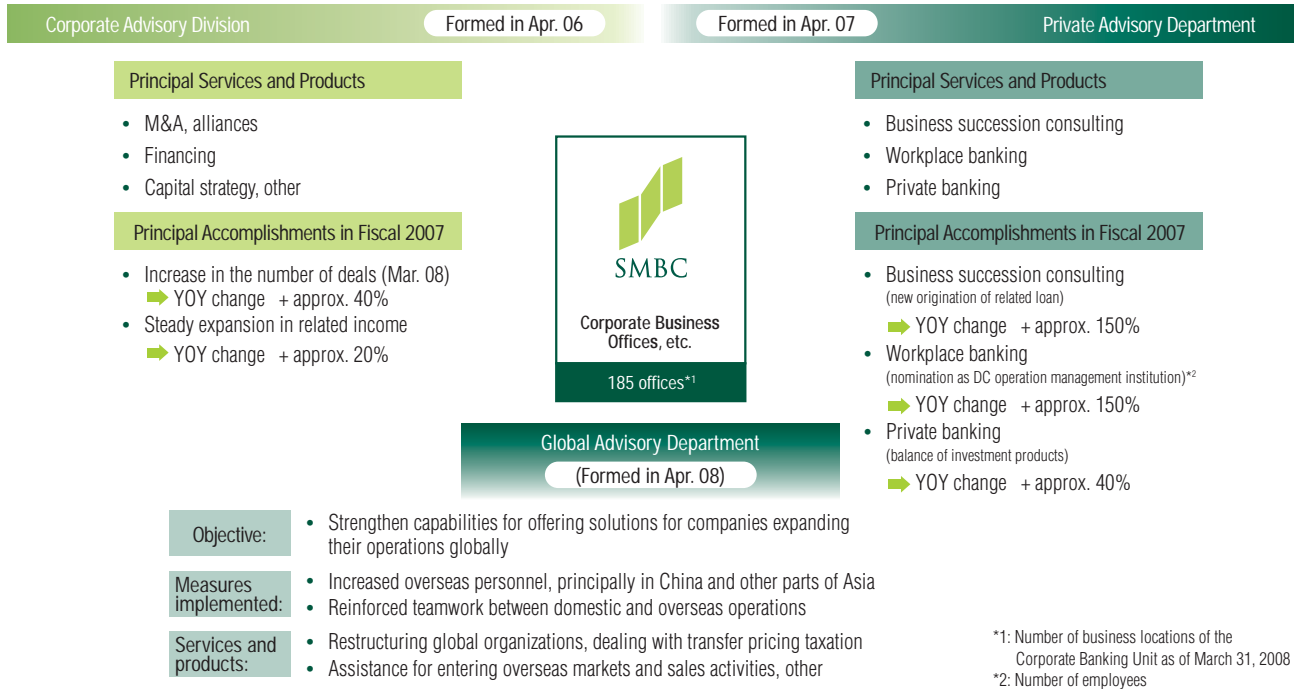
*1: As of March 31, 2008

*2: Merger scheduled for April 2009

*3: Total cardholders of the three companies (Figures for OMC Card are as of February 29, 2008, and those for Central Finance and QUOO are as of March 31, 2008).

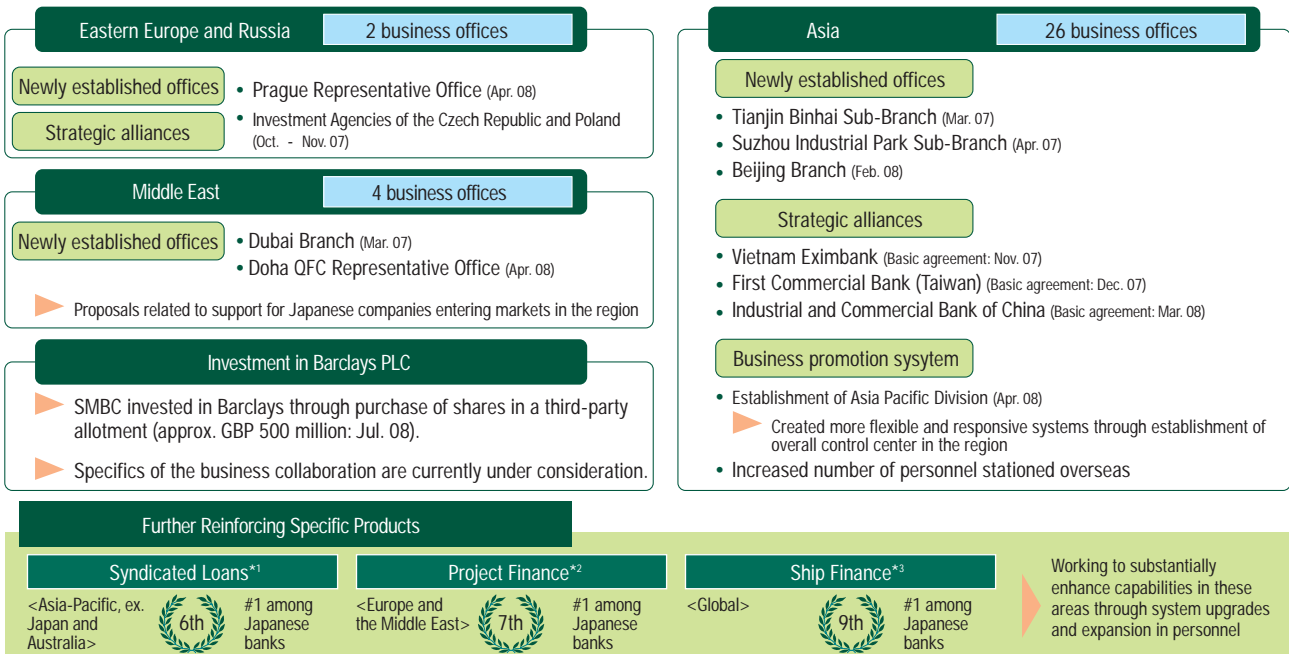
Solution Providing for Corporations

Through the seamless approach as “One Bank” centered on the Corporate Business Offices and other marketing channels, SMBC is well positioned to offer proposals to contribute to solving a diverse range of customers’ management issues.



Focused Business Areas in Global Markets

Activities include expansion of the marketing network in the high-growth markets of Asia, the Middle East, Eastern Europe, and elsewhere; aggressive promotion of strategic alliances and improvements in systems; and further improvements in selected products where the Group has competitive strengths.

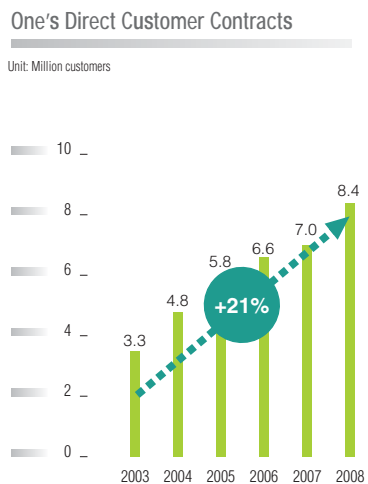
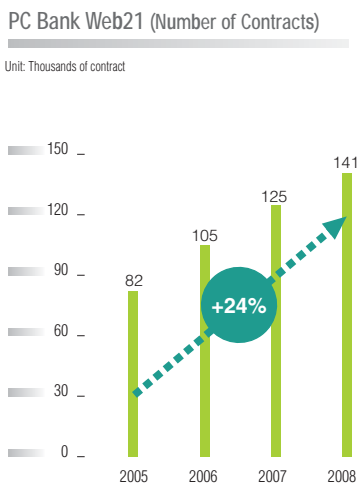
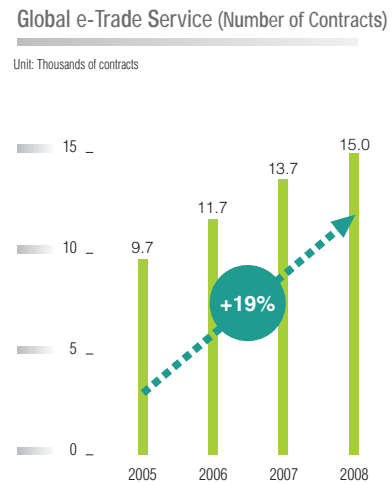
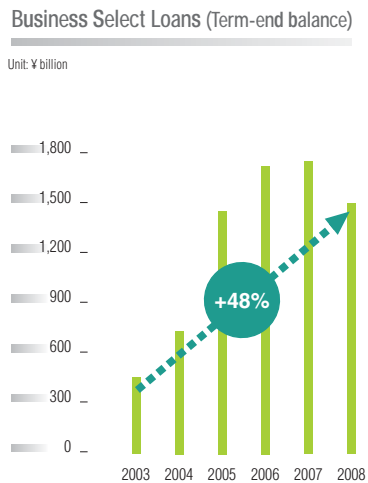
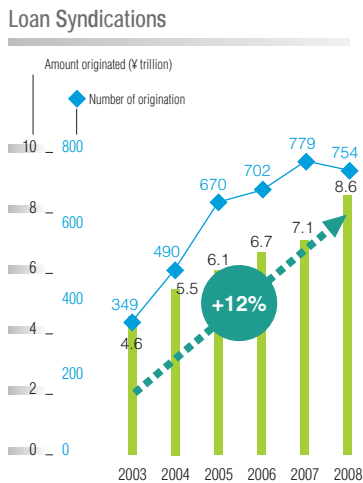
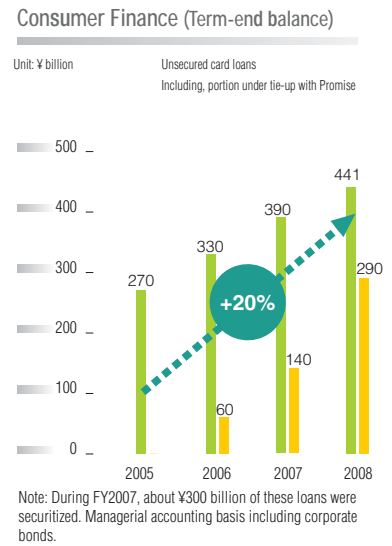
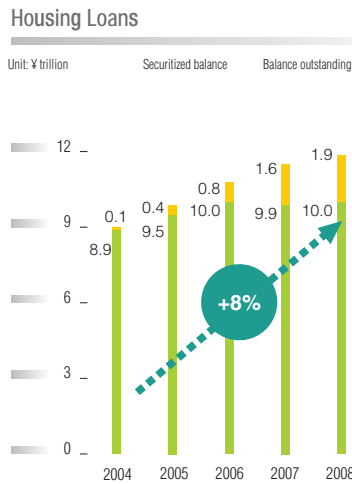
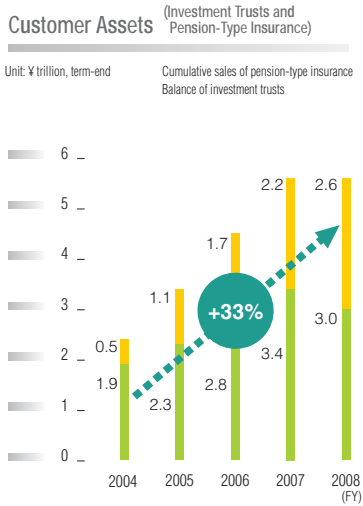


*1: Thomson Financial, Syndicated loan Mandated Arranger Ranking for 2007

*2: Thomson Financial, Project Finance Mandated Arranger Ranking for 2007

*3: Dealogic, Ship Finance Mandated Arranger Ranking for 2007

Performance in Growth Businesses (SMBC Non-Consolidated) (Note: Figures in the green circles are average compound annual growth rates.)



Supplementary Information

Coping with Uncertainty in Business Environment

Prevent Additional Losses by Quickly Dealing with Subprime Loan Problem

To deal decisively with the Group's exposure to subprime-related securitized products, approximately ¥350 billion of these exposures was sold, and appropriate write-offs and loss provisions were made in the first half of fiscal 2007. As a result, as of March 31, 2008, the Group's subprime-related exposure after provisions and write-offs was ¥5.5 billion. We believe that possible financial impact on the Group will be marginal.

Further, the Group's exposure to non-subprime-related securitized products was approximately ¥260 billion after write-offs and loss provisions. The majority of the exposure was mortgage bonds guaranteed by Government Sponsored Entities ("GSEs") with AAA ratings.

Regarding the Group's exposure to monoline insurance companies, credit derivative transactions (credit default swaps) with monoline insurance companies that experienced a major decline in creditworthiness totaled approximately ¥30 billion. To avoid any future losses on these transactions, the full amount was written off and recognized as loss. As a result, remaining CDS exposure to monoline insurance companies, after making provisions was approximately ¥30 billion as of March 31, 2009. Moreover, the total amount of investment and loan exposures backed by monoline insurance company guarantees as of March 31, 2008, was approximately ¥40 billion. The exposures are investment grade equivalent non-subprime-related exposures.

Subprime related products (As of March 31, 2008)

| (¥ billion) | Balance (before provisions and write-offs) | | Provisions and write-offs | Balance (after provisions and write-offs) | Credit ratings of underlying assets |
|-------------------------------------|--|---|---------------------------|---|-------------------------------------|
| | | Net unrealized gains (losses) (before write-offs) | | | |
| Investments to securitized products | 73.5 | (68.6) | 68.6 | 4.9 | Speculative ratings, etc.. |
| Warehousing loans, etc.* | 21.1 | — | 20.5 | 0.6 | |
| Total | 94.6 | (68.6) | 89.1 | 5.5 | |

Losses recognized linked to subprime loans totaled ¥93.0 billion (comprising provisions and write-offs of ¥89.1 billion and losses on sale of ¥3.9 billion)

(SMFG consolidated basis)

* Among warehousing loans, etc., the balance of exposure secured by collateral other than that linked to subprime loans, as of March 31, 2008, was ¥14.3 billion (before write-offs) and write-offs and loss provisions against these loans amounted to ¥8.4 billion. (All such loans were overseas.)

(For Reference) Products other than subprime related (As of March 31, 2008)

| (¥ billion) | Balance (before provisions and write-offs) | | Provisions and write-offs | Balance (after provisions and write-offs) | Credit ratings of underlying assets |
|-------------------------------|--|---|---------------------------|---|--|
| | | Net unrealized gains (losses) (before write-offs) | | | |
| RMBS (Guaranteed by GSE etc.) | 219.8 | (1.6) | — | 219.8 | AAA |
| Cards | 12.5 | (0.6) | — | 12.5 | A—BBB |
| CLO | 24.3 | (3.4) | 0.4 | 23.9 | AAA—A (Some securities without ratings) |
| CMBS | 6.0 | 0.0 | — | 6.0 | BBB |
| Total | 262.6 | (5.6) | 0.4 | 262.2 | |

(SMFG consolidated basis)

Exposure Linked to Monoline Insurance Companies (As of March 31, 2008)

| (¥ billion) | Net exposure* | Loan loss reserve* | Amount of reference assets* |
|--|---------------|--------------------|-----------------------------|
| Exposure to CDS transactions with monoline insurance companies | 31.1 | 1.9 | 559.1 |

* These figures do not include the portion written off as loss (about ¥30 billion)

| (¥ billion) | Balance | Loss provisions |
|---|---------|-----------------|
| Investments and loans, guaranteed by monoline insurance companies | 41.7 | — |

The claims are project finance, regional government bonds, and other claims with investment grade equivalent, unrelated to subprime loans.

(For reference) In addition to the above exposures, there are exposures amounting to approximately ¥16.0 billion (drawn-down amount ¥10 million) including a commitment line to an insurance company whose group member is a monoline insurance company.

(SMFG consolidated basis)



Outline of "LEAD THE VALUE" Plan — SMFG's Medium-Term Management Plan

In October 2006, SMFG completed the repayment of public funds, and, in view of major changes in the economic and competitive environment surrounding the Group, launched a medium-term management plan entitled "LEAD THE VALUE" plan covering the three years from fiscal 2007 to fiscal 2009.

In preparing our plan, we reaffirmed that the most important requirement for achieving sustainable growth is to offer customers value that exceeds their expectations and leads customers in directions that help them to create new value. The new plan also reconfirms that SMFG's core strengths are the "Spirit of Innovation," "Speed," and "Solution & Execution," the drivers behind our ability to quickly make strategic businesses profitable. By drawing fully on

the added value inherent in these strengths, we are aiming to be a globally competitive financial services group with the highest trust.

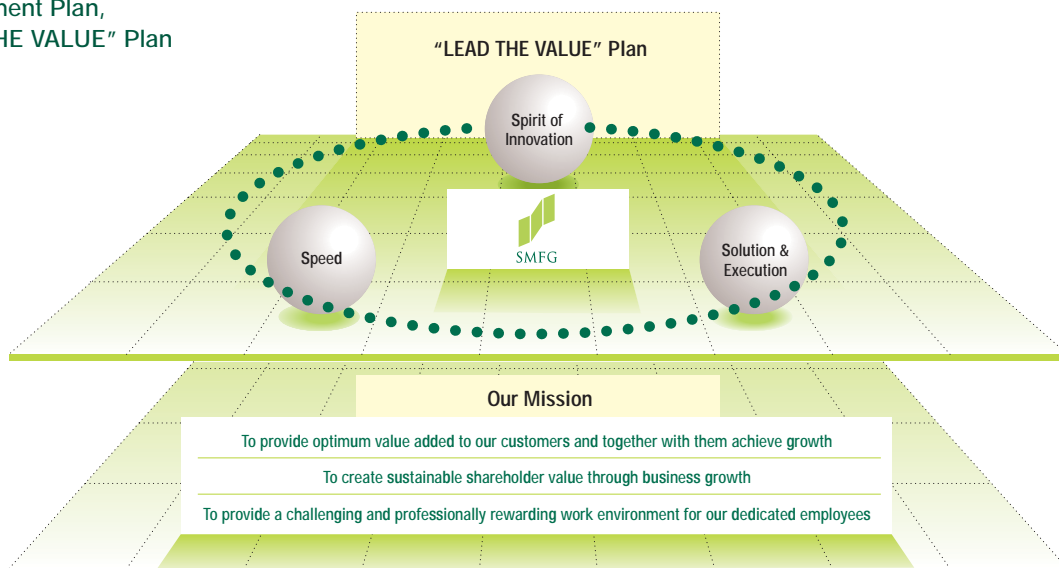
Accordingly, we have set the following targets during the current medium-term management plan:

- Aim for top quality in growth business areas,
- Realize solid financial base as a global player, and
- Increase returns to shareholders.

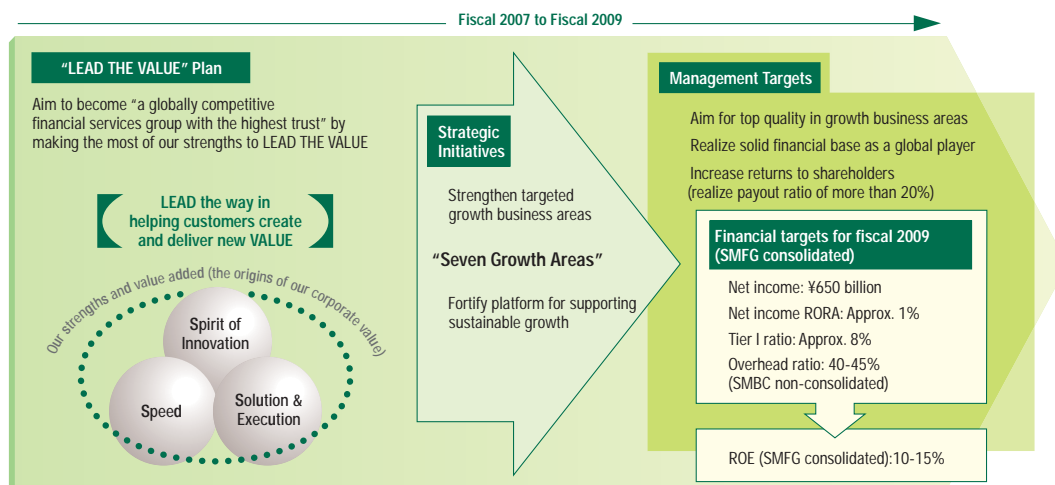
To attain these targets, we are focusing on two strategic initiatives: namely, strengthening targeted growth business areas and fortifying platform for supporting sustainable growth.

Our Objectives under the Medium-Term Management Plan, "LEAD THE VALUE" Plan

"A Globally Competitive Financial Services Group with the Highest Trust"



Outline of "LEAD THE VALUE" Plan



*Financial targets assume that there will be increases in yen policy interest rates of about 0.25% in both fiscal 2007 and fiscal 2008, that nominal GDP will expand at a rate of more than 2% per annum, and that the yen will remain around ¥115 per U.S. dollar.

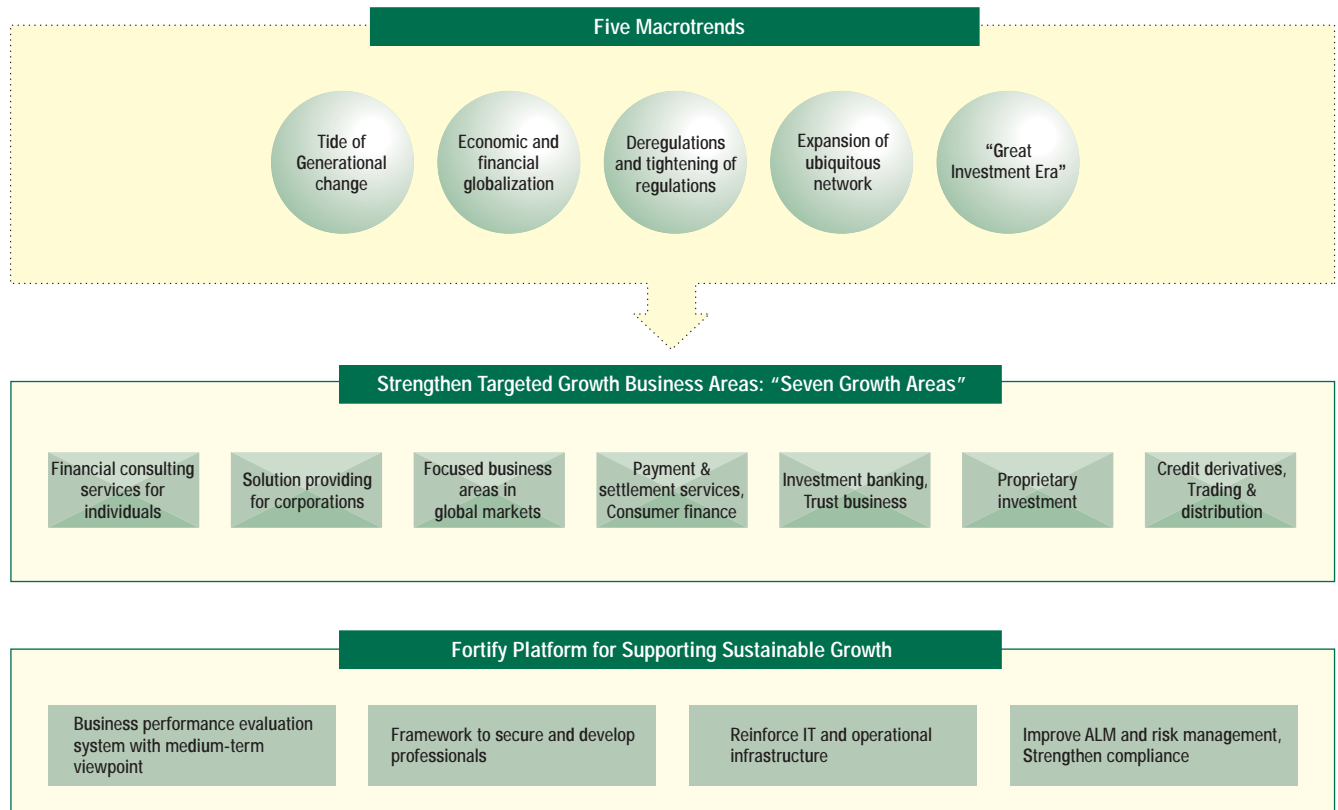
Concept of Strategic Initiatives in the “LEAD THE VALUE” Plan

SMFG has increased profitability by identifying strategic businesses with strong growth potential at early stages and developed highly productive and efficient proprietary business models to consolidate its position in these business areas. As a result, the quality of our assets has improved substantially, and net income has recovered, enabling us to complete the repayment of public funds in fiscal 2006, about one-and-a-half years earlier than initially planned. Overall, we have made steady progress toward enhancing our profitability and strengthening our financial position.

In parallel with this improvement in performance, however, dramatic changes have reshaped our operating environment, including more-intense competition in the domestic loan market

and a labor shortage. The magnitude of these changes has exceeded the assumptions that formed the basis for the previous management plan. Therefore, to continue our growth in today's competitive environment, going forward, we must be sure that we have an accurate grasp of macroeconomic trends that are likely to bring opportunities for earning profits and competing both in Japan and at the global level. The previous policies of maximizing earnings by restructuring and streamlining our operations are no longer likely to be sufficient. Instead, we must make substantial investments aimed at growth from a medium- to long-term perspective to lay the foundations for sustainable growth. This is why we have identified two key strategic initiatives under our “LEAD THE VALUE” plan: namely, “strengthening targeted growth business areas” and “fortifying platform for supporting sustainable growth.”

Strategic Initiatives under the “LEAD THE VALUE” Plan





Business Overview

Consumer Banking

The member companies of SMFG are collaborating to enhance the financial services they provide to consumers. Some of the key indicators of SMBC's performance in fiscal 2007, reflecting the high esteem customers have for our services, include an outstanding balance of investment trusts under management of ¥2,974.0 billion; sales of foreign bonds and structured bonds for the fiscal year under review of ¥127.2 billion; pension-type insurance sales of ¥389.4 billion; sales of single premium full-life insurance of ¥51.0 billion; and mortgage loans outstanding of ¥13,647.8 billion as of March 31, 2008.

Financial Consulting Business

SMBC's Consumer Banking Unit continued to broaden its product lineup in fiscal 2007, introducing new investment trusts and life insurance products. As part of our "total consulting" services, which offer our customers one-stop shopping for all types of financial services, beginning on December 22, 2007, we expanded our offering of life insurance products. Specifically, our insurance consultants, who have been assigned to 90 of our branches and have extensive experience in insurance sales, are responsible for selling a total of 18 products (offered by seven insurance companies, as of May 31, 2008), including mainly level premium-type death benefit insurance and medical insurance. Similarly, in our investment trust sales activities, we are expanding our lineup of products to meet customer needs. Our lineup of investment trusts includes funds that invest in the stocks of companies in the emerging economies of BRICs (Brazil, Russia, India, and China) and funds that invest in high interest rate foreign currency instruments.



Moreover, accompanying the implementation of Japan's Financial Instruments & Exchange Law in September 2007, we have sharpened our focus on offering investment products that are appropriate for the level of knowledge and experience of our customers regarding investments, the amount of their assets, their views of financial risk, and other aspects.

In addition, prices of stocks and other investment instruments in Japan and overseas are fluctuating substantially as a result of the subprime loan problem in the United States. Therefore, to follow up with our customers and provide them with timely information, we hold customer seminars to report on asset management performance, issue monthly and special market reports, and conduct direct mailings.

Mortgage Loan Business

To enable us to respond to the wide-ranging needs of our customers, we have engaged in the development of new products, as well as in the expansion and improvement of the services we offer. For example, in October 2005, we began to offer a new type of mortgage loan that provided insurance for repaying the loan balance in the event that one of three major medical conditions might have occurred. As of March 31, 2008, the cumulative amount of this type of loan origination totaled approximately ¥660.0 billion.



In January 2008, we enhanced the convenience of "One's Direct," our Internet banking service, to enable mortgage loan borrowers to make advance payments on their housing loans and to change interest rate terms on a 24-hour basis. These expanded services thus allow customers to make these changes from their homes and to select the time to conduct these banking activities that is most convenient for them.

Also, in April 2008, we introduced mortgage loans with a special provision that temporarily suspends a portion of loan repayments following natural disasters. When customers' homes are damaged by such disasters, the amount of loan repayments is reduced, depending on the extent of the damage, for a specified period. This is the first loan of this type in the banking industry in Japan.



Moreover, SMBC is focusing on initiatives to deal with environmental issues by working together with its customers to contribute to measures to reduce global warming. In April 2008, for example, the bank began a campaign to promote its carbon offset mortgage loan.

Settlement and Consumer Finance Business

Through our "SMBC First Pack" service, which offers a platform for various settlement-related possibilities, we are endeavoring to raise the level of our services. Beginning in September 2007, we expanded our point exchange programs with other companies and added the *iD*[®] electronic settlement function of the *Mitsui Sumitomo Card* on the SMBC CARD.

The number of subscribers to the *Mitsui Sumitomo Card iD*[®] electronic settlement function,



which is based on a strategic alliance with NTT DoCoMo, Inc., had climbed to about 770,000 persons as of March 31, 2008, and the number of terminals accepting payments via the *iD*[®] service that were installed on the premises of affiliated merchants had expanded to about 300,000.

In the consumer finance business that began in April 2005 through the collaboration of SMBC, Promise Co., Ltd., and At-Loan Co., Ltd., the number of automatic contract machines had grown to 697 at the end of March 2008, and the balance of loans made by SMBC and At-Loan together had expanded to about ¥350.0 billion.



Transaction Channels

During fiscal 2007, we established new branches in the Tokyo metropolitan area located in Higashi Totsuka (Kanagawa Prefecture), Ichikawa (Chiba Prefecture), and Osaki (Tokyo). In the Kinki region, we opened a new branch in Takarazuka Nakayama (Hyogo Prefecture).

Also, to strengthen our services for customers located in the Tokai region, which is centered on Aichi Prefecture, we set up new branches in the cities of Ikeshita and Issha. In addition, in June 2008, we opened a new type of business office, "SMBC Park Sakae," which will be the first of SMBC's offices to concentrate mainly on providing information.

We will continue to strengthen our office network in Japan's three main geographic areas: namely, the Tokyo metropolitan area, the Kinki region, and the Tokai region.

On its "One's Direct" remote banking service, SMBC is continuing to expand the range of its offerings. Beginning in May 2007, we began to offer the first foreign currency deposits with interest rates linked to foreign currency markets, operating exclusively on the Internet on a 24-hour basis on weekdays.



Also in May 2007, we linked onto the i-ApliBanking common mobile banking platform developed by NTT DoCoMo. Then in July and August 2007, we strengthened measures for preventing Internet "phishing" (short for "password harvesting fishing")

fraud by introducing a service that closes phishing sites quickly and provides the customer with a new type of identification.

The Internet banking services offered by One's Direct have been ranked highly and placed number one in Japan for the sixth consecutive year in the independent rankings published by Gomez, Inc. As of March 31, 2008, the number of One's Direct subscribers was approximately 8.4 million.

During fiscal 2007, all ATMs in our manned branches were

converted to accept biometric identification. ATMs for visually challenged persons had been installed in all locations, including unmanned ATM only offices.

We are also adjusting our fees depending on the nature of transactions and expanding the ATM network to broaden



This ATM is equipped with a phone handset with keys to enable visually challenged persons to conduct operations while listening to directions.

access to services that are free of charge. For example, we revised our ATM fee schedule as of October 2007. Fees for transactions conducted after banking hours on weekdays were eliminated for customers using ATMs at the bank's Head Office and branches as well as the bank's @BANK ATMs in convenience stores, for those who have savings account balances of ¥100,000 or more at the time of their transactions. In addition, fees were eliminated for transactions through ATMs of Japan Post Bank and East Japan Railway Company. After-hour fees and usage charges were also eliminated for card loans.

Topics

SMBC Retail Banking College Established

On May 7, 2008, SMBC established SMBC Retail Banking College (RBC) to train personnel responsible for providing financial services to individual customers.

RBC offers special training programs aimed at substantially increasing the sophistication and quality of our consumer banking services. It has a counter zone that enables trainees to simulate retail customer consulting, an audio visual room that broadcasts roll-playing scenarios and enables all trainees

attending to confirm the content, and other facilities that speed up their acquisition of working knowledge and skills.



Corporate Banking

Reinforcing Capabilities in Response to Globalization

Japan's overseas direct investment has continued to expand since 2004. The number of customers among small and medium-sized enterprises (SMEs) who are expanding and deepening their business operations through development of activities in overseas markets, including Asia, is growing.

To respond to the needs of these customers to enter overseas markets and expand their existing overseas activities, SMBC established its Global Advisory Department in April 2008, which spans across the three business units responsible for corporate transactions—Middle Market Banking, Corporate Banking, and International Banking Units. The Global Advisory department is based in Tokyo and has increased the number of personnel stationed in Asia, principally in China, to reinforce its capabilities for gathering information and providing solutions to customer issues.

Our new advisory department is well positioned to provide even higher quality support for customers considering entry into overseas markets and to companies that are already expanding their activities overseas.

Improving Products and Services for Midsized Companies and SMEs

To contribute to the development of the business activities of midsized companies and SMEs, SMBC proactively takes the initiative in understanding customers' needs and issues to be addressed and is well prepared to offer proposals for providing appropriate products and services.

Products and Services for Fund-Raising

Thus far, in the area of unsecured loans, where customers have strong needs, we were quick to develop our *Business Select Loans*, which do not require guarantees by third parties, and have promoted these loans to SMEs.

In September 2007, in addition to our offerings of unsecured loans available to date, we introduced a new lineup of *Wide Support Loans* to respond to customer needs for funding to develop and make use of real estate hold-

ings. Moreover, for SMEs, we are developing a range of fund-raising methods that are based on various types of assets. For example, in November 2007, we introduced our *Asset Value Loans*, which enable cus-



tomers to use their equipment assets, such as machine tools and construction equipment, as collateral for borrowings. Also, in April 2008, we began to offer *Asset Value Truck & Bus Loans*, which make it possible for customers to use their commercial vehicles, such as trucks and buses as loan collateral.

We are also developing other types of loans that provide funds on favorable terms to corporations that have various qualifications. Beginning in February 2006, for example, we introduced the *SMBC-ECO Loans* for environmentally conscious midsized companies and SMEs that have obtained environmental certifications. Also, beginning in December 2007, as a follow-up product, we worked together with NPO KES Environmental Organization, the pioneering organization in Japan in the field of providing environmental certifications to SMEs, to develop and begin to offer the *KES Support Loan*, targeted at companies that have obtained the KES Management System Standard certification, which is administered by the KES Environmental Organization. *SMBC-ECO Loans*, including the *KES Support Loans*, are now widely used by our customers and, on a cumulated basis, had exceeded ¥30 billion as of May 31, 2008.



Also, in April 2008, we added the *Certified Company Support Loans* to our lineup of fund-raising methods. Companies eligible for these loans are selected from among those that have received (a) certifications and awards for technology and management capabilities from national and local government entities specified by SMBC and (b) such



certifications and awards under management qualification certification systems recognized by SMBC. Similarly, in June 2008, we introduced our *Web Reporting Loans*. Companies eligible for these loans are selected from among those that submit electronic corporate tax returns and make use of Web tax reporting data services. (These are companies that make use of the Japan national tax authorities "e-Tax" service that enables them to transmit their tax return data and certificates of tax payment electronically to the bank.)



| Customer Needs | | SMBC Products and Services |
|----------------------|--|---|
| Fund-raising | Unsecured loans | <i>Business Select Loans</i> |
| | Asset-based financing | <i>Wide Support Loans</i> Asset Value: Equipment Asset-Based Asset Value: Truck & Bus |
| | Qualification-based financing | <i>SMBC-ECO Loans (KES Support Loans)</i> <i>Certified Company Support Loans</i> <i>Web Reporting Loans</i> |
| Value-added services | Provision of information | Complimentary information services <i>Business Information Service</i> • Management Topics • Columns • Business Knowledge • Book Reviews |
| | Assistance for entering overseas market and trading transactions | Trade Consultants |

Information Services

In addition to these financing services, in September 2007, SMBC expanded its complimentary Business Information Service, which it inaugurated in November 2006. The upgrading of this service aimed to "transmit additional content" and "provide weekly updates" and the number of companies receiving the service has increased to more than 10,000.

Also, beginning in February 2008, the bank formed a group of 18 Trade Consultants, who are drawn from among persons thoroughly familiar with trade transactions and with extensive experience in trading companies. These consultants offer advisory services to customers engaged in trade transactions, including information on conditions in overseas markets and points for special attention when conducting export and import business.

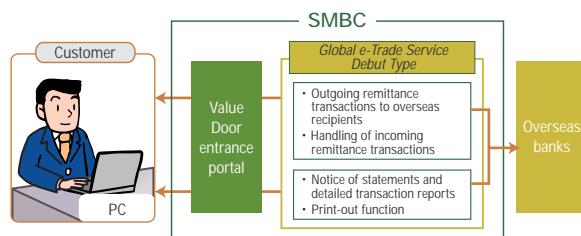
SMBC intends to continue to offer value-added services to its customers that go beyond providing financing products.

Foreign Exchange Products and Services

As mid-sized companies and SMEs continue to globalize their activities by entering overseas markets and conducting inter-

national trade, SMBC is working to offer new products and services to assist them.

As a tool to increase the efficiency of foreign trade transactions for corporations conducting foreign exchange transactions with overseas customers, SMBC offers its *Global e-Trade Service*, an Internet-based foreign exchange service. Beginning in May 2008, to provide a dedicated remittance service, which is in demand among customers, we introduced a lower cost *Global e-Trade Service Debut Type*, which is available for a monthly fee of ¥2,100.



In addition, with the objective of providing global support for domestic companies with technological capabilities in the environmental area, beginning in March 2008, SMBC introduced a service system that offers preferential trade related fees and interest rates to customers who have cleared our environmental technical standards based on the know-how of Group company JRI.

SMBC will continue to actively support the activities of its customers among mid-sized companies and SMEs to globalize their operations.

Topics

SMBC Provides Support for Joint Research on Businesses Related to the Natural Environment

In June 2008, SMBC made a grant to support joint research on environmental business to be conducted by Annex Co., Ltd.—a company that won the SMBC Award in the SMBC-sponsored "eco japan cup" contest for business activities related to the natural environment—and the Incubation Center of Japan's Keio University.

SMBC plans to continue providing support for the further development of environmental businesses.



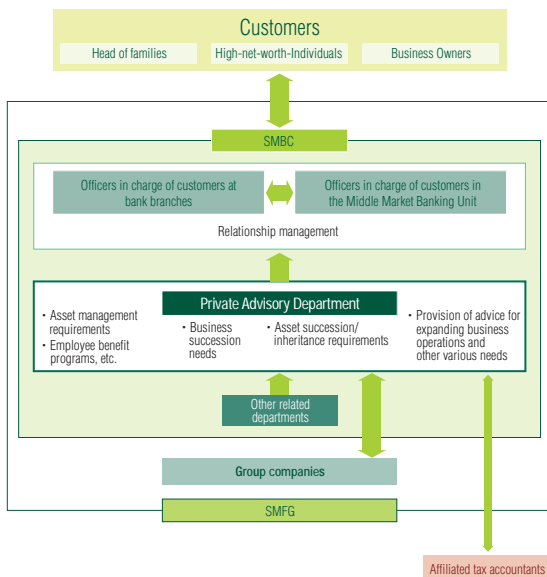
Examples of the "5 x Green" Greening Units promoted by Annex. (Installed in Marunouchi, Chiyoda-ku, Tokyo)

Services for High-Net-Worth Individuals, Business Owners and Employees

Private Advisory Department

SMBC's Private Advisory Department responds to the diverse requirements of business owners and high-net-worth individuals. The activities of the department span three areas. The first is providing private banking services that include the preparation of comprehensive proposals for the management of monetary assets that answer to customer needs. The second is preparing carefully tailored proposals for business succession, based on the know-how the bank has accumulated from long experience in this area and the input of outside specialists. The third is workplace banking services that give assistance in formulating and implementing employee benefit programs for supporting employees' lifelong financial plans, including asset formation savings, housing finance, and defined contribution pension plans.

In providing these three types of services, the department works to meet the requirements of business owners, employees, and high-net-worth customers, by providing responsive services through the bank's domestic branches and by working closely with SMFG companies and alliance partners.

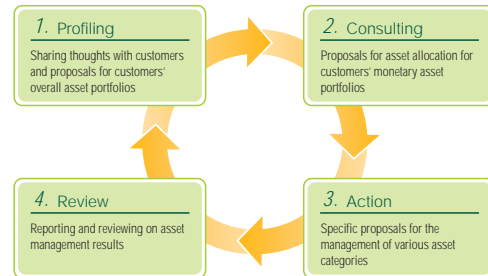


Private Banking

In its private banking services, SMBC discusses and shares thoughts with customers regarding their own assets and, based on these discussions, in cooperation with others inside and outside the bank, offers proposals for the allocation of assets as well as for assisting customers in expanding their business activities, arranging for business and asset succession, and managing their overall asset portfolios. These

proposals include specific management suggestions for various categories of customer assets.

Proposal Preparation and Implementation



Support for Business Succession

We offer tailor-made proposals to our customers who have concerns about passing on their businesses in the years ahead. We prepare these proposals and plans with reference to the particular situation and requirements of individual customers to assist them in implementing business succession smoothly and with an eye to further business development.



Workplace Banking

We also promote transactions with the employees of corporate clients and support the creation of employee benefit programs. In April 2006, SMBC formed a Defined Contribution Department, which is responsible for offering operating services for defined benefit plans.



Investment Banking

Accomplishments in Fiscal 2007

SMBC won first place in the league table for mandated arrangers of Japanese syndicated loans in fiscal 2007, drawing on its strong placement capabilities and through its aggressive initiatives to capture major deals. Also, on a global basis, SMBC received a high rating from market participants for arranging a large number of project finance deals, receiving "Deal of the Year" awards from major magazines. In addition, in the field of ship financing, on a global basis, SMBC has placed within the top 10 arrangers for the second consecutive year. We also improved our capabilities and support services for potential growth companies through direct equity investments, implemented aggressive initiatives to develop our hybrid finance instruments to respond to the diverse needs of our customers, and expanded into the carbon credit business and other new business fields.

Collaboration with Daiwa Securities SMBC

Daiwa Securities SMBC Co., Ltd., ranked first in the league table for All Bonds in Yen in fiscal 2007 and placed second in the league table for bookrunners for initial public offerings. In addition, reflecting the highly favorable esteem that it has received from market participants, Daiwa Securities SMBC won the "Samurai Bond House of the Year" and the "Asset-backed Securities House of the Year" awards presented by the U.S. research company Thomson Financial. In the M&A advisory field, Daiwa Securities SMBC executed a business alliance agreement with U.S. M&A specialist Sagent Advisors Inc. and is expected to respond proactively to expanding cross-border M&A deals.

Syndicate Loan League Table*

| Fiscal 2007 Mandated Arrangers | Amount (¥ billion) |
|-----------------------------------|-----------------------|
| 1. SMBC | 8,048.4 |
| 2. Mizuho Financial Group | 7,585.9 |
| 3. Mitsubishi UFJ Financial Group | 5,881.4 |
| 4. Citigroup | 953.4 |
| 5. Sumitomo Trust & Banking | 396.5 |

Project Finance

2007 Deal of the Year Awards—Principal Deals

| Award category Region/Industry | Deal name (Country/sector) | Amount syndicated US\$ million | Magazine presenting award |
|-----------------------------------|---|-----------------------------------|---|
| Global | Barka 2 & Al-Rusail (Oman/WPP) | 937 | <i>Project Finance Magazine</i> |
| Africa/mining | Ambatovy (Madagascar/ nickel mining) | 2,100 | <i>Project Finance Magazine</i> <i>Project Finance International</i> |
| Middle East/ manufacturing | Emirates Aluminum (Abu Dhabi/ aluminum smelting) | 4,400 | <i>Project Finance Magazine</i> <i>Project Finance International</i> |
| Asia-Pacific/ electric power | Crimson Power (Philippines/acquisition of an independent power producer (IPP)) | 2,900 | <i>Project Finance Magazine</i> |

All Bonds in Yen Bookrunner League Table*

| Fiscal 2007 Bookrunners | Amount (¥ billion) |
|-----------------------------------|-----------------------|
| 1. Daiwa Securities SMBC | 3,975.0 |
| 2. Mizuho Financial Group | 3,532.9 |
| 3. Nomura | 3,501.8 |
| 4. Mitsubishi UFJ Financial Group | 3,384.9 |
| 5. Nikko Citigroup | 3,275.4 |

* Source: Thomson Financial

Topics

Syndicated Loans

SMBC ranked first in the league table for mandated arrangers of Japanese syndicated loans in fiscal 2007 and was selected the "Best arranger of loans for Japanese borrowers" by *Euroweek* magazine, the UK based financial journal.



Environmental Business

In October 2007, SMBC established its Environmental Products Department with the mission of promoting environmental business, including carbon credit business. Also, in connection with clean development mechanism (CDM) projects in Brazil, SMBC was the only Japanese bank nominated for the "Sustainable Banking Award 2007" presented by the Financial Times and International Finance Corporation.



CDM project in Brazil
(Arapucel small hydroelectric
power plant)

International Banking

In its international banking operations, which emanate from SMBC's International Banking Unit, SMFG offers various services to customers operating globally, including corporations, financial institutions, sovereign governments, and public entities.

Offering Tailor-Made Services for Regional Requirements through Our Extensive Overseas Network

To reinforce our transaction capabilities in the fast-growing Asia and Oceania regions, in April 2008, we established a regional head office for these regions in Singapore. Also, to strengthen our abilities for responding appropriately to the needs of differing markets in the three principal geographical areas of Europe, the Americas, and Asia, we created four regional management centers, one each for Europe, the Americas, China, and the rest of Asia/Oceania. Through this operating structure, under which we will draw on the capabilities not only of SMBC's network but also the abilities of other Group companies, overseas subsidiaries, and our alliance partners among local banking institutions, we are aiming to offer cutting-edge information and services at all times in increasingly competitive international markets as well as optimal solutions to issues our customers confront in various parts of the world.

Developing Our Activities in Newly Emerging and Growth Markets

We are working to strengthen our capabilities for responding to customer needs not only in Europe and the countries of Asia but also in the newly emerging and growth markets, including those of the Middle East, Central and Eastern Europe, and Latin America. We are striving to provide optimal services that meet the special requirements of individual markets, and, while remaining aware of changes in the operating environment, we

are implementing initiatives flexibly and proactively.

Providing Competitive Financial Products

Fourteen of the major financing projects that SMBC has undertaken received deal of the year awards from the three leading trade-related magazines: namely, Trade Finance, Global Trade Review, and Trade & Forfaiting Review. Leveraging the arranging and structuring capabilities of our Global Trade Finance Department, which derive from that department's global activities, we plan to offer a diversity of products going forward to provide support for the foreign trade operations of our customers. In addition, drawing on the strengths of our network spanning Asia/Oceania, Europe, the Middle East, and the Americas, we have attained a top-ranking position in project finance, including private finance initiative (PFI), public private partnership (PPP), and other types of arrangements in a number of key industries, including electric power, oil and gas, and petrochemicals. Looking ahead, we intend to continue to respond to the diverse needs of our customers as a top-tier bank.

International Cash Management Services (CMS)

In October 2007, SMBC formed its Global Transaction Banking Dept. and stationed staff members in Singapore, Shanghai, New York, and London to create a global system that can respond to the needs of corporate clients for international cash management. According to the results of a survey conducted in 2007 by ASIAMONEY, a magazine specializing in Asian finance, SMBC ranked third among all banks surveyed and number one among Japanese banks in the rankings for "Best Electronic Banking Platform." Going forward, we will work to provide the most up-to-date services and information related to overseas cash management, drawing on our global network.

Continuing Portfolio Optimization

We are working to continuing to increase our asset efficiency

Topics

Strengthening Our Network

In April 2008, we newly opened representative offices in Amsterdam and Prague. These new offices will provide us with a presence in the Netherlands, where a large number of Japanese companies have set up operations, and in Central and Eastern Europe, where in recent years a substantial number of Japanese companies have established business operations. We will rely on these representative offices to reinforce our capabilities for gathering information to support our Japanese customers in the three Benelux nations and the countries of Central and Eastern Europe. Also, after becoming the first Japanese bank to establish a branch in Dubai, which is now the base for our business activities in the Middle East, in March 2007, we became the first Japanese bank to open a representative office in Doha in April 2008. Similarly, in China, following the establishment of sub-branch in the Binhai New Area of

Tianjin in March 2007 and another sub-branch in an industrial park in the city of Suzhou in April 2007, we opened our Beijing Branch in February 2008, thus bringing our network in China to 11 offices. Going forward, we plan to further strategically reinforce our overseas network.

Appointments of National Staff at Overseas Offices

During fiscal 2007, SMBC appointed local staff officers (general managers for marketing) as directors, one each in the Americas and in Europe. In fiscal 2008, another national staff member in charge of marketing to Greater China (including non-Japanese customers located in mainland China, including Hong Kong, and the Taiwan economic region) was appointed as director. Looking ahead, we intend to actively appoint highly qualified personnel, regardless of nationality, to such positions and thereby create a management system that can respond flexibly to the special features of regional markets.

within the framework of the Basel II requirements by taking account of the various types of market risk in our international business activities, managing our portfolio appropriately, and responding quickly and flexibly to changes in the operating environment.

Reinforcing Compliance Systems

We are fully aware that expanding our business operations on a global scale will necessitate the further strengthening of our compliance systems. Accordingly, we formed an International Compliance Department within our General Affairs Department and have newly appointed Head Office Compliance Officers who are stationed at our overseas offices and report to the Head Office. These officers have the roles of providing guidance and conducting surveillance activities relating to compliance at overseas offices and improving compliance monitoring. Moreover, we are taking steps to substantially reinforce our anti-money laundering systems since preventing such activities has become a high-priority issue internationally.

We intend to continue working to capture business opportunities in the vast markets that characterize international business activities and aim to become a global commercial bank with particular strengths in Japan and the rest of Asia.

Treasury Markets

SMFG, through the Treasury Unit of SMBC, aims to offer increasingly higher-value-added services to meet the ever more sophisticated and diverse needs of its customers for transactions in the money, foreign exchange, bond and derivatives markets.

To maintain and further strengthen profitability, as it manages risk appropriately, the Treasury Unit focuses on three goals: (a) expanding transactions volume from its customers; (b) strengthening its asset-liability management (ALM) system and trading skills; and (c) diversifying fund management techniques and conducting sharply focused portfolio management.

Enhancing Customer Convenience

In fiscal 2007, the Treasury Unit, working in collaboration with the business units, took steps to expand its market transactions services system for corporate and retail customers. We also worked to increase the range of functions offered through *i-Deal*, a system that allows customers to conclude foreign exchange contracts over the Internet.

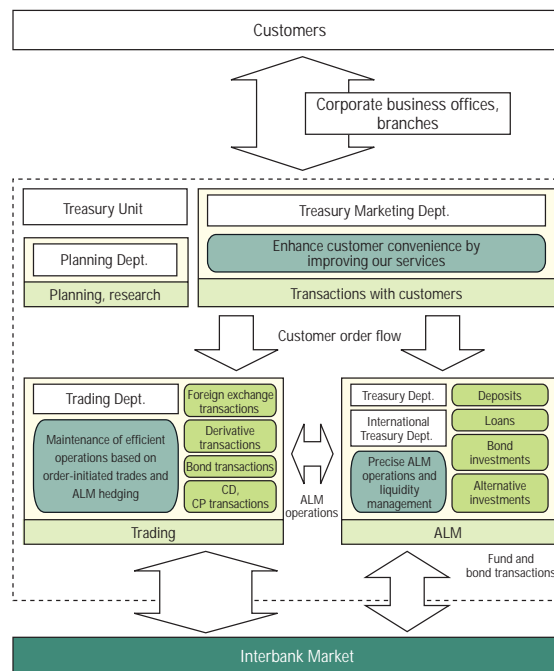
Looking forward, the Treasury Unit will continue working to fulfill all our customers' market transaction needs by providing full support services of the highest quality in the industry.

ALM and Trading Operations

Through its ALM and trading operations, the Treasury Unit endeavors to maximize profitability, as it controls market and

liquidity risks, by diversifying management techniques to include alternative investments, diversifying its investment portfolio, and taking advantage of arbitrage investment opportunities.

We will continue to work to secure stable profits by pursuing the optimal allocation of capital appropriate to the level of risk exposure.



Topics

Expanding Services to Meet Customer Needs

To further increase convenience for customers, SMBC continues to enhance the functions of its *i-Deal* system that allows customers to conclude foreign exchange contracts over the Internet.

In fiscal 2007, as a result of the upgrading of system functions, individual customers are now able to conduct foreign currency deposit transactions on a 24-hour basis on weekdays using real-time exchange rates via One's Direct.

Diversification of Investments and Efficient Use of ALM

SMBC has upgraded its systems to allow for the flexible expansion and selection of the range of investments by centralizing interest rate, equity, and alternative investments in one department while also expanding the number of personnel engaged in making own-account investments at overseas offices. In addition, the bank is positioned to conduct appropriate ALM operations in response to changing market conditions.

Group Companies (as of March 31, 2008)



SUMITOMO MITSUI FINANCIAL GROUP

www.smfg.co.jp

The companies of the Sumitomo Mitsui Financial Group (SMFG) offer a diverse range of financial services, centered on banking operations, and including credit card services, leasing, information services, and securities.

Our Mission

- To provide optimum added value to our customers and together with them achieve growth
- To create sustainable shareholder value through business growth
- To provide a challenging and professionally rewarding work environment for our dedicated employees

Company Name: Sumitomo Mitsui Financial Group, Inc.
Business Description: Management of banking subsidiaries (under the stipulations of Japan's Banking Law) and of non-bank subsidiaries as well as performance of ancillary functions
Establishment: December 2, 2002
Head Office: 1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan
Chairman of the Board: Masayuki Oku (Concurrent President at Sumitomo Mitsui Banking Corporation)
President: Teisuke Kitayama (Concurrent Chairman of the Board of Directors at Sumitomo Mitsui Banking Corporation)
Capital: ¥1,420.9 billion
Stock Exchange Listings: Tokyo Stock Exchange (First Section)
 Osaka Securities Exchange (First Section)
 Nagoya Stock Exchange (First Section)



SUMITOMO MITSUI BANKING CORPORATION

www.smbc.co.jp



Sumitomo Mitsui Banking Corporation (SMBC) was established in April 2001 through the merger of two leading banks: The Sakura Bank, Limited, and The Sumitomo Bank, Limited. Sumitomo Mitsui Financial Group, Inc., was established through a stock transfer as a holding company, and SMBC became a wholly owned subsidiary of SMFG. SMBC's competitive advantages include a strong customer base, the quick implementation of strategies, and an extensive lineup of financial products and services that leverage the expertise of strategic Group companies in specialized areas. SMBC, as a core member of SMFG, works together with other members of the Group to offer customers highly sophisticated, comprehensive financial services.

Company Name: Sumitomo Mitsui Banking Corporation
Business Profile: Banking
Establishment: June 6, 1996
Head Office: 1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan
President & CEO: Masayuki Oku
Number of Employees: 17,886
Number of branches and other business locations:
In Japan: 1,489*
 Branches: 473
 (Including 38 specialized deposit account branches)
 Subbranches: 157
 Agency: 1
 Offices handling non-banking business: 20
 Automated service centers: 838
Overseas: 40 locations
 Branches: 19
 Subbranches: 6
 Representative offices: 15

* The number of domestic branches excludes ATMs located in retail convenience stores.

Credit Ratings (as of June 30, 2008)

| | Long-term | Short-term |
|-------------------|-----------|------------|
| Moody's | Aa2 | P - 1 |
| Standard & Poor's | A+ | A - 1 |
| Fitch Ratings | A+ | F1 |
| R&I | A+ | a - 1 |
| JCR | AA - | J - 1+ |

Financial Information (Consolidated basis, years ended March 31) Billions of yen

| | 2008 | 2007 | 2006 | 2005 |
|------------------------|-----------|-----------|-----------|-----------|
| For the Year: | | | | |
| Ordinary income | ¥ 3,411.0 | ¥ 2,925.6 | ¥ 2,750.2 | ¥ 2,691.3 |
| Ordinary income (loss) | 734.9 | 716.6 | 862.0 | (99.7) |
| Net income (loss) | 351.8 | 401.7 | 563.5 | (278.9) |
| At Year-End: | | | | |
| Net assets | ¥ 5,080.7 | ¥ 5,412.4 | ¥ 3,598.2 | ¥ 2,633.9 |
| Total assets | 108,637.7 | 98,570.6 | 104,418.5 | 97,478.3 |



SUMITOMO MITSUI CARD COMPANY, LIMITED

www.smbc-card.com



As the pioneer in the issuance of the VISA Card in Japan and a leader in the domestic credit card industry, Sumitomo Mitsui Card Company, Limited, enjoys the strong support of its many customers and plays a major role as one of the strategic businesses of SMFG.

Leveraging its strong brand image and its excellent capabilities across a wide range of card-related services, the company provides settlement and financing services focused around providing credit services that meet customer needs. Through its credit card business operations, the company aims to actively contribute to the realization of comfortable and affluent consumer lifestyles and make further dramatic advances as a leading brand in its industry sector.

Company Name: Sumitomo Mitsui Card Company, Limited
Business Profile: Credit card services
Establishment: December 26, 1967
Head Office: Tokyo Head Office: 1-2-20, Kaigan, Minato-ku, Tokyo
 Osaka Head Office: 4-5-15, Imabashi, Chuo-ku, Osaka
President & CEO: Koichi Tsukihara
Number of Employees: 1,989

Credit Ratings (as of July 31, 2007)

| | Long-term | Short-term |
|-----|-----------|------------|
| JCR | A+ | J - 1+ |

Financial Information (Years ended March 31) Billions of yen

| | 2008 | 2007 | 2006 | 2005 |
|--------------------------------------|----------|----------|----------|----------|
| For the Year: | | | | |
| Revenue from credit card operations | ¥5,375.2 | ¥4,753.8 | ¥4,181.3 | ¥3,598.7 |
| Operating revenue | 168.4 | 157.6 | 148.2 | 132.1 |
| Operating profit | 16.9 | 14.1 | 25.8 | 23.1 |
| At Year-End: | | | | |
| Number of cardholders (in thousands) | 1,640.6 | 1,495.1 | 1,406.7 | 1,346.2 |



Sumitomo Mitsui Finance and Leasing (SMFL) was created from the merger of SMBC Leasing Company, Limited, and Sumisho Lease Co., Ltd., in October 2007. SMFL aims to become the top leasing company in Japan in terms of both quantity and quality by combining (a) the customer base and know-how of SMBC Leasing, as a bank-affiliated leasing company that can draw on the financial solutions offered by other subsidiaries of SMFG, and (b) the customer base and know-how of Sumisho Lease, as an affiliate of the Sumitomo Corporation Group, one of Japan's leading trading houses, which has business relationships along the value chains in a wide range of industries.

SMFL aims to draw on the strengths of the differing business styles and rich experience of

its two predecessor companies to anticipate emerging opportunities and offer high-value-added services that "go beyond leasing" to meet increasingly diverse customer needs, and contribute to society by conducting high-quality leasing activities as one of the leading companies in its industry.

Company Name: Sumitomo Mitsui Finance and Leasing Co., Ltd.

Business Profile: Leasing

Establishment: February 4, 1963

Head Office:

Tokyo Head Office: 3-9-4 Nishi-Shimbashi, Minato-ku, Tokyo

Osaka Head Office: 3-10-19, Minami-Semba, Chuo-ku, Osaka

President & CEO: Koji Ishida

Number of Employees: 1,504

Credit Ratings (as of June 30, 2007)

| | Long-term | Short-term |
|-----|-----------|------------|
| R&I | A+ | a - 1 |
| JCR | AA - | J - 1 + |

Financial Information (Years ended March 31)

| | Billions of yen | | | |
|---------------------------------|-----------------|--------|--------|--------|
| | 2008* | 2007* | 2006* | 2005* |
| For the Year: | | | | |
| Revenue from leasing operations | ¥1,040.5 | ¥583.6 | ¥615.5 | ¥580.0 |
| Operating revenue | 708.4 | 630.0 | 619.7 | 589.1 |
| | | 379.9 | 375.1 | 356.1 |
| Operating profit | 36.2 | 31.5 | 32.2 | 28.0 |
| | | 24.7 | 21.4 | 18.2 |

* The upper row of figures for 2005, 2006, and 2007 are for SMBC Leasing and the lower row of figures are for Sumisho Lease.



The Japan Research Institute, Limited



The Japan Research Institute, Limited (JRI), is a "knowledge engineering" company that offers high-value-added services by effectively combining its capabilities in three fields: namely, information systems integration, consulting, and think-tank services. JRI offers consulting services—principally focused on management innovation and IT-related issues, planning and implementation services for strategic information systems, and outsourcing services—for customers in financial services and a range of other industrial sectors. In addition, JRI's wide-ranging activities cover the issuance of a range of information, including research and analysis of the Japanese and overseas economies, formulation of policy recommendations, and assistance in the incubation of new businesses.

In July 2006, JRI spun off part of its operations

to create JRI Solutions, Limited, with the objective of strengthening its provision of IT solutions for corporate customers outside the Group. Drawing on the rich base of know-how accumulated in developing and operating systems for the Group companies, JRI Solutions works to offer the best IT solutions to a wider array of customers in the general industrial, financial, and public sectors.

Company Name: The Japan Research Institute, Limited
Business Profile: Systems engineering, data processing, management consulting, think-tank services

Establishment: November 1, 2002

Head Office:

Tokyo Head Office: 16 Ichibancho, Chiyoda-ku, Tokyo

Osaka Head Office: 1-5-8 Shinmachi, Nishi-ku, Osaka

President & CEO: Yasuyuki Kimoto

Number of Employees: 3,005 (Including employees of JRI Solutions)

Financial Information (Years ended March 31)

| | Billions of yen | | | |
|-------------------|-----------------|--------|--------|--------|
| | 2008* | 2007* | 2006 | 2005 |
| For the Year: | | | | |
| Operating revenue | ¥122.4 | ¥111.8 | ¥115.8 | ¥111.2 |
| Operating profit | 5.7 | 6.1 | 5.2 | 6.3 |

* Figures for fiscal 2007 and 2008 include JRI Solutions, which was spun off as a separate company in July 2006.



SMBC FRIEND SECURITIES CO., LTD.



Providing a full range of securities services, focused mainly on retail customers, SMBC Friend Securities has one of the strongest financial positions among Japanese securities companies and boasts highly efficient operations with a nationwide network of 70 offices. SMBC Friend Securities offers services closely tailored to the needs of its customers and the communities it serves. SMBC Friend Securities became a wholly owned subsidiary of SMFG through a share transfer in September 2006, and is developing business operations jointly with SMBC and other Group members by strengthening its ties with these companies.

Going forward, SMBC Friend Securities is aiming to be "a leading Japanese securities company serving the retail market", and, by offering high-quality products and services matching the needs of its customers, will continue to build strong bonds of trust with its customers.

Company Name: SMBC Friend Securities Co., Ltd.

Business Profile: Securities services

Establishment: March 2, 1948

Head Office: 7-12, Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo

President & CEO: Katsuhiko Tamaki

Number of Employees: 1,989

Financial Information (Years ended March 31)

| | Billions of yen | | | |
|-------------------|-----------------|-------|-------|-------|
| | 2008 | 2007 | 2006 | 2005 |
| For the Year: | | | | |
| Operating revenue | ¥60.5 | ¥58.7 | ¥68.5 | ¥52.3 |
| Operating profit | 19.0 | 21.2 | 31.0 | 18.0 |



Financial Highlights



Sumitomo Mitsui Financial Group

◆ Consolidated

| Year ended March 31 | Millions of yen | | | | |
|--|-----------------|--------------|--------------|-------------|-------------|
| | 2008 | 2007 | 2006 | 2005 | 2004 |
| For the Year: | | | | | |
| Total income | ¥ 4,739,040 | ¥ 3,947,786 | ¥ 3,803,089 | ¥ 3,589,871 | ¥ 3,669,531 |
| Total expenses | 3,810,084 | 3,140,996 | 2,759,726 | 3,698,406 | 3,264,636 |
| Net income (loss) | 461,536 | 441,351 | 686,841 | (234,201) | 330,414 |
| At Year-End: | | | | | |
| Total net assets | ¥ 5,224,076 | ¥ 5,331,279 | ¥ 4,454,399 | ¥ 2,775,728 | ¥ 3,070,942 |
| Total assets | 111,955,918 | 100,858,309 | 107,010,575 | 99,731,858 | 102,215,172 |
| Risk-monitored loans | 1,092,661 | 1,067,386 | 1,243,160 | 2,227,445 | 3,297,981 |
| Reserve for possible loan losses | 894,702 | 889,093 | 1,035,468 | 1,273,560 | 1,422,486 |
| Net unrealized gains on other securities | 745,420 | 1,825,168 | 1,373,337 | 696,339 | 575,612 |
| Number of employees | 46,429 | 41,428 | 40,681 | 40,683 | 42,014 |
| Selected Ratios: | | | | | |
| Capital ratio | 10.56% | 11.31% | 12.39% | 9.94% | 11.37% |
| Return on Equity | 13.23% | 13.07% | 33.15% | —% | 31.68% |
| Price Earnings Ratio | 11.06x | 18.74x | 13.72x | —x | 14.71x |
| Per Share (Yen): | | | | | |
| Net assets | ¥ 424,546.01 | ¥ 469,228.59 | ¥ 400,168.89 | ¥164,821.08 | ¥215,454.83 |
| Net income (loss) | 59,298.24 | 57,085.83 | 94,733.62 | (44,388.07) | 52,314.75 |
| Net income — diluted | 56,657.41 | 51,494.17 | 75,642.93 | — | 35,865.20 |

Notes: 1. Net unrealized gains on other securities represent the difference between the market prices and acquisition costs (or amortized costs) of "other securities." In principle, the value of stocks is calculated using the average market prices during the final month of the period. For further details, please refer to page 27.

2. The number of employees has been reported on the basis of full-time workers. The number of employees includes locally hired overseas staff members but excludes contract employees and temporary staff.

3. From the fiscal year ended March 31, 2007, SMFG has applied "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan (ASBJ) Statement No. 5) and "Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8).

4. The ASBJ has revised "Guidance on Accounting Standard for Earnings per Share" (ASBJ Guidance No. 4). From the fiscal year ended March 31, 2007, SMFG has applied the revised Guidance and calculated net assets per share by including net deferred gains (losses) on hedges.

5. From the fiscal year ended March 31, 2007 (fiscal 2006), the consolidated capital ratio has been calculated according to the formula specified in Financial Services Agency (FSA) Notification No. 20 issued in fiscal 2006, which is based on Article 52-25 of the Banking Law of Japan. The capital ratio of SMFG is calculated under Basel II. Please note that in fiscal 2005 and prior years, the capital ratio was calculated according to the formula specified in the Ministry of Finance Notification No. 62 issued in fiscal 1998, which was based on Article 52-25 of the Banking Law of Japan.

◆ Nonconsolidated

| Year ended March 31 | Millions of yen | | | | |
|--|-----------------|-------------|-------------|-------------|-------------|
| | 2008 | 2007 | 2006 | 2005 | 2004 |
| For the Year: | | | | | |
| Operating income | ¥ 111,637 | ¥ 376,479 | ¥ 55,482 | ¥ 258,866 | ¥ 55,515 |
| Dividends on investments in subsidiaries and affiliates | 89,693 | 366,680 | 46,432 | 251,735 | 47,332 |
| Operating expenses | 6,246 | 3,641 | 3,196 | 2,644 | 3,044 |
| Net income | 82,975 | 363,535 | 73,408 | 252,228 | 50,505 |
| At Year-End: | | | | | |
| Total net assets (A) | ¥ 2,968,749 | ¥ 2,997,898 | ¥ 3,935,426 | ¥ 3,319,615 | ¥ 3,172,721 |
| Total assets (B) | 4,021,217 | 3,959,444 | 4,166,332 | 3,795,110 | 3,403,007 |
| Total net assets to total assets (A) / (B) | 73.83% | 75.72% | 94.46% | 87.47% | 93.23% |
| Capital stock..... | 1,420,877 | 1,420,877 | 1,420,877 | 1,352,651 | 1,247,650 |
| Number of shares issued | | | | | |
| Preferred stock | 120,101 | 120,101 | 950,101 | 1,057,188 | 1,132,099 |
| Common stock | 7,733,653 | 7,733,653 | 7,424,172 | 6,273,792 | 5,796,010 |
| Number of employees | 136 | 131 | 124 | 115 | 97 |
| Selected Ratios: | | | | | |
| Return on Equity..... | 2.67% | 13.71% | 2.38% | 15.47% | 1.57% |
| Price Earnings Ratio..... | 71.82x | 23.10x | 190.16x | 18.95x | 207.86x |
| Dividend payout ratio | 131.37% | 15.31% | 46.64% | 7.81% | 80.97% |
| Per Share (Yen): | | | | | |
| Net assets..... | ¥339,454.71 | ¥342,382.75 | ¥330,206.27 | ¥257,487.78 | ¥232,550.74 |
| Dividends: | | | | | |
| Common stock..... | 12,000 | 7,000 | 3,000 | 3,000 | 3,000 |
| Preferred stock (Type 1) | — | — | 10,500 | 10,500 | 10,500 |
| Preferred stock (Type 2) | — | — | 28,500 | 28,500 | 28,500 |
| Preferred stock (Type 3) | — | — | 13,700 | 13,700 | 13,700 |
| Preferred stock (1st series Type 4) | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 |
| Preferred stock (2nd series Type 4) | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 |
| Preferred stock (3rd series Type 4) | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 |
| Preferred stock (4th series Type 4) | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 |
| Preferred stock (5th series Type 4) | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 |
| Preferred stock (6th series Type 4) | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 |
| Preferred stock (7th series Type 4) | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 |
| Preferred stock (8th series Type 4) | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 |
| Preferred stock (9th series Type 4) | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 |
| Preferred stock (10th series Type 4) | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 |
| Preferred stock (11th series Type 4) | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 |
| Preferred stock (12th series Type 4) | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 |
| Preferred stock (13th series Type 4) | / | / | / | 67,500 | 67,500 |
| Preferred stock (1st series Type 6) | 88,500 | 88,500 | 88,500 | 728 | / |
| Net income | 9,134.13 | 46,326.41 | 6,836.35 | 38,302.88 | 3,704.49 |
| Net income — diluted | 9,133.76 | 41,973.46 | 6,737.46 | 25,178.44 | 3,690.72 |

Notes: 1. All SMFG employees are seconded from SMBC and other Group companies.

2. From the fiscal year ended March 31, 2007, in calculating total net assets and total assets, SMFG has applied "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8).

3. The ASBJ has revised "Guidance on Accounting Standard for Earnings per Share" (ASBJ Guidance No. 4). From the fiscal year ended March 31, 2007, SMFG has applied the revised Guidance and calculated net assets per share by including net deferred gains (losses) on hedges.

◆ Consolidated

| Year ended March 31 | Millions of yen | | | | |
|--|-----------------|-------------|-------------|-------------|-------------|
| | 2008 | 2007 | 2006 | 2005 | 2004 |
| For the Year: | | | | | |
| Total income | ¥ 3,417,611 | ¥ 2,971,693 | ¥ 2,789,433 | ¥ 2,699,202 | ¥ 2,843,502 |
| Total expenses | 2,691,606 | 2,220,971 | 1,903,374 | 2,875,897 | 2,487,197 |
| Net income (loss) | 351,820 | 401,795 | 563,584 | (278,995) | 301,664 |
| At Year-End: | | | | | |
| Total net assets | ¥ 5,080,747 | ¥ 5,412,458 | ¥ 3,598,294 | ¥ 2,633,912 | ¥ 2,722,161 |
| Total assets | 108,637,791 | 98,570,638 | 104,418,597 | 97,478,308 | 99,843,258 |
| Risk-monitored loans | 1,073,471 | 1,047,566 | 1,219,383 | 2,186,739 | 3,229,219 |
| Reserve for possible loan losses | 848,031 | 860,799 | 1,006,223 | 1,239,882 | 1,375,921 |
| Net unrealized gains on other securities | 754,456 | 1,852,971 | 1,337,192 | 678,527 | 568,407 |
| Number of employees | 36,085 | 31,718 | 32,918 | 32,868 | 33,895 |
| Selected Ratios: | | | | | |
| Capital ratio | 12.19% | 12.95% | 10.77% | 10.60% | 10.89% |
| Return on Equity | 9.56% | 12.95% | 30.15% | —% | 25.38% |
| Per Share (Yen): | | | | | |
| Net assets | ¥ 60,442.81 | ¥ 67,823.69 | ¥ 41,444.83 | ¥ 23,977.62 | ¥ 25,928.02 |
| Net income (loss) | 6,132.91 | 7,072.09 | 9,864.54 | (5,300.46) | 5,238.85 |
| Net income — diluted | 6,132.75 | 7,012.46 | 9,827.19 | — | 5,231.31 |

Notes: 1. Net unrealized gains on other securities represent the difference between the market prices and acquisition costs (or amortized costs) of "other securities." In principle, the value of stocks is calculated using the average market prices during the final month of the period.

2. The number of employees has been reported on the basis of full-time workers. The number of employees includes locally hired overseas staff members but excludes contract employees and temporary staff.

3. From the fiscal year ended March 31, 2007, SMBC has applied "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan (ASBJ) Statement No. 5) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8).

4. The ASBJ has revised "Guidance on Accounting Standard for Earnings per Share" (ASBJ Guidance No. 4). From the fiscal year ended March 31, 2007, SMBC has applied the revised Guidance and calculated net assets per share by including net deferred gains (losses) on hedges.

5. From the fiscal year ended March 31, 2007 (fiscal 2006), the consolidated capital ratio has been calculated according to the formula specified in the Financial Services Agency (FSA) Notification No. 19 issued in fiscal 2006, which is based on Article 14-2 of the Banking Law of Japan. The consolidated capital ratio of SMBC is calculated according to Basel II. Please note that in fiscal 2005 and prior years, the capital ratio was calculated according to the formula specified in Ministry of Finance Notification No. 55 issued in fiscal 1993, which was based on Article 14-2 of the Banking Law of Japan.

◆ Nonconsolidated

| Year ended March 31 | Millions of yen | | | | |
|---|-----------------|-------------|-------------|-------------|-------------|
| | 2008 | 2007 | 2006 | 2005 | 2004 |
| For the Year: | | | | | |
| Total income | ¥ 2,944,677 | ¥ 2,492,577 | ¥ 2,322,699 | ¥ 2,290,935 | ¥ 2,489,187 |
| Total expenses | 2,437,222 | 1,905,648 | 1,576,026 | 2,391,014 | 2,170,341 |
| Net income (loss) | 205,742 | 315,740 | 519,520 | (136,854) | 301,113 |
| (Appendix) | | | | | |
| Gross banking profit (A) | 1,484,783 | 1,344,490 | 1,552,033 | 1,522,861 | 1,584,127 |
| Banking profit | 819,691 | 782,330 | 810,593 | 1,291,972 | 1,000,132 |
| Banking profit (before provision for general reserve for possible loan losses) | 819,691 | 740,601 | 965,573 | 940,495 | 1,000,132 |
| Expenses (excluding nonrecurring losses)(B) | 665,091 | 603,888 | 586,459 | 582,365 | 583,995 |
| At Year-End: | | | | | |
| Total net assets | ¥ 3,493,249 | ¥ 3,992,884 | ¥ 3,634,776 | ¥ 2,752,735 | ¥ 2,870,870 |
| Total assets | 100,033,020 | 91,537,228 | 97,443,428 | 91,129,776 | 94,109,074 |
| Deposits | 69,382,834 | 68,809,338 | 68,222,167 | 65,591,627 | 63,656,771 |
| Loans and bills discounted | 56,957,813 | 53,756,440 | 51,857,559 | 50,067,586 | 50,810,144 |
| Securities..... | 22,758,241 | 20,060,873 | 25,202,541 | 23,676,696 | 26,592,584 |
| Risk-monitored loans | 770,587 | 721,064 | 914,173 | 1,735,863 | 2,774,889 |
| Problem assets based on the | | | | | |
| Financial Reconstruction Law | 803,939 | 738,667 | 960,095 | 1,824,622 | 2,811,234 |
| Reserve for possible loan losses | 620,004 | 677,573 | 816,437 | 989,121 | 1,250,751 |
| Net unrealized gains on other securities | 755,749 | 1,832,891 | 1,316,206 | 651,385 | 556,146 |
| Trust assets and liabilities | 1,175,711 | 1,174,396 | 1,305,915 | 777,177 | 429,388 |
| Loans and bills discounted | 223,740 | 5,350 | 7,870 | 9,780 | 10,000 |
| Securities..... | 273,504 | 267,110 | 238,205 | 81,840 | 4,645 |
| Capital stock..... | 664,986 | 664,986 | 664,986 | 664,986 | 559,985 |
| Number of shares issued (in thousands) | | | | | |
| Preferred stock | 70 | 70 | 900 | 900 | 967 |
| Common stock..... | 56,355 | 56,355 | 55,212 | 55,212 | 54,811 |
| Number of employees | 17,886 | 16,407 | 16,050 | 16,338 | 17,546 |
| Selected Ratios: | | | | | |
| Capital ratio | 12.67% | 13.45% | 11.35% | 11.32% | 11.36% |
| Return on Equity | 5.64% | 10.13% | 26.57% | —% | 22.49% |
| Dividend payout ratio | 41.99% | 13.89% | 63.02% | —% | 79.88% |
| Overhead ratio (B) / (A) | 44.8% | 44.9% | 37.8% | 38.2% | 36.9% |
| Per Share (Yen): | | | | | |
| Net assets | ¥ 58,204.22 | ¥ 67,124.90 | ¥ 42,105.57 | ¥ 26,129.71 | ¥ 28,641.10 |
| Dividends: | | | | | |
| Common stock..... | 1,487 | 763 | 5,714 | 683 | 4,177 |
| Preferred stock (Type 1) | / | / | 10,500 | 10,500 | 10,500 |
| Preferred stock (Type 2) | / | / | 28,500 | 28,500 | 28,500 |
| Preferred stock (Type 3) | / | / | 13,700 | 13,700 | 13,700 |
| Preferred stock (1st series Type 6) | 88,500 | 88,500 | 88,500 | 485 | / |
| Net income (loss) | 3,540.84 | 5,533.69 | 9,066.46 | (2,718.23) | 5,228.80 |
| Net income — diluted | — | 5,487.21 | 9,050.63 | — | 5,221.53 |

Notes: 1. For definitions of risk-monitored loans and problem assets based on the Financial Reconstruction Law, please refer to page 185.

2. Net unrealized gains on other securities represent the difference between the market prices and acquisition costs (or amortized costs) of "other securities." The value of stocks is calculated using the average market prices during the final month of the period. For further details, please refer to page 32.

3. The number of employees has been reported on the basis of full-time workers. The number of employees includes locally hired overseas staff members but excludes contract employees, temporary staff, and executive officers who are not also Board members.

4. From the fiscal year ended March 31, 2007, SMBC has applied "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan (ASBJ) Statement No. 5) and "Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8).

5. The ASBJ has revised "Guidance on Accounting Standard for Earnings per Share" (ASBJ Guidance No. 4). From the fiscal year ended March 31, 2007, SMBC has applied the revised Guidance and calculated net assets per share by including net deferred gains (losses) on hedges.

6. From the fiscal year ended March 31, 2007 (fiscal 2006), the nonconsolidated capital ratio has been calculated according to the formula specified in the Financial Services Agency (FSA) Notification No. 19 issued in fiscal 2006, which is based on Article 14-2 of the Banking Law of Japan. The nonconsolidated capital ratio of SMBC is calculated according to Basel II. Please note that, in fiscal 2005 and prior years, the capital ratio was calculated according to the formula specified in the Ministry of Finance Notification No. 55 issued in 1993, which was based on Article 14-2 of the Banking Law of Japan.

1. Operating Results

Operating results for fiscal 2007 include the results of 268 consolidated subsidiaries (158 in Japan and 110 overseas) and 74 subsidiaries and affiliates accounted for by the equity method (48 in Japan and 26 overseas).

Gross profit increased ¥210.0 billion year on year, to ¥2,116.2 billion. The principal reason for this increase was an improvement in net trading income. Although in the previous year SMBC reported losses on the sale of bonds from its portfolio, as it

contracted its holdings to reduce risk, during the fiscal year under review, SMBC managed its portfolio to take advantage of movements in interest rates in Japan and overseas and reported a major increase in net trading income. After taking account of general and administrative expenses, credit cost, net gains on stocks, equity in earnings (losses) of affiliates, and other items, ordinary profit increased ¥32.5 billion, to ¥831.1 billion. Net income—which is ordinary profit after taking account of extra-

◆Number of Consolidated Subsidiaries and Subsidiaries and Affiliates Accounted for by the Equity Method

| March 31 | 2008 (A) | 2007 (B) | Increase (decrease) (A) – (B) |
|--|----------|----------|----------------------------------|
| Consolidated subsidiaries | 268 | 181 | 87 |
| Subsidiaries and affiliates accounted for by the equity method | 74 | 62 | 12 |

◆Income Summary

| Year ended March 31 | Millions of yen | | Increase (decrease) (A) – (B) |
|--|-----------------|-------------|----------------------------------|
| | 2008 (A) | 2007 (B) | |
| Consolidated gross profit | ¥2,116,248 | ¥1,906,173 | ¥ 210,075 |
| Net interest income | 1,210,383 | 1,168,592 | 41,791 |
| Trust fees | 3,752 | 3,508 | 244 |
| Net fees and commissions | 611,993 | 609,185 | 2,808 |
| Net trading income | 469,571 | 125,625 | 343,946 |
| Net other operating income (expenses) | (179,453) | (738) | (178,715) |
| General and administrative expenses | (978,896) | (888,561) | (90,335) |
| Credit cost (A) | (249,922) | (146,186) | (103,736) |
| Write-off of loans | (141,750) | (81,415) | (60,335) |
| Provision for specific reserve for possible loan losses | (172,570) | (77,446) | (95,124) |
| Provision for general reserve for possible loan losses | 99,350 | 53,370 | 45,980 |
| Others | (34,952) | (40,695) | 5,743 |
| Net gains (losses) on stocks | (7,063) | 44,730 | (51,793) |
| Equity in earnings (losses) of affiliates | (41,760) | (104,170) | 62,410 |
| Net other income (expenses) | (7,444) | (13,374) | 5,930 |
| Ordinary profit | 831,160 | 798,610 | 32,550 |
| Extraordinary gains (losses) | 97,795 | 8,180 | 89,615 |
| Losses on impairment of fixed assets | (5,161) | (30,548) | 25,387 |
| Gains on collection of written-off claims (B) | 1,355 | 1,236 | 119 |
| Gains on return of securities from retirement benefits trust | — | 36,330 | (36,330) |
| Gain due to change in equity ownership of affiliates | 103,133 | — | 103,133 |
| Income before income taxes and minority interests | 928,955 | 806,790 | 122,165 |
| Income taxes: | | | |
| Current | (103,900) | (87,818) | (16,082) |
| Deferred | (282,538) | (218,770) | (63,768) |
| Minority interests in net income | (80,980) | (58,850) | (22,130) |
| Net income | ¥ 461,536 | ¥ 441,351 | ¥ 20,185 |
| Total credit cost (A) + (B) | ¥ (248,566) | ¥ (144,950) | ¥(103,616) |
| [Reference] | | | |
| Consolidated banking profit (Billions of yen) | ¥ 1,022.9 | ¥ 924.2 | ¥ 98.7 |

Notes: 1. Consolidated gross profit = (Interest income – Interest expenses) + Trust fees + (Fees and commissions (income) – Fees and commissions (expenses)) + (Trading profits – Trading losses) + (Other operating income – Other operating expenses)

2. Consolidated banking profit = SMBC's nonconsolidated banking profit (before provision for general reserve for possible loan losses) + SMFG's ordinary profit + Ordinary profit of other subsidiaries (excluding nonrecurring factors) + (Ordinary profit of equity-method affiliates x Ownership ratio) – Internal transactions (dividends, etc.)

ordinary gains (losses), income taxes, and other items—rose ¥20.1 billion, to ¥461.5 billion.

In addition, deposits at the end of the fiscal year under review rose ¥534.4 billion in comparison with March 31, 2007, to ¥72,690.6 billion, and negotiable certificates of deposit increased ¥488.9 billion, to ¥3,078.1 billion.

Meanwhile, loans and bills discounted rose ¥3,455.5 billion year on year, to ¥62,144.8 billion, and the balance of securities increased ¥2,980.0 billion, to ¥23,517.5 billion.

Net assets amounted to ¥5,224.0 billion, and, of this total, stockholders' equity was ¥3,095.3 billion.

◆Assets, Liabilities and Net Assets

| March 31 | Millions of yen | | |
|--|-----------------|--------------|----------------------------------|
| | 2008 (A) | 2007 (B) | Increase (decrease) (A) – (B) |
| Assets | ¥111,955,918 | ¥100,858,309 | ¥11,097,609 |
| Securities | 23,517,501 | 20,537,500 | 2,980,001 |
| Loans and bills discounted | 62,144,874 | 58,689,322 | 3,455,552 |
| Liabilities | 106,731,842 | 95,527,029 | 11,204,813 |
| Deposits..... | 72,690,624 | 72,156,224 | 534,400 |
| Negotiable certificates of deposit | 3,078,149 | 2,589,217 | 488,932 |
| Net assets | 5,224,076 | 5,331,279 | (107,203) |

2. Unrealized Gains (Losses) on Securities

Net unrealized gains on securities as of March 31, 2008, amounted to ¥762.1 billion, a decline of ¥1,050.2 billion from the end of the previous fiscal year, reflecting a decrease in the value of equities and other factors. Of this total, net unrealized gains on

other securities, including “other money held in trust”—which are directly credited to net assets—declined ¥1,080.0 billion, to ¥745.3 billion.

◆Unrealized Gains (Losses) on Securities

| March 31 | Millions of yen | | | | | | |
|-----------------------------------|--------------------------------------|-------------|---------------------|----------------------|--------------------------------------|---------------------|----------------------|
| | 2008 | | | | 2007 | | |
| | Net unrealized gains (losses) (A) | (A) – (B) | Unrealized gains | Unrealized losses | Net unrealized gains (losses) (B) | Unrealized gains | Unrealized losses |
| Held-to-maturity securities | ¥ 16,755 | ¥ 29,820 | ¥ 18,379 | ¥ 1,623 | ¥ (13,065) | ¥ 200 | ¥ 13,266 |
| Other securities | 745,420 | (1,079,748) | 1,042,530 | 297,109 | 1,825,168 | 2,032,120 | 206,952 |
| Stocks | 936,228 | (1,036,419) | 999,414 | 63,186 | 1,972,647 | 1,987,337 | 14,689 |
| Bonds | (132,892) | 24,475 | 18,645 | 151,537 | (157,367) | 1,805 | 159,173 |
| Others | (57,915) | (67,803) | 24,469 | 82,385 | 9,888 | 42,977 | 33,089 |
| Other money held in trust | (29) | (351) | — | 29 | 322 | 322 | — |
| Total | 762,146 | (1,050,278) | 1,060,909 | 298,763 | 1,812,424 | 2,032,643 | 220,218 |
| Stocks | 936,228 | (1,036,419) | 999,414 | 63,186 | 1,972,647 | 1,987,337 | 14,689 |
| Bonds | (115,944) | 54,669 | 37,025 | 152,969 | (170,613) | 1,825 | 172,439 |
| Others | (58,137) | (68,528) | 24,469 | 82,607 | 10,391 | 43,480 | 33,089 |

- Notes: 1. The figures above include unrealized gains (losses) on negotiable certificates of deposit bought in “Deposits with banks” and beneficiary certificates on loan trusts in “Commercial paper and other debt purchased.”
2. Unrealized gains (losses) on stocks are mainly calculated using the average market price during the final month of the respective reporting period. The remainder of the securities are valued at the market price as of the balance sheet date.
3. “Other securities” and “Other money held in trust” are valued and recorded on the consolidated balance sheet at market prices. The figures in the table above indicate the differences between the acquisition costs (or amortized costs) and the balance sheet amounts.

3. Consolidated Capital Ratio

SMFG's consolidated capital ratio as of March 31, 2008, was 10.56%, which was 0.75 percentage point lower than at March 31, 2007.

Total capital, which is the numerator in the capital ratio calculation equation, amounted to ¥6,665.5 billion at fiscal year-end, which was ¥187.1 billion lower than at the end of the previous fiscal year. Although retained earnings increased for the fiscal year as a result of the reporting of net income, net unrealized gains on

other securities, which is an item directly credited to net assets, declined because of the drop in stock market prices, thus contributing to the overall decline in total capital.

Risk-adjusted assets, the denominator in the equation, amounted to ¥63,117.3 billion, which was ¥2,577.0 billion higher than at the end of the previous fiscal year, owing to an increase in lending overseas and the merger of leasing companies.

◆Consolidated Capital Ratio

| March 31 | Millions of yen | | |
|--|-----------------|-------------|----------------------------------|
| | 2008 (A) | 2007 (B) | Increase (decrease) (A) – (B) |
| Tier I capital | ¥ 4,381,464 | ¥ 3,903,257 | ¥ 478,207 |
| Tier II capital included as qualifying capital | 3,021,872 | 3,640,226 | (618,354) |
| Deductions | (737,792) | (690,759) | (47,033) |
| Total capital | 6,665,543 | 6,852,723 | (187,180) |
| Risk-adjusted assets | 63,117,349 | 60,540,346 | 2,577,003 |
| Consolidated capital ratio | 10.56% | 11.31% | (0.75%) |

4. Dividend Policy

In view of the public nature of its business, SMFG has set a fundamental policy of increasing dividends stably and continuously through sustainable growth in corporate value, while enhancing the Group's capital to maintain a sound financial position. By the fiscal year ending March 31, 2010, the final year of its "LEAD THE VALUE" medium-term management plan, SMFG is aiming for a dividend payout ratio of over 20% on a consolidated net income basis.

Based on this policy, SMFG decided to pay a term-end divi-

dent of ¥12,000 per share of common stock for the fiscal year ended March 31, 2008, a year-on-year increase of ¥5,000. Annual dividends on preferred stocks were paid in the predetermined amounts for each category of preferred stock.

SMFG will employ its retained earnings to implement strategic initiatives that will increase its corporate value. These initiatives will be centered, first, on strengthening its position in targeted growth business areas, and, second, on fortifying the Group's business platform for supporting sustainable growth.

5. Deferred Tax Assets

SMFG has adopted a conservative stance regarding the recognition of deferred tax assets in consideration of the need to secure a sound financial position. During the fiscal year under review, net deferred tax assets, which are deferred tax assets minus deferred tax liabilities, increased ¥97.2 billion from the end of the previous

fiscal year and amounted to ¥933.4 billion. The principal cause of this increase in net deferred tax assets was a decline in net unrealized gains on other securities because of the drop in stock market prices, which reduced deferred tax liabilities.

◆Deferred Tax Assets

| March 31 | Millions of yen | | |
|--|-----------------|----------|----------------------------------|
| | 2008 (A) | 2007 (B) | Increase (decrease) (A) – (B) |
| Net deferred tax assets | ¥933,481 | ¥836,270 | ¥ 97,211 |
| Net deferred tax assets / Tier I capital × 100 | 21.3% | 21.4% | (0.1%) |



1. Operating Results

Gross banking profit in fiscal 2007 increased ¥140.2 billion from the previous year, to ¥1,484.7 billion, and expenses (excluding nonrecurring losses) rose ¥61.2 billion, to ¥665.0 billion. As a consequence, banking profit (before provision for general reserve for possible loan losses) expanded ¥79.0 billion, to ¥819.6 billion.

Ordinary profit, calculated by adjusting banking profit (before provision for general reserve for possible loan losses) for non-recurring items, such as total credit cost and gains on stocks, declined ¥62.5 billion, to ¥510.7 billion.

After adjusting ordinary profit for extraordinary gains (losses) and income taxes, net income amounted to ¥205.7 billion, representing a decline of ¥109.9 billion from the previous fiscal year.

2. Income Analysis

Gross Banking Profit

Gross banking profit increased ¥140.2 billion over the previous fiscal year, to ¥1,484.7 billion. The principal reason for this increase was an improvement in net trading income. Although in the previous year SMBC reported losses on the sale of bonds from its portfolio, as it contracted its holdings to reduce risk, during the

fiscal year under review, SMBC managed its portfolio to take advantage of movements in interest rates in Japan and overseas and reported a major increase in net trading income.

Expenses

Expenses (excluding nonrecurring losses) increased ¥61.2 billion, to ¥665.0 billion. Although the bank continued to implement measures to improve efficiency in existing business activities and conducted other activities to reduce costs, the principal cause of this increase in expenses was a higher level of expenditures to increase human resources in strategic businesses and overseas offices as well as expenses used for increasing business promotion, developing new products, and other activities directed at business expansion.

Banking Profit

Banking profit (before provision for general reserve for possible loan losses) increased ¥79.0 billion from the previous fiscal year, to ¥819.6 billion.

◆Banking Profit

| Year ended March 31 | Millions of yen | | |
|--|-----------------|-------------|----------------------------------|
| | 2008 (A) | 2007 (B) | Increase (decrease) (A) – (B) |
| Gross banking profit | ¥ 1,484,783 | ¥ 1,344,490 | ¥ 140,293 |
| [Gross domestic banking profit] | 1,198,285 | [1,149,941] | 48,344 |
| [Gross international banking profit] | 286,497 | [194,548] | 91,949 |
| Net interest income | 970,818 | 937,452 | 33,366 |
| Trust fees | 3,710 | 3,482 | 228 |
| Net fees and commissions | 332,362 | 353,416 | (21,054) |
| Net trading income | 440,985 | 101,620 | 339,365 |
| Net other operating income (expenses) | (263,093) | (51,482) | (211,611) |
| [Gross banking profit (excluding gains (losses) on bonds)] | [1,514,841] | [1,456,903] | [57,938] |
| Expenses (excluding nonrecurring losses) | (665,091) | (603,888) | (61,203) |
| Personnel expenses | (211,681) | (190,630) | (21,051) |
| Nonpersonnel expenses | (413,317) | (378,240) | (35,077) |
| Taxes | (40,092) | (35,017) | (5,075) |
| Banking profit (before provision for general reserve for possible loan losses) | 819,691 | 740,601 | 79,090 |
| [Banking profit (before provision for general reserve for possible loan losses and gains (losses) on bonds)] | [849,750] | [853,015] | [(3,265)] |
| Provision for general reserve for possible loan losses | — | 41,728 | (41,728) |
| Banking profit | 819,691 | 782,330 | 37,361 |

For reference:

◆Banking Profit by Business Unit

| Year ended March 31, 2008 | Billions of yen | | | | | | |
|--|-----------------------|----------------------------|------------------------|----------------------------|---------------|----------|--------|
| | Consumer Banking Unit | Middle Market Banking Unit | Corporate Banking Unit | International Banking Unit | Treasury Unit | Others | Total |
| Banking profit (before provision for general reserve for possible loan losses) | ¥169.3 | ¥421.2 | ¥155.6 | ¥81.5 | ¥127.8 | ¥(135.7) | ¥819.6 |
| Year-on-year increase (decrease) | +7.8 | +1.1 | (2.7) | +6.8 | +93.8 | (27.7) | +79.1 |

Notes: 1. Year-on-year comparisons are those used for internal reporting and exclude changes due to interest rate and foreign exchange rate fluctuations.

2. "Others" includes (1) financing costs on preferred securities and subordinated debt, (2) profit earned on investing the bank's own capital, and (3) adjustment of inter-unit transactions.

Nonrecurring Gains (Losses) (Credit Cost, etc.)

Nonrecurring losses amounted to ¥308.9 billion, which was ¥99.9 billion higher than for the previous fiscal year. Although the item "Others" among nonrecurring losses showed an improvement of ¥75.5 billion from the previous fiscal year due to a substantial reduction in the provision to the general reserve for possible losses on investments, the bank reported write-offs related to equities and others as a result of the decline in stock prices, and net gains on stocks declined ¥152.1 billion, to ¥141.0 billion.

Please note that total credit cost—which is the combined total of credit cost of ¥155.0 billion recorded under "Nonrecurring gains (losses)," the provision for general reserve for possible loan losses, and gains on the collection of written-off claims—amounted to ¥147.7 billion, which was ¥58.2 billion higher than in the previous fiscal year.

Ordinary Profit

As a result of the foregoing, ordinary profit totaled ¥510.7 billion, ¥62.5 billion lower than in the previous fiscal year.

Extraordinary Gains (Losses)

Net extraordinary losses amounted to ¥3.2 billion, which represented a deterioration of ¥16.8 billion from the amount of extraordinary gains reported in the prior year.

Net Income

Current income taxes amounted to ¥16.0 billion, and deferred income taxes were ¥285.6 billion. As a result, net income decreased ¥109.9 billion, to ¥205.7 billion.

◆ Ordinary Profit and Net Income

| Year ended March 31 | Millions of yen | | |
|--|-----------------|------------|----------------------------------|
| | 2008 (A) | 2007 (B) | Increase (decrease) (A) – (B) |
| Banking profit (before provision for general reserve for possible loan losses) | ¥ 819,691 | ¥ 740,601 | ¥ 79,090 |
| Provision for general reserve for possible loan losses (A) | — | 41,728 | (41,728) |
| Banking profit | 819,691 | 782,330 | 37,361 |
| Nonrecurring gains (losses) | (308,952) | (209,017) | (99,935) |
| Credit cost (B) | (155,011) | (131,676) | (23,335) |
| Net gains on stocks | (141,002) | 11,098 | (152,100) |
| Gains on sale of stocks | 26,718 | 50,204 | (23,486) |
| Losses on sale of stocks | (2,311) | (546) | (1,765) |
| Losses on devaluation of stocks | (165,409) | (38,559) | (126,850) |
| Others | (12,937) | (88,439) | 75,502 |
| Ordinary profit | 510,739 | 573,313 | (62,574) |
| Extraordinary gains (losses) | (3,284) | 13,615 | (16,899) |
| Losses on disposal of fixed assets | (5,849) | (1,680) | (4,169) |
| Losses on impairment of fixed assets | (4,700) | (3,680) | (1,020) |
| Reversal of reserve for possible loan losses (C) | 7,238 | — | 7,238 |
| Gains on collection of written-off claims (D) | 7 | 455 | (448) |
| Gains on return of securities from retirement benefits trust | — | 36,330 | (36,330) |
| Losses on liquidation of subsidiary | — | (17,809) | 17,809 |
| Income taxes: | | | |
| Current | (16,031) | (16,507) | 476 |
| Deferred | (285,680) | (254,680) | (31,000) |
| Net income | ¥ 205,742 | ¥ 315,740 | ¥(109,998) |
| Total credit cost (A) + (B) + (C) + (D) | ¥(147,765) | ¥ (89,491) | ¥ (58,274) |
| Provision for general reserve for possible loan losses | 96,900 | 41,728 | 55,172 |
| Write-off of loans | (121,801) | (50,468) | (71,333) |
| Provision for specific reserve for possible loan losses | (91,603) | (44,358) | (47,245) |
| Losses on sales of delinquent loans | (33,209) | (37,262) | 4,053 |
| Provision for loan loss reserve for specific overseas countries | 1,941 | 412 | 1,529 |
| Gains on collection of written-off claims | 7 | 455 | (448) |

3. Assets, Liabilities and Net Assets

Assets

SMBC's assets as of March 31, 2008, were ¥100,033.0 billion, which was ¥8,495.7 billion higher than at March 31, 2007. The principal reasons for this rise in assets were an increase in securities of ¥2,697.3 billion and an increase in loans outstanding of ¥3,201.3 billion, mainly in loans made in overseas markets. In the previous fiscal year, the bank took steps to improve its asset portfolio by reducing the volume of interest rate risk. During the fiscal year under review, the bank adopted a policy of restoring its risk volume within the scope of controllable levels, thus leading to a higher balance of assets at fiscal year-end.

In addition, the balance of problem assets based on the Financial Reconstruction Law rose ¥65.2 billion from the end of the previous fiscal year, to ¥803.9 billion. The principal factors leading to this increase were a rise in subprime loan related assets that required provisions for possible loan losses and the deterioration of the operating and financial positions of certain obligors, which led to a decline in their obligor grades. However, the problem asset ratio remained at a relatively low 1.24%.

Liabilities

Liabilities as of March 31, 2008, amounted to ¥96,539.7 billion, representing an increase of ¥8,995.4 billion from the previous fiscal year-end. This rise was primarily due to the increase in funds raised in connection with expansion in the bank's asset portfolio.

Net Assets

Net assets at fiscal year-end amounted to ¥3,493.2 billion. Of this total, stockholders' equity amounted to ¥2,927.3 billion, consisting of ¥664.9 billion in capital stock, ¥1,367.5 billion in capital surplus (including ¥702.5 billion in other capital surplus), and ¥894.8 billion in retained earnings.

Valuation and translation adjustments were ¥565.8 billion, which included ¥558.1 billion in net unrealized gains on other securities, ¥13.7 billion in deferred losses on hedges, and ¥21.5 billion in land revaluation excess.

◆Assets, Liabilities and Net Assets

| March 31 | Millions of yen | | |
|--|-----------------|-------------|----------------------------------|
| | 2008 (A) | 2007 (B) | Increase (decrease) (A) – (B) |
| Assets | ¥100,033,020 | ¥91,537,228 | ¥8,495,792 |
| Securities | 22,758,241 | 20,060,873 | 2,697,368 |
| Loans and bills discounted | 56,957,813 | 53,756,440 | 3,201,373 |
| Liabilities | 96,539,771 | 87,544,344 | 8,995,427 |
| Deposits | 66,417,260 | 66,235,002 | 182,258 |
| Negotiable certificates of deposit | 2,965,574 | 2,574,335 | 391,239 |
| Net Assets | 3,493,249 | 3,992,884 | (499,635) |

4. Unrealized Gains (Losses) on Securities

Net unrealized gains on securities as of March 31, 2008, amounted to ¥773.8 billion, which represented a decrease of ¥1,054.2 billion from the previous fiscal year-end. Net unrealized gains on other securities, including "other money held in

trust"—which is directly credited to net assets—decreased ¥1,077.4 billion, to ¥755.7 billion.

◆ Unrealized Gains (Losses) on Securities

| March 31 | Millions of yen | | | | | | |
|---|-----------------------------------|--------------------|------------------|-------------------|-----------------------------------|------------------|-------------------|
| | 2008 | | | | 2007 | | |
| | Net unrealized gains (losses) (A) | (A) – (B) | Unrealized gains | Unrealized losses | Net unrealized gains (losses) (B) | Unrealized gains | Unrealized losses |
| Held-to-maturity securities | ¥ 17,075 | ¥ 30,139 | ¥ 18,373 | ¥ 1,298 | ¥ (13,064) | ¥ 200 | ¥ 13,265 |
| Stocks of subsidiaries and affiliates | 1,054 | (6,904) | 14,885 | 13,831 | 7,958 | 85,505 | 77,547 |
| Other securities | 755,749 | (1,077,142) | 1,030,778 | 275,029 | 1,832,891 | 2,028,694 | 195,802 |
| Stocks | 936,324 | (1,042,425) | 992,665 | 56,341 | 1,978,749 | 1,990,476 | 11,727 |
| Bonds | (129,508) | 21,936 | 15,579 | 145,087 | (151,444) | 748 | 152,193 |
| Others | (51,067) | (56,654) | 22,533 | 73,600 | 5,587 | 37,469 | 31,882 |
| Other money held in trust..... | (29) | (351) | — | 29 | 322 | 322 | — |
| Total | 773,849 | (1,054,258) | 1,064,037 | 290,188 | 1,828,107 | 2,114,723 | 286,615 |
| Stocks | 937,378 | (1,049,329) | 1,007,551 | 70,172 | 1,986,707 | 2,075,981 | 89,274 |
| Bonds | (112,432) | 52,258 | 33,952 | 146,385 | (164,690) | 768 | 165,458 |
| Others | (51,096) | (57,186) | 22,533 | 73,630 | 6,090 | 37,972 | 31,882 |

- Notes: 1. The figures above include unrealized gains (losses) on negotiable certificates of deposit in "Cash and due from banks" and "Deposits with banks" as well as beneficiary claims on loan trusts and commodity investment trusts in "Commercial paper and other debt purchased."
2. Unrealized gains (losses) on stocks (excluding stocks of subsidiaries and affiliates) are calculated using the average market prices during the final month of the respective reporting period. The remainder of the securities are valued at the market price as of the balance sheet date.
3. "Other securities" and "Other money held in trust" are valued and recorded on the balance sheet at market prices. The figures in the table above indicate the differences between the acquisition costs (or amortized costs) and the balance sheet amounts.

The Group's Exposure of Securitized Products (Sumitomo Financial Group (Consolidated))

The figures contained in this section have been compiled for in-house management purposes and are as of March 31, 2008. Figures for the reserve for possible loan losses do not include provisions to the general reserve for normal borrowers.

1. Securitized products

As of March 31, 2008, the Group held approximately ¥270 billion in securitized products after write-offs and provisions, mostly to Government Sponsored Enterprises ("GSE") etc. with high credit ratings of approximately ¥220 billion.

We substantially reduced subprime-related exposure to approximately ¥5.5 billion after write-offs and provisions. The amount of loss from the reduction was approximately ¥93 billion (¥89.1 billion) of provisions and write-offs and loss on sale of ¥3.9 billion.

(Consolidated)

(Billions of yen)

| | March 31, 2008 | | | | | | | | | | | Ratings of underlying assets, etc. |
|---|--|------------------|------------------|---|--------------------------------|--|------------------|------------------|--|--------|-----|------------------------------------|
| | Balances (before write-offs) ^{1(a)} | | | Net unrealized gains / losses (before write-offs) | Provisions and write-offs (b.) | Balances (after provisions and write-offs) ^{1(a-b)} | | | Net unrealized gains / losses (after write-offs) | | | |
| | Overseas | Subprime-related | Subprime-related | | | Overseas | Subprime-related | Subprime-related | | | | |
| RMBS | ¥219.8 | ¥219.8 | ¥ — | ¥ (1.6) | ¥ — | ¥ — | ¥219.8 | ¥219.8 | ¥ — | ¥(1.6) | ¥ — | |
| Guaranteed by GSE etc. | 219.8 | 219.8 | — | (1.6) | — | — | 219.8 | 219.8 | — | (1.6) | — | AAA |
| Cards | 12.5 | 12.5 | — | (0.6) | — | — | 12.5 | 12.5 | — | (0.6) | — | A ~ BBB |
| CLO | 24.3 | 24.3 | — | (3.4) | 0.4 | — | 23.9 | 23.9 | — | (3.0) | — | |
| Senior ⁽⁴⁾ | 22.0 | 22.0 | — | (2.4) | — | — | 22.0 | 22.0 | — | (2.4) | — | AAA ~ A |
| Equity | 2.3 | 2.3 | — | (1.0) | 0.4 | — | 1.9 | 1.9 | — | (0.6) | — | No ratings |
| CMBS | 6.0 | — | — | 0 | — | — | 6.0 | — | — | 0 | — | BBB |
| ABS-CDO | 73.5 | 73.5 | 73.5 | (68.6) | 68.6 | 68.6 | 4.9 | 4.9 | 4.9 | — | — | |
| Senior ⁽⁴⁾ | 66.1 | 66.1 | 66.1 | (61.2) | 61.2 | 61.2 | 4.9 | 4.9 | 4.9 | — | — | Speculative ratings |
| Mezzanine ⁽⁵⁾ | 5.3 | 5.3 | 5.3 | (5.3) | 5.3 | 5.3 | — | — | — | — | — | Speculative ratings, No ratings |
| Equity | 2.1 | 2.1 | 2.1 | (2.1) | 2.1 | 2.1 | — | — | — | — | — | No ratings |
| Investments to securitized products (A) | 336.1 | 330.1 | 73.5 | ¥(74.2) | 69.0 | 68.6 | 267.1 | 261.1 | 4.9 | ¥(5.2) | ¥ — | |
| Warehousing loans, etc. (B) | 35.4 | 35.4 | 21.1 | / | 28.9 | 20.5 | 6.5 | 6.5 | 0.6 | / | / | |
| Total (A+B) | ¥371.5 | ¥365.5 | ¥94.6 | / | ¥97.9 | ¥89.1 | ¥273.6 | ¥267.6 | ¥5.5 | / | / | |

Notes: 1. These figures do not include the subordinated beneficiary claims (Please refer to the next page for related figures) held by SMBC in the process of liquidating loan assets.

2. The senior debt portion is the part classified in the top tranching positions with ratings of A or higher at the time of securitization. (Tranching is the establishment of a structure according to debt seniority, from senior to subordinated debt.)

3. The mezzanine portion is the part after the exclusion of both the senior portion and the portion lowest in seniority (equity).

4. Warehousing loans are loans made based on collateral consisting of securitized investment products held by a special-purpose company established for the purpose of securitization.

5. Ratings shown are the lower of those issued by Standard & Poor's and Moody's Investors Service. Ratings are shown in the ranking employed by Standard & Poor's.

6. The Group held no asset-backed commercial paper (ABCP) as of the date.

(Reference) Subordinated beneficiaries in securitization of SMBC's loans
SMBC holds a part of its securitized loan receivables as subordinated beneficiaries.

As of March 31, 2008, SMBC held approximately ¥250 billion in those subordinated beneficiaries. Most of the securitized assets are domestic residential mortgage loans with low default rates. SMBC properly conducts self-assessment and has made the necessary write-offs and provisions for the subordinated beneficiaries. No subsidiary other than SMBC has those subordinated beneficiaries mentioned above.

(Billions of yen)

| | March 31, 2008 | | | Loan loss reserve |
|---|----------------|-----------|------------------|-------------------|
| | Balance | Overseas | Subprime-related | |
| Receivables of residential mortgage loans | ¥245.5 | ¥— | ¥— | ¥— |
| Receivables of loans to corporations | 7.9 | — | — | 1.5 |
| Total | ¥253.4 | ¥— | ¥— | ¥1.5 |

2. Transactions with Monoline Insurance Companies

Monoline insurance companies guarantee payment on underlying or reference assets. Our recognition of profit or loss on the transactions with monoline insurance companies is basically affected by the credit conditions and prices of underlying or reference assets, and is also affected by the credit conditions of monoline insurance companies.

Credit derivatives (Credit Default Swap [CDS*]) transactions with monoline insurance companies

In CDS brokerage transactions, positions are covered through transactions with monoline insurance companies. As of March 31, 2008, the Group's exposure** to monoline insurance companies, all with high credit ratings, after loss provision totaled approximately ¥30 billion. Reference assets of these CDS transactions are

rated investment grade or equivalent, and do not include subprime-related assets.

We conduct self-assessment to these exposures and, in the fiscal year ended March 31, 2008, due to the substantial deterioration in creditworthiness of certain monoline insurance companies, we made loss provisions for the entire amount of the exposure to these companies and conducted a series of transactions (realized loss of approximately ¥30 billion) to set the upper limit of a loss amount associated with the exposure amount in order to avoid any additional losses.

* Derivatives to hedge credit risks.

** Mark-to-market value claimable to monoline insurance companies for net loss of reference assets on the settlement

(Consolidated)

| | March 31, 2008 | | Amount of reference assets As of Mar. 31 |
|--|----------------|-------------------|---|
| | Net exposure | Loan loss reserve | |
| Exposure to CDS transactions with monoline insurance companies | ¥31.1 | ¥1.9 | ¥559.1 |

Notes: 1. Excluding figures related to the portion to which losses (¥30 billion) have been realized through write-off

2. The credit ratings of counterparty monoline insurance companies (excluding those to which losses have been realized) are equal to or above AA, most of them are rated AAA by S&P or Moody's.

Loans and investments guaranteed by monoline insurance companies, etc.
As of March 31, 2008, the Group held approximately ¥40 billion of exposure in loans and investments guaranteed by monoline insurance companies.

Underlying assets are those of project finance and local government bonds rated investment grade or equivalent, and include no subprime-related assets. We conduct self-assessment on these loans and investments.

(Consolidated)

(Billions of yen)

| | March 31, 2008 | |
|---|----------------|-----------------|
| | Balance | Loss provisions |
| Loans and investments guaranteed or insured by monoline insurance companies | ¥41.7 | ¥— |

Reference: In addition, we had approximately ¥16 billion in commitment contracts (drawn down amount: ¥10 million) to insurance companies with monoline insurance companies as Group members. There are no indications so far that the creditworthiness of these insurance companies are at issue.

3. Leveraged Loans

As of March 31, 2008, the Group's balance of financing for mergers and acquisitions of whole or part of companies was approximately ¥840 billion and undrawn commitments for them was approximately ¥120 billion.

In providing loans and commitment lines for mergers and acquisitions, we carefully scrutinize stability of cash flow of the

borrowers, and, diversify the exposure especially for overseas portfolio in order to reduce concentration risk. At the same time, in credit risk management, we monitor each of such transactions individually, making loss provisions properly, thereby maintaining the quality of both domestic and overseas portfolios.

(Consolidated)

(Billions of yen)

| | March 31, 2008 | | |
|------------------------|----------------|---------------------|-----------------|
| | Loans | Undrawn commitments | Loss provisions |
| Europe | ¥325.4 | ¥ 11.0 | — |
| Japan | 232.3 | 17.9 | ¥13.7 |
| United States | 195.4 | 81.2 | 1.3 |
| Asia (excluding Japan) | 89.6 | 8.0 | 0.5 |
| Total | ¥842.7 | ¥118.1 | ¥15.5 |

Notes: 1. Above figures include the amount to be sold of approximately ¥80 billion. Loss on sales is expected to be below 10% to its face value, currently.

2. Above figures do not include leveraged loans which are underlying assets included in securitized products exposure shown on page 33.

4. Asset Backed Commercial Paper (ABCP) Programs as Sponsor

The Group sponsors issuance of ABCPs, whose reference assets are such as clients' receivables or other claims, in order to fulfill clients' financing needs. Specifically, as a sponsor, we provide services to special purpose vehicles, which are set up for clients' financing needs, for purchase of claims, financing, issuance and sales of ABCPs. We also provide liquidity and credit supports for such special purpose vehicles.

As of March 31, 2008, the total notional amount of reference assets of sponsored ABCP programs was approximately ¥960 billion. Most of the reference assets are high-grade claims of corporate clients and do not include subprime loan related assets. In addition, regarding the exposure of liquidity and credit supports, we properly conduct self-assessment, making provisions and write-offs properly.

(Billions of yen)

| Types of reference assets | March 31, 2008 | | | Support for programs | | |
|----------------------------------|-------------------------------------|---------------|------------------|----------------------|-------------------|----------------|
| | Notional amount of reference assets | Overseas | Subprime-related | Loss provisions | Liquidity support | Credit support |
| | | | | | | |
| Claims on corporations | ¥828.6 | ¥192.3 | ¥— | ¥0.1 | yes | yes |
| | 65.4 | — | — | — | no | no |
| Claims on financial institutions | 40.1 | 40.1 | — | — | yes | yes |
| Retail loan claims | 25.1 | 25.1 | — | — | yes | yes |
| Other claims | 2.1 | 2.1 | — | — | yes | yes |
| Total | ¥961.3 | ¥259.6 | ¥— | ¥0.1 | | |

Note: The maximum amount of credit supports provided for overseas ABCP program is limited to 10% of the balance of reference assets. On the other hand, the maximum amount of credit supports provided for domestic ABCP programs are limited to the balance of 100% of reference assets.

Reference: In addition, we provide liquidity and credit supports for ABCP programs which are sponsored by other banks. Total national amount of reference assets of such programs are approximately ¥110 billion.

5. Other

SMFG has no securities issued by Structured Investment Vehicles.

Risk Management

Basic Approach

Financial and economic deregulation, globalization, and advances in IT are generating new business opportunities for financial institutions. The risks accompanying these new business opportunities are not only increasing in number but also growing in diversity and complexity. Accordingly, identifying, measuring, and controlling risks have never been more important in the management of a financial holding company.

SMFG has encapsulated the basic principles to be employed in risk management in the manual entitled *Regulations on Risk Management*. In the manual, we have specified the basic policies for risk management: 1) Set forth SMFG's Groupwide basic policies for risk management after specifying the categories of risk to which these policies apply; 2) Provide all necessary guidance to Group companies to enable them to follow the basic risk management policies set forth by SMFG and set up their own appropriate risk management systems; and 3) Monitor the implementation of risk management by all Group companies to ensure that their practices meet the relevant standards.

(1) Types of Risk to Be Managed

At SMFG, we classify risk into the following categories: (1) credit risk, (2) market risk, (3) liquidity risk, and (4) operational risk (including processing risk and systems risk). In addition, we provide individually tailored guidance to help Group companies identify categories of risk that need to be addressed. Risk

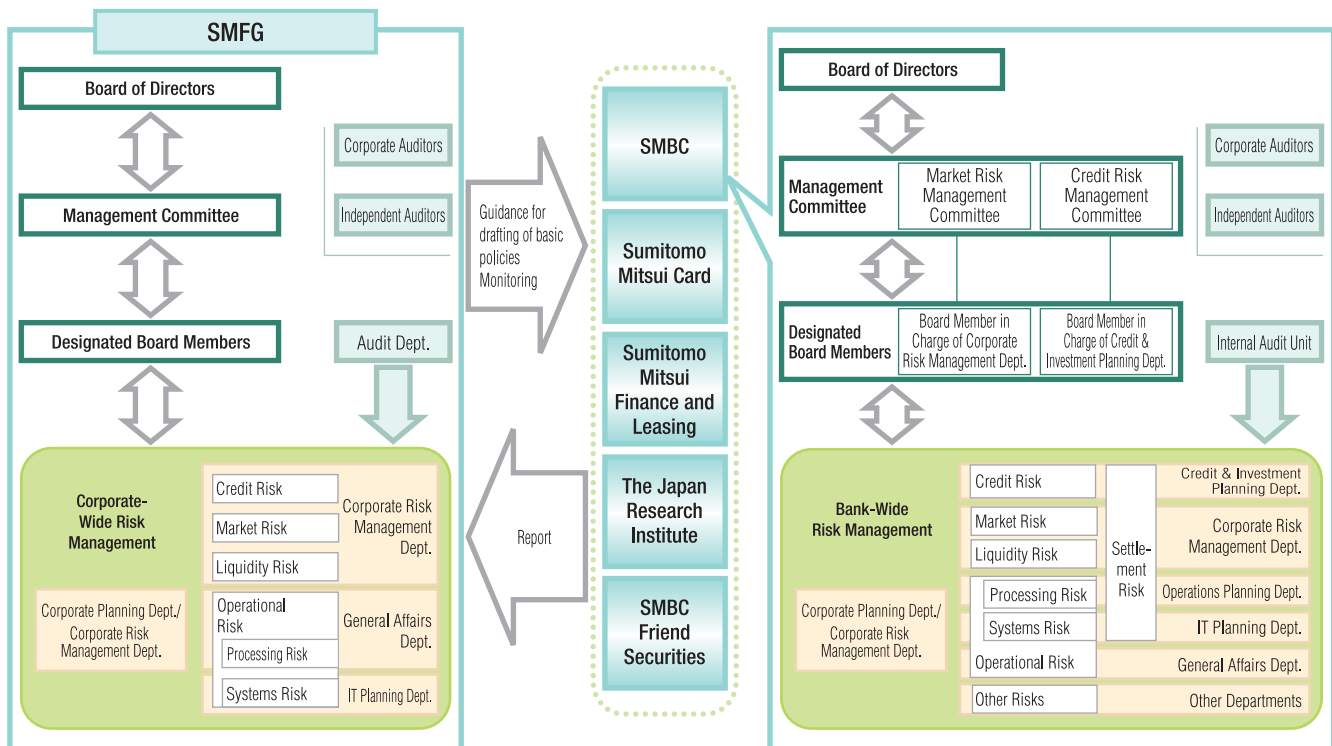
categories are constantly reviewed, and new categories may be added in response to changes in the operating environment. The Corporate Risk Management Department works with the Corporate Planning Department to comprehensively and systematically manage all these categories of risk across the entire Group.

(2) Fundamental Principles and Basic Policies for Risk Management

SMFG's Groupwide basic policies for risk management stipulate the fundamental principles for risk management that must be followed, and spell out risk management procedures from various perspectives. These include managing risk on a consolidated accounting basis, managing risk using quantification methods, ensuring consistency with business strategies, setting up a system of checks and balances, contingency planning for emergencies and serious situations, and verifying preparedness to handle all conceivable risk situations. In addition, there are specific operational policies for implementing appropriate management of risk by all Group companies.

Under SMFG's Groupwide basic policies for risk management, all Group companies periodically carry out reviews of the basic management policies for each risk category, or whenever deemed necessary, thus ensuring that the policies followed at any time are the most appropriate. The management of SMFG constantly monitors the conduct of risk management at Group companies, providing guidance when necessary.

SMFG's Risk Management System



Risk Management System

Top management plays an active role in determining SMFG's Groupwide basic policies for risk management. The system works as follows: The basic policies for risk management are determined by the Management Committee before being authorized by the Board. The Management Committee, the designated Board members, and the relevant risk management departments perform risk management according to the basic policies.

Risk management systems are in place at the individual Group companies in accordance with SMFG's Groupwide basic policies for risk management. For example, at SMBC, specific departments have been appointed to oversee the handling of the four risk categories listed above, in addition to risks associated with settlement. Each risk category is managed taking into account the particular characteristics of that category. In addition, the Corporate Risk Management Department—independent of the operating units—comprehensively and systematically manages all categories of risk in cooperation with the Corporate Planning Department.

Furthermore, under our system top management plays an active role in the drafting of basic policies for risk management. The decision-making process for addressing credit, market, and liquidity risks at the operating level is strengthened by the Credit Risk Management Committee and the Market Risk Management Committee, which are subcommittees of the Management Committee. The Management Committee is also attended by the relevant department heads.

Risk Capital-Based Management

(1) Framework

In order to maintain a balance between risk and return as well as ensure the soundness of the Group from an overall perspective, we employ the risk capital-based management method. We measure "risk capital" based on value at risk (VaR), etc. as a uniform basic measure of credit, market, and operational risks, taking account of the special characteristics of each type of risk and the business activities of each Group company. We then allocate capital appropriately and effectively to each unit to keep total exposure to various risks within the scope of our resources, i.e., capital. In this framework, risk capital includes credit concentration risk and interest rate risk in the banking book which are taken into account under the Second Pillar of Basel II. In addition, we conduct capital risk-based management activities on a consolidated basis, including each Group company.

Liquidity risk is managed within the context of cash-flow plans and funding gap. Other risk categories are managed with procedures closely attuned to the nature of the risk, as described in the following paragraphs.

(2) Risk Capital Limit

In the case of credit and market risks, we set maximum risk capital limits, which indicate the maximum risk that may be taken during the period, taking account the level of stress stipulated in business plans. In addition, for operational risk, we also allocate risk capital, and, for the Group as a whole, we set total risk capital allocations within SMFG's capital. In the case of credit and market risks, risk

■ Risk Management Framework

| Framework | Risk Category | | |
|-------------------------------|--|---|--|
| Risk Capital-Based Management | Credit Risk | Credit risk is the possibility of a loss arising from a credit event, such as deterioration in the financial condition of a borrower, that causes an asset (including off-balance sheet transactions) to lose value or become worthless. | |
| | Market Risk | Banking Risk/Trading Risk | Market risk is the possibility that fluctuations in interest rates, foreign exchange rates, or stock prices will change the market value of financial products, leading to a loss. |
| | | Strategic Equity Investment Risk | |
| | | Other Market-Related Risks | |
| | Operational Risk | | Operational risk is the possibility of losses arising from inadequate or failed internal processes, people, and systems or from external events. |
| | | Processing Risk | Processing risk is the possibility of losses arising from negligent processing by employees, accidents, or unauthorized activities. |
| | | Systems Risk | Systems risk is the possibility of a loss arising from the failure, malfunction, or unauthorized use of computer systems. |
| ALM/ Funding Gap | Liquidity Risk | Liquidity risk is the risk that there may be difficulties in raising funds needed for settlements, as a result of the mismatching or uses of funds and sources of funds or unexpected outflows of funds, circumstances that may make it necessary to raise funds at higher rates than normal. | |
| Management by Risk Type | Other Risks (Settlement Risk and Others) | — | |

capital limits are sub-divided into guidelines or ceilings for each business including VaR and loss limits. Therefore, by strictly observing the VaR and loss limits, and other factors, SMFG maintains the soundness of the Group as a whole.

Implementation of Basel II

The Basel Capital Accord, an international agreement for ensuring the soundness of banks through adherence to BIS capital adequacy regulations, was revised in response to the diversification of the banking business and the increasing sophistication of risk management technology. The revised BIS regulations, known as Basel II, became effective from March 31, 2007 in Japan.

Basel II requires banks to implement internal controls to serve as the basis for capital calculation, and to strengthen their risk management framework. It also requires disclosure of information to encourage market discipline in risk management.

We have been implementing initiatives to strengthen our risk management framework, taking into account Basel II and other considerations.

Details of the initiatives are provided below, and detailed information on the capital ratio is provided in the discussion on Capital Ratio Information appearing in the Financial Section.

Credit Risk

1. Basic Approach to Credit Risk Management

(1) Definition of Credit Risk

Credit risk is the possibility of a loss arising from a credit event, such as deterioration in the financial condition of a borrower, that causes an asset (including off-balance sheet transactions) to lose value or become worthless.

Overseas credits also include an element of country risk, which is closely related to credit risk. This is the risk of loss caused by changes in foreign exchange, or political or economic situations.

(2) Fundamental Principles for Credit Risk Management

All Group companies follow the fundamental principles established by SMFG to assess and manage credit risk on a Groupwide basis and further raise the level of accuracy and comprehensiveness of Groupwide credit risk management. Each Group company must comprehensively manage credit risk according to the nature of its business, and assess and manage credit risk of individual loans and credit portfolios quantitatively and using consistent standards.

Credit risk is the most significant risk to which SMFG is exposed. Without effective credit risk management, the impact of the corresponding losses on operations can be overwhelming.

The purpose of credit risk management is to keep credit risk exposure to a permissible level relative to capital, to maintain the soundness of assets, and to ensure returns commensurate with risk. This leads to a loan portfolio that achieves high returns on capital and assets.

(3) Credit Policy

SMBC's credit policy comprises clearly stated universal and basic operating concepts, policies, and standards for credit operations, in accordance with the business mission and rules of conduct.

SMBC is promoting the understanding of and strict adherence to its credit policy among all its managers and employees. By conducting risk-sensitive credit management in accordance with Basel II and other capital adequacy regulations, SMBC aims to enhance shareholder value and play a key part in society by providing high-value-added financial services.

2. Credit Risk Management System

At SMBC, the Credit & Investment Planning Department within the Corporate Staff Unit is responsible for the comprehensive management of credit risk. This department drafts and administers credit policies, the internal rating system, credit authority guidelines, and credit application guidelines, and manages NPLs (non-performing loans) and other aspects of credit portfolio management. The department also cooperates with the Corporate Risk Management Department in quantifying credit risk (risk capital and risk-weighted assets) and controls the bank's entire credit risk. Further, the Credit Portfolio Management Department within the Credit & Investment Planning Department has been strengthening its active portfolio management function whereby loan securitization and other market transactions are used to stabilize the portfolio's credit risk for a more sophisticated portfolio.

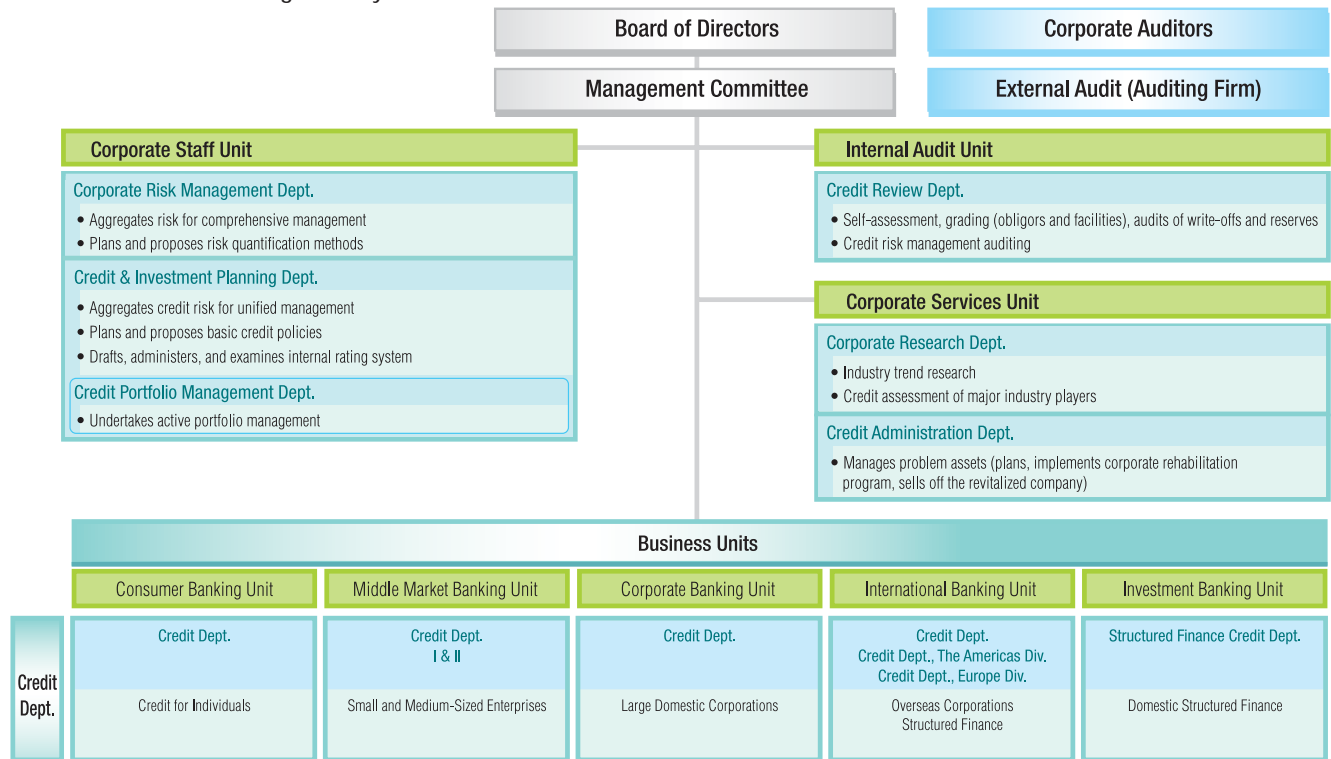
The Corporate Research Department within the Corporate Services Unit performs research on industries as well as investigates the business situations of borrower enterprises to detect early signs of problems or growth potential. The Credit Administration Department is responsible for handling NPLs of borrowers classified as potentially bankrupt or lower, and draws up plans for their workouts, including write-offs, and corporate rehabilitation. The department closely liaises with the Group company SMBC Business Servicing Co., Ltd., which engages in related services, and works to efficiently reduce the amount of NPLs by such means as the sell-off of claims.

The credit departments within each business unit conduct credit risk management for loans handled by their units and manage their units' portfolios. The credit limits they use are based on the baseline amounts established for each grading category, with particular attention paid to evaluating and managing customers or loans perceived to have particularly high credit risk.

The Credit Review Department, operating independently of the business units, audits asset quality, accuracy of gradings, self-assessment, and state of credit risk management, and reports the results directly to the Board of Directors and the Management Committee.

SMBC has established the Credit Risk Committee, as a consultative body, to round out its oversight system for undertaking flexible and efficient control of credit risk, and ensuring the overall soundness of the bank's loan operations.

■ SMBC's Credit Risk Management System



3. Credit Risk Management Methods

(1) Credit Risk Assessment and Quantification

At SMBC, to effectively manage the risk involved in individual loans as well as the credit portfolio as a whole, we first acknowledge that every loan entails credit risks, assesses the credit risk posed by each borrower and loan using an internal rating system, and quantifies that risk for control purposes.

(a) Internal Rating System

There is an internal rating system for each asset control category set according to portfolio characteristics. For example, credits to commercial and industrial (C&I) companies, individuals for business purposes (domestic only), sovereigns, public-sector entities, and financial institutions are assigned an "obligor grade," which indicates the borrower's creditworthiness, and/or "facility grade," which indicates the collectibility of assets taking into account transaction conditions such as guarantee/collateral, and tenor. An obligor grade is determined by first assigning a financial grade using a financial strength grading model and data obtained from the obligor's financial statements. The financial grade is then adjusted taking into account the actual state of the obligor's

balance sheet and qualitative factors to derive the obligor grade. In the event that the borrower is domiciled overseas, internal ratings for credit are made after taking into consideration country risk, which represents an assessment of the credit quality of each country, based on its political and economic situation, as well as its current account balance and external debt. Self-assessment is the obligor grading process for assigning lower grades, and the borrower categories used in self-assessment are consistent with the obligor grade categories.

Obligor grades and facility grades are reviewed once a year and, whenever necessary, such as when there are changes in the credit situation.

There are also grading systems for SME loans, loans to individuals, and project finance and other structured finance tailored according to the risk characteristics of these types of assets.

The Credit & Investment Planning Department centrally manages the internal rating systems, and properly designs, operates, supervises, and validates the grading models. It validates the grading models (including statistical validation) of main assets following the procedures manual once a year, to ensure their effectiveness and suitability.

(b) Quantification of Credit Risk

Credit risk quantification refers to the process of estimating the degree of credit risk of a portfolio or individual loan taking into account not just the obligor’s probability of default (PD), but also the concentration of risk in a specific customer or industry and the loss impact of fluctuations in the value of collateral, such as real estate and securities.

Specifically, first, the PD by grade, LGD (loss given default), credit quality correlation among obligors, and other parameter values are estimated using historical data of obligors and facilities stored in a database to calculate the credit risk. Then, based on these parameters, we run a simulation of 10,000 iterations of simultaneous default using the Monte Carlo method to calculate our maximum loss exposure to the estimate amount of the maximum losses that may be incurred. Based on these quantitative results, we allocate risk capital. Please note that the PD and LGD values are, in principle, the same values as those used for calculating the capital ratio.

Risk quantification is also executed for purposes such as to determine the portfolio’s risk concentration, or to simulate economic movements (stress tests), and the results are used for making optimal decisions across the whole range of business operations, including formulating business plans and providing a standard against which individual credit applications are assessed.

■ SMBC’s Obligor Grading System

| Obligor Grade | | Definition | Borrower Category |
|----------------------|----------------------|--|--------------------------------|
| Domestic (C&I), etc. | Overseas (C&I), etc. | | |
| J1 | G1 | Very high certainty of debt repayment | Normal Borrowers |
| J2 | G2 | High certainty of debt repayment | |
| J3 | G3 | Satisfactory certainty of debt repayment | |
| J4 | G4 | Debt repayment is likely but this could change in case of significant changes in economic trends or business environment | |
| J5 | G5 | No problem with debt repayment over the short term, but not satisfactory over the medium-to-long term and the situation could change in the event of significant changes in economic trends or business environment. | |
| J6 | G6 | Currently no problem with debt repayment, but there are unstable business and financial factors that could lead to debt repayment problems | |
| J7 | G7 | Close monitoring is required due to problems in meeting loan terms and conditions, sluggish/unstable business, or financial problems (Substandard Borrowers) | Borrowers Requiring Caution |
| J7R | G7R | | Substandard Borrowers |
| J8 | G8 | Currently not bankrupt, but experiencing business difficulties, making insufficient progress in restructuring, and highly likely to go bankrupt | Potentially Bankrupt Borrowers |
| J9 | G9 | Though not yet legally or formally bankrupt, has serious business difficulties and rehabilitation is unlikely; thus, effectively bankrupt | Effectively Bankrupt Borrowers |
| J10 | G10 | Legally and formally bankrupt | Bankrupt Borrowers |

(2) Framework for Managing Individual Loans

(a) Credit Assessment

At SMBC, credit assessment of corporate loans involves a variety of financial analyses, including cash flow, to predict an enterprise’s capability of loan repayment and its growth prospects. These quantitative measures, when combined with qualitative analyses of industrial trends, the enterprise’s R&D capabilities, the competitiveness of its products or services, and its management caliber, result in a comprehensive credit assessment. The loan application is analyzed in terms of the intended utilization of the funds and the repayment schedule. Thus, SMBC is able to arrive at an accurate and fair credit decision based on an objective examination of all relevant factors.

Increasing the understandability to customers of loan conditions and approval standards for specific borrowing purposes and loan categories is a part of SMBC’s ongoing review of lending practices, which includes the revision of loan contract forms with the chief aim of clarifying lending conditions utilizing financial covenants. SMBC is also making steady progress in rationalizing its credit assessment process.

To respond proactively and promptly to customers’ funding needs—particularly those of SMEs—we employ a standardized credit risk assessment process for SMEs that uses a credit-scoring model. With this process, we are building a regime for efficiently marketing our Business Select Loan and other SME loans.

In the field of housing loans for individuals, we employ a credit assessment model based on credit data amassed and analyzed by SMBC over many years. This model enables our loan officers to efficiently make rational decisions on housing loan applications, and to reply to the customers without delay. It also facilitates the effective management of credit risk, as well as the flexible setting of interest rates.

We also provide loans to individuals who rent out properties such as apartments. The loan applications are subjected to a precise credit risk assessment process utilizing a risk-assessment model that factors in the projected revenue from the rental business. The process is also used to provide advice to such customers on how to revise their business plans.

| Financial Reconstruction Law Based Disclosure Category (Domestic) |
|---|
| Normal Assets |
| Substandard Loans |
| Doubtful Assets |
| Bankrupt and Quasi-Bankrupt Assets |

(b) Credit Monitoring System

At SMBC, in addition to analyzing loans at the application stage, the Credit Monitoring System is utilized to reassess obligor grades, and review self-assessment and credit policies so that problems can be detected at an early stage and quick and effective action can be taken. The system includes periodic monitoring carried out each time an obligor enterprise discloses financial results, as well as continuous monitoring performed each time credit conditions change, as indicated in the diagram below.

(3) Framework for Credit Portfolio Management

At SMBC, in addition to managing individual loans, SMBC applies the following basic policies to the management of the entire credit portfolio to maintain and improve its soundness and profitability over the medium-to-long term.

(a) Risk-Taking within the Scope of Capital

To keep credit risk exposure to a permissible level relative to capital, SMBC sets credit risk capital limits for internal control purposes. Under these limits, separate guidelines are issued for each business unit and marketing unit. Also issued are specialized guidelines for each business unit and business type, such as real estate finance, fund investment, and investment in securitization products. Regular monitoring is conducted to make sure that these guidelines are being followed, thus ensuring appropriate overall management of credit risk.

(b) Controlling Concentration Risk

Because the concentration of credit risk in an industry or corporate group has the potential to substantially impair capital, SMBC implements measures to prevent the excessive concentration of loans in an industry and to control large exposure to individual companies or corporate groups by setting guidelines for maximum loan amounts.

To manage country risk, SMBC also has credit limit guidelines based on each country's creditworthiness.

(c) Balancing Risk and Returns

Against the background of increasing sophistication in methods of managing credit risk, SMBC is engaged in a new type of unsecured loans. Meanwhile, the bank runs credit operations on the basic principle of earning returns that are commensurate with the credit risk involved, and makes every effort to reduce capital and credit costs as well as general and administrative expenses.

(d) Reduction and Prevention of Non-Performing Loans

On NPLs and potential NPLs, SMBC carries out regular loan reviews to clarify handling policies and action plans, enabling it to swiftly implement measures to prevent deterioration of borrowers' business situations, support business recoveries, collect on loans, and enhance loan security.

(e) Toward Active Portfolio Management

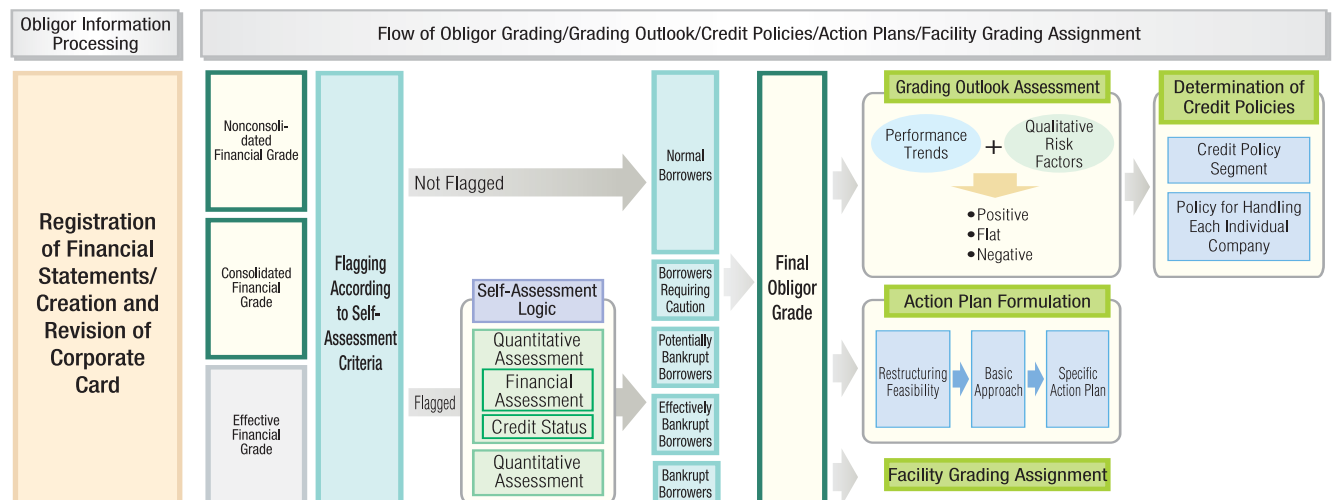
SMBC makes active use of credit derivatives, loan securitization, and other instruments to proactively and flexibly manage its portfolio to stabilize credit risk.

(4) Self-Assessment, Write-Offs, and Provisions

(a) Self-Assessment

SMBC conducts rigorous self-assessment of asset quality using criteria based on the *Financial Inspection Manual* of the Financial Services Agency and the *Practical Guideline* published by the Japanese Institute of Certified Public Accountants. Self-assessment is the latter stage of the obligor grading process for determining the borrower's ability to fulfill debt obligations, and the obligor grade criteria are consistent with the categories used in self-assessment.

■ SMBC's Credit Monitoring System



At the same time, self-assessment is a preparatory task for ensuring SMBC's asset quality and calculating the appropriate level of write-offs and provisions. Each asset is assessed individually for its security and collectibility. Depending on the borrower's current situation, the borrower is assigned to one of five categories: Normal Borrowers, Borrowers Requiring Caution, Potentially Bankrupt Borrowers, Effectively Bankrupt Borrowers, and Bankrupt Borrowers. Based on the borrower's category, claims on the borrower are classified into Classification I, II, III, and IV assets according to their default and impairment risk levels, taking into account such factors as collateral and guarantees. As part of our efforts to bolster risk management throughout the Group, our consolidated subsidiaries carry out self-assessment in substantially the same manner.

| Borrower Categories, Defined | |
|--------------------------------|--|
| Normal Borrowers | Borrowers with good earnings performances and no significant financial problems |
| Borrowers Requiring Caution | Borrowers identified for close monitoring |
| Potentially Bankrupt Borrowers | Borrowers perceived to have a high risk of falling into bankruptcy |
| Effectively Bankrupt Borrowers | Borrowers that may not have legally or formally declared bankruptcy but are essentially bankrupt |
| Bankrupt Borrowers | Borrowers that have been legally or formally declared bankrupt |

| Asset Classifications, Defined | |
|--------------------------------|--|
| Classification I | Assets not classified under Classifications II, III, or IV |
| Classification II | Assets perceived to have an above-average risk of uncollectibility |
| Classification III | Assets for which final collection or asset value is very doubtful and which pose a high risk of incurring a loss |
| Classification IV | Assets assessed as uncollectible or worthless |

(b) Asset Write-Offs and Provisions

In cases where claims have been determined to be uncollectible, or deemed to be uncollectible, write-offs signify the recognition of losses on the account books with respect to such claims. Write-offs can be made either in the form of loss recognition by offsetting uncollectible amounts against corresponding balance sheet items, referred to as a direct write-off, or else by recognition of a loan loss provision on a contra-asset account in the amount deemed uncollectible, referred to as an indirect write-off. Recognition of indirect write-offs is generally known as provision for the reserve for possible loan losses.

SMBC's write-off and provision criteria for each self-assessment borrower category are shown in the table below. As part of our overall measures to strengthen risk management throughout the Group, all consolidated subsidiaries use substantially the same standards as SMBC for write-offs and provisions.

| Self-Assessment Borrower Categories | Standards for Write-Offs and Provisions |
|--|--|
| Normal Borrowers | The expected loss amount for the next 12 months is calculated for each grade based on the grade's historical bankruptcy rate, and the total amount is recorded as "provision for the general reserve for possible loan losses." |
| Borrowers Requiring Caution | These assets are divided into groups according to the level of default risk. Amounts are recorded as provisions for the general reserve in proportion to the expected losses based on the historical bankruptcy rate of each group. The groups are "claims on Substandard Borrowers" and "claims on other Borrowers Requiring Caution." The latter group is further subdivided according to the borrower's financial position, credit situation, and other factors. Further, when cash flows can be estimated reasonably accurately, the discount cash flow (DCF) method is applied mainly to large claims for calculating the provision amount. |
| Potentially Bankrupt Borrowers | A provision for the specific reserve for possible loan losses is made for the portion of Classification III assets (calculated for each borrower) not secured by collateral, guarantee, or other means. Further, when cash flows can be estimated reasonably accurately, the DCF method is applied mainly to large claims for calculating the provision amount. |
| Effectively Bankrupt/ Bankrupt Borrowers | Classification III asset and Classification IV asset amounts for each borrower are calculated, and the full amount of Classification IV assets (deemed to be uncollectible or of no value) is written off in principle and provision for the specific reserve is made for the full amount of Classification III assets. |

| | | |
|-------|------------------|---|
| Notes | General reserve | Provisions made in accordance with general inherent default risk of loans, unrelated to specific individual loans or other claims |
| | Specific reserve | Provisions made for claims that have been found uncollectible in part or in total (individually evaluated claims) |

Discounted Cash Flow Method

SMBC uses the discounted cash flow (DCF) method to calculate the provision amounts for large claims on Substandard Borrowers and Potentially Bankrupt Borrowers when the cash flow from repayment of principal and interest received can be estimated reasonably accurately. SMBC then makes provisions equivalent to the excess of the book value of the claims over the said cash inflow discounted by the initial contractual interest rate or the effective interest rate at the time of origination. One of the major advantages of the DCF method over conventional methods of calculating the provision amount is that it enables effective evaluation of each individual borrower. However, as the provision amount depends on the future cash flow estimated on the basis of the borrower's business reconstruction plan and DCF formula input values, such as the discount rate and the probability of the borrower going into bankruptcy, SMBC makes every effort to utilize up-to-date and correct data to realize the most accurate estimates possible.

(c) Disclosure of Problem Assets

Problem assets are loans and other claims of which recovery of either principal or interest appears doubtful, and are disclosed in accordance with the Banking Law (in which they are referred to as "risk-monitored loans") and the Financial Reconstruction Law (where they are referred to as "problem assets"). Problem assets

are classified based on the borrower categories assigned during self-assessment. For detailed information on results of self-assessments, write-offs, provisions, and disclosure of problem assets, please refer to page 186.

4. Market Credit Risk Management

Financial products, such as funds, securitized products, and credit derivatives, that have indirect risk arising from the assets underlying these products, such as bonds, loan obligations, and other assets (the underlying assets), are recognized as transactions that combine the characteristics of the credit risk of the underlying assets and "market risk" that arises from the buying and selling of these products. This is referred to as market credit risk.

For these types of products, we manage credit risk using the methods of analysis and assessment already described for credit risk, but, for the sake of complete risk management, we also apply the methods for management of market risk described in the following section on management of market and liquidity risk.

In addition, we have established guidelines based on the characteristics of these types of risk and appropriately manage the risk of losses.

Market and Liquidity Risks

1. Basic Approach to Market and Liquidity Risk Management

(1) Definitions of Market and Liquidity Risk

Market risk is the possibility that fluctuations in interest rates, foreign exchange rates, or stock prices will change the market value of financial products, leading to a loss.

Liquidity risk is the possibility of encountering an obstacle to raising the funds required for settlement due either to a mismatch between the use and procurement of funds or to an unexpected outflow of funds, or being forced to borrow at higher interest rates than usual.

(2) Fundamental Principles for Market and Liquidity Risk Management

SMFG is working to further enhance the effectiveness of its quantitative management of market and liquidity risks across the entire Group by setting allowable risk limits; ensuring the transparency of the risk management process; clearly separating front-office, middle-office, and back-office operations; and establishing a highly efficient system of mutual checks and balances.

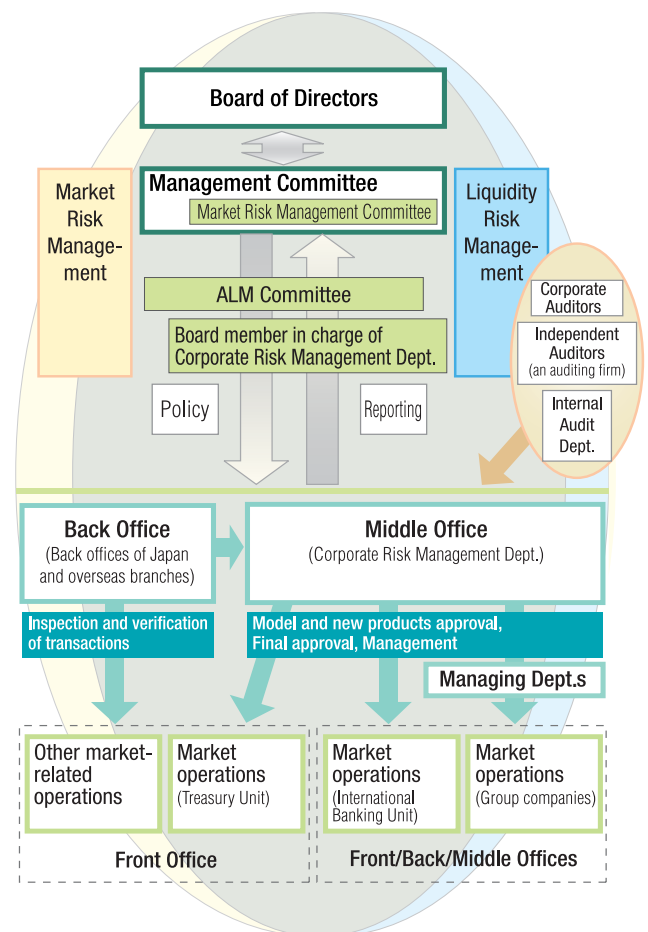
2. Market and Liquidity Risk Management System

On the basis of SMFG's Groupwide basic policies for risk management, SMBC's Board of Directors authorizes important matters relating to the management of market and liquidity risks, such as basic policies and risk limits, which are decided by the Management Committee. Additionally, the bank's Corporate Risk Management Department, which is independent of business units that directly handle market transactions, manages market and

liquidity risks in an integrated manner. The department not only monitors the current risk situations, but also reports regularly to the Management Committee and the Board of Directors. Furthermore, SMBC's ALM Committee meets on a monthly basis to examine reports on the state of observance of the bank's limits on market and liquidity risks, and to review and discuss the bank's ALM policies.

To prevent unforeseen processing errors as well as fraudulent transactions, it is important to establish a system of checks on the business units (front office). At SMBC, both the processing departments (back office) and the administrative departments (middle office) conduct the checks. In addition, SMBC's independent Internal Audit Unit periodically performs comprehensive internal audits to verify that the risk management system is functioning properly.

■ SMBC's Market Risk and Liquidity Risk Management System



3. Market and Liquidity Risk Management Methods

(1) Market Risk Management

The bank manages market risk by setting maximum limits for “VaR” and maximum loss. These limits are set within the “market risk capital limit” which is determined taking into account the bank’s shareholders’ equity and other principal indicators of the bank’s financial position and management resources.

Market risk can be divided into various factors: foreign exchange rate, interest rate, equity price, and option risks. Fine-tuned management of each risk category is achieved by employing the VaR method in conjunction with suitable indicators for managing the risk of individual financial instruments such as the BPV indicator.

Please note that, in the case of interest rate fluctuation risk, the methods for recognizing the dates for maturity of demand deposits (current accounts and ordinary deposit accounts that can be withdrawn at any time) and the method for estimating the time of cancellation prior to maturity of time deposits and consumer housing loans differ substantially. At SMBC, the maturity of demand deposits that are expected to be left with the bank for a prolonged period is regarded to be five years (2.5 years on average). The cancellation prior to maturity of time deposits and consumer housing loans is estimated based on historical data.

(a) VaR Results

The results of VaR calculations for fiscal 2007 are shown in the table below. SMBC’s internal VaR model makes use of historical data to prepare scenarios for market fluctuations, and, by conducting simulations of gains and losses, the model estimates the maximum losses that may occur. (This is known as the historical simulation method.) This internal SMBC model is evaluated periodically by an independent auditing firm to assess its appropriateness and accuracy.

■ VaR Results

| | SMFG (consolidated) | | SMBC (consolidated) | | SMBC (non-consolidated) | |
|------------|---------------------|--------------|---------------------|--------------|-------------------------|--------------|
| | Trading Book | Banking Book | Trading Book | Banking Book | Trading Book | Banking Book |
| June 2007 | 3.0 | 33.7 | 3.0 | 30.0 | 2.0 | 26.1 |
| Sept. 2007 | 2.2 | 27.6 | 2.2 | 25.0 | 1.5 | 22.0 |
| Dec. 2007 | 2.4 | 26.1 | 2.4 | 23.1 | 1.6 | 20.0 |
| Mar. 2008 | 2.2 | 23.3 | 2.2 | 20.8 | 1.5 | 17.4 |
| Maximum | 4.3 | 59.3 | 4.3 | 55.4 | 3.9 | 51.1 |
| Minimum | 2.1 | 20.9 | 2.1 | 18.2 | 1.3 | 15.6 |
| Average | 2.8 | 31.3 | 2.8 | 28.1 | 2.0 | 24.8 |

(Billions of yen)

(VaR for a one-day holding period with a one-sided confidence interval of 99.0% [computed daily using historical simulation method (based on four years of historical observations)]. The VaR model for the trading book includes principal consolidated subsidiaries. Figures for the trading book exclude specific risks.)

(b) Back-Testing Results

The relationship between the VaR calculated with the model and the actual profit and loss data is back-tested daily. The back-testing results for SMBC’s trading accounts for fiscal 2007 are shown below. A data point below the diagonal line indicates a loss in excess of the predicted VaR for that day; however, as in fiscal 2006, there were no such excess losses during fiscal 2007. This demonstrates that the SMBC VaR model, with a one-sided confidence interval of 99.0%, is sufficiently reliable.

Glossary of Terms

1. VaR (Value at risk)

The largest predicted loss that is possible given a fixed confidence interval. For example, VaR indicates, for a holding period of one day and a confidence interval of 99.0%, the maximum loss that may occur as a result of market fluctuations in one day with a probability of 1%.

2. BPV (Basis point value)

The amount of change in assessed value as a result of a one basis point (0.01%) movement in interest rates.

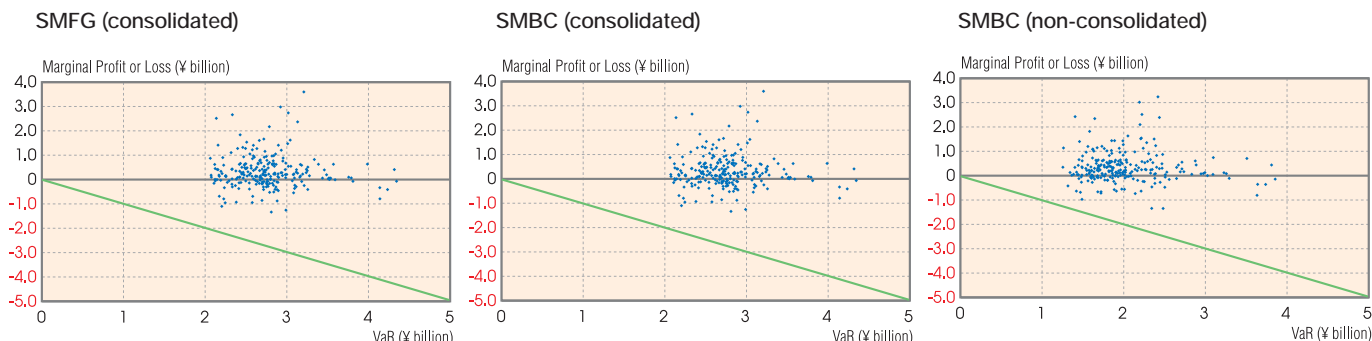
3. Trading

A market operation for generating profit by taking advantage of short-term fluctuations in market values and differences in value among markets.

4. Banking

A market operation for generating profit through management of interest rates, terms, and other aspects of assets (loans, bonds, etc.) and liabilities (deposits, etc.).

■ Back-Testing Results (Trading Book)



(c) Stress Testing

The market occasionally undergoes extreme fluctuations that exceed projections. To manage market risk, therefore, it is important to run simulations of situations that may occur only once in many years (stress tests). At SMBC, monthly stress tests using scenarios of past market fluctuations, those not related to past market fluctuations, and specific-factor driven market fluctuations are conducted to prepare for unforeseeable swings.

(d) Outlier Framework

In the event the economic value of a bank declines by more than 20% of the sum of Tier I and Tier II capital ("outlier ratio") as a result of interest rate shocks, the bank falls into the category of "outlier bank", as stipulated under the Second Pillar of Basel II.

As of March 31, 2008, the outlier ratio was less than 6%, substantially below the 20% criterion.

(e) Managing Risk of Stocks Held for Strategic Purposes

The Corporate Risk Management Department establishes limits on allowable risk for strategic equity investments, and monitors the observance of those limits to keep stock price fluctuation risk within acceptable parameters.

SMBC aims to keep the stock price fluctuation risk associated with its strategic equity investments at a level appropriate to the financial strength of the bank. To achieve this, we have been reducing the balance of our strategic stock holdings, and the balance now stands at approximately 50% of Tier I capital.

(2) Liquidity Risk

At SMBC, liquidity risk is regarded as one of the major risks. So as not to be overly dependent on market-based funding to cover short-term cash outflows, SMBC's liquidity risk management is based on a framework consisting of setting funding gap limits and guidelines, maintaining a system of highly liquid supplementary

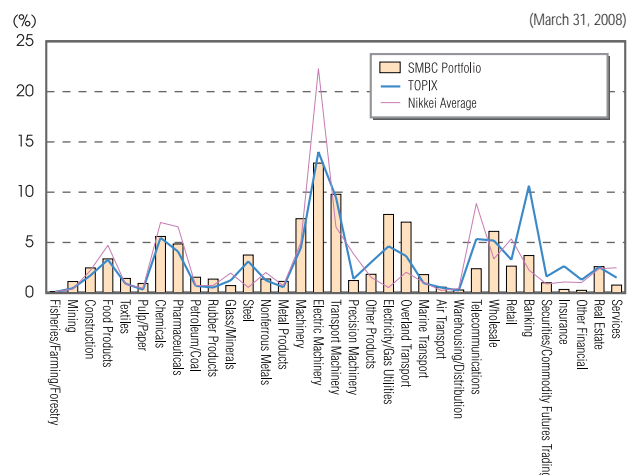
■ Decline in Economic Value Based on Outlier Framework

(Billions of yen)

| | SMBC (consolidated) | | SMBC (non-consolidated) | |
|--------------------------------------|---------------------|----------------|-------------------------|----------------|
| | March 31, 2007 | March 31, 2008 | March 31, 2007 | March 31, 2008 |
| Total | 165.8 | 407.4 | 151.3 | 398.5 |
| Impact of yen interest rates | 119.7 | 154.2 | 112.5 | 149.7 |
| Impact of U.S. dollar interest rates | 33.6 | 196.1 | 28.1 | 193.9 |
| Impact of Euro interest rates | 3.4 | 36.7 | 2.9 | 36.6 |
| Percentage of Tier I + Tier II | 2.1% | 5.4% | 2.1% | 5.8% |

Note: "Decline in economic value" is the decline of present value after interest rate shocks (1st and 99th percentile of observed interest rate changes using a 1-year holding period and 5 years of observations).

■ Composition, by Industry, of Listed Equity Portfolio



funding sources, and establishing contingency plans.

In daily risk management operations, SMBC prevents a cumulative increase in liquidity risk by setting the funding gap limits and guidelines. For emergency situations, there are contingency plans

in place to reduce the funding gap limits and guidelines and other measures. To prevent the possibility of market crises interfering with funding, SMBC carries highly liquid assets, such as U.S. Treasury securities, and has emergency borrowing facilities in place, which also enable foreign currency-denominated liquidity management.

Operational Risk

1. Basic Approach to Operational Risk Management

(1) Definition of Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Specifically, Basel II (The New Basel Capital Accord)—which, in addition to processing risk and system risk, also covers legal risk, personnel risk, and physical asset risk—defines the following seven types of events that may lead to the risk of loss: (1) internal fraud, (2) external fraud, (3) employment practices and workplace safety, (4) clients, products and business practices, (5) damage to physical assets, (6) business disruption and system failures, and (7) execution, delivery, and process management.

(2) Fundamental Principles for Operational Risk Management

SMFG and SMBC have drawn up the *Regulations on Operational Risk Management* to define the basic rules to be observed in the conduct of operational risk management across the entire Group. Under these regulations, SMFG and SMBC have been working to enhance the operational risk management framework across the

whole Group by establishing an effective system for identification, assessment, controlling, and monitoring of material operational risk and a system for executing contingency and business continuity plans. In view of the inclusion of operational risk in the framework of the capital adequacy requirements of Basel II, SMFG has been working on a continuing basis to create a more sophisticated quantification model and to enhance operational risk management throughout the Group.

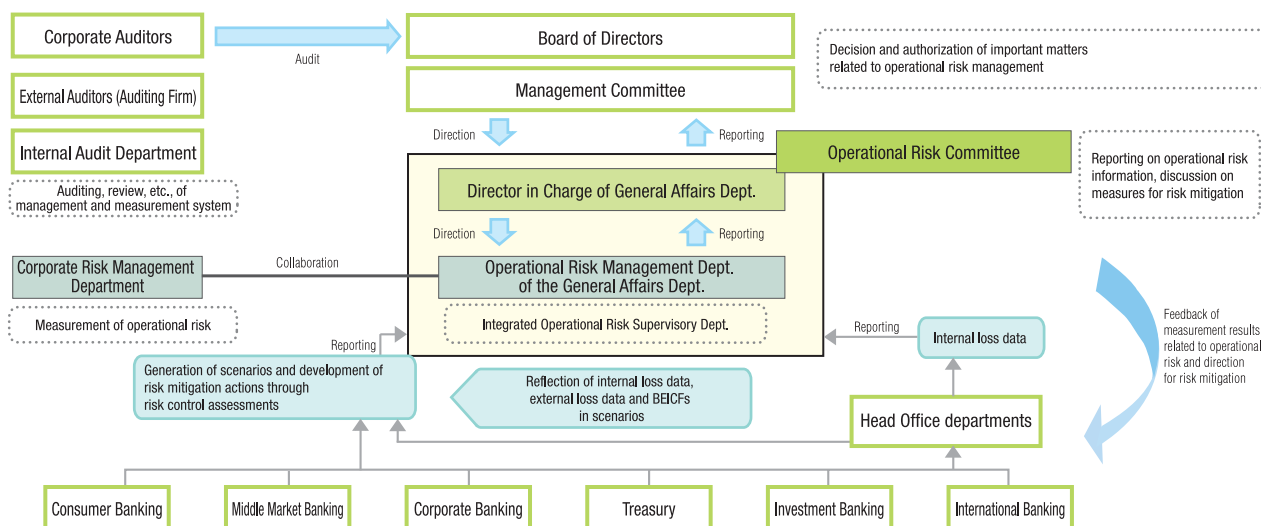
2. Operational Risk Management System

SMFG has designed and implemented an operational risk management framework for Groupwide basic policies for risk management.

At SMBC, the Management Committee makes decisions on important matters such as basic policies for operational risk management, and these decisions are authorized by the SMBC Board of Directors. In addition, SMBC has established its Operational Risk Management Department, within its General Affairs Department, as an integrated operational risk management department. This department works together with the Corporate Risk Management Department, which is responsible for the quantification of operational risk, and with other departments responsible for controlling processing risk and system risk.

The operational risk management framework is described in more detail in the later part of this section, but it can be outlined as follows: operational risk is managed by (1) collecting and analyzing internal loss data and (2) comprehensively identifying risk

■ SMBC's Operational Risk Management System



scenarios in each business process through a regular risk control assessment to estimate the loss severity and frequency. Operational risk impact is assessed for each risk scenario. When high-severity scenarios are identified, each branch/department establishes a risk mitigation plan and the Operational Risk Management Department monitors the progress. Furthermore, operational risk is quantified using the internal loss data and scenarios, and the results of quantification are used to manage and reduce operational risk.

The generation of internal loss data, scenarios identified through risk control assessments, and status of risk mitigation activities are regularly reported to the director in charge of the Operational Risk Management Department. In addition, there is the Operational Risk Committee, comprising all relevant units of the bank, where operational risk information is reported and risk mitigation plans are discussed. In this way, we realize a highly effective operational risk management framework. The operational risk situation is also reported to the Management Committee and the Board of Directors on a regular basis, for review of the basic policies on operational risk management. Moreover, the bank's Internal Audit Department conducts periodic audits to ensure that the operational risk management system is functioning properly.

3. Operational Risk Management Methodology

As previously defined, operational risk covers a wide range of events, including the risk of losses due to errors in operation, system failures, and natural disasters. Also, operational risk events can occur virtually anywhere and everywhere. Thus, it is essential to check whether material operational risks have been overlooked, monitor the overall status of risks, and manage/control them. To this end, it is necessary to be able to quantify risks using a measurement methodology that can be applied to all types of operational risk, and to comprehensively and comparatively capture the status of and changes in potential operational risks of business processes. Also, from the viewpoint of internal control, the measurement methodology used to create risk mitigation plan must be such that the implementation of the plan quantitatively reduces operational risk.

SMFG and SMBC have received an approval from Japan's Financial Services Agency for the application of the Advanced Measurement Approaches (AMA), which is the most sophisticated measurement method out of the three cited methods under Basel II for measurement of operational risk. SMFG and SMBC have adopted the AMA for operational risk management and for calculating operational risk-weighted assets. It was used for calculating the March-end 2008 capital adequacy ratio.

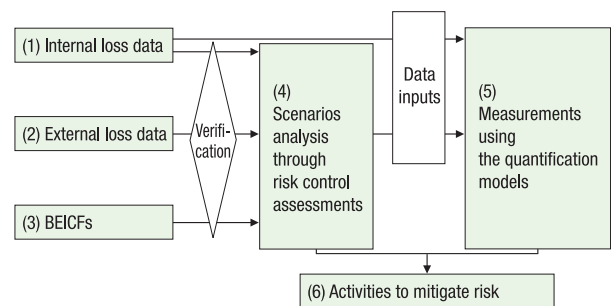
When using the AMA, regulations require that the internal measurement system (hereinafter, the "quantification model") must use four data elements (hereinafter, the "four elements"): namely, internal loss data, external loss data, Business Environment and

Internal Control Factors (BEICFs), and scenarios analysis through risk control assessments. In addition, the operational risk equivalent amount (hereinafter, "required capital") calculated under the AMA must cover the maximum loss comparable to a one-year holding period and a 99.9 percentile confidence interval.

The basic framework of the AMA quantification model of SMFG and SMBC is outlined in the diagram below. Among the four elements, internal loss data and the results of scenarios analysis through risk control assessment are input directly into the quantification model described later in this section to calculate required capital and risk-weighted assets (= required capital divided by 8%). In addition, external loss data and BEICFs are used in verifying the assessment of scenarios, along with internal loss data, to increase objectivity, accuracy, and completeness.

The specific content and method of collection and use of the four elements are described below. At present, 18 Group companies have adopted the AMA, including SMFG and SMBC, and all Group companies collect and make use of the four elements.

Basic Framework of Operational Risk Measurement of SMFG and SMBC



(1) Internal Loss Data

Internal loss data are defined as “the information on events in which SMFG and SMBC incur losses resulting from the realization of operational risk.” At SMFG and SMBC, internal loss data are collected for all cases where the gross loss amount is at least one yen (the threshold amount), and seven years of internal loss data are directly used in the quantification of required capital for operational risk.

(2) External Loss Data

External loss data are defined as “the information on events in which other banks, etc., incur losses resulting from the realization of operational risk.” SMFG and other Group companies collect external loss data where such losses may occur within the Group. Please note that SMFG and SMBC have compiled external loss data for more than 5,000 cases over the past seven years, which are indirectly used in quantifying required capital for operational risk.

(3) Business Environment and Internal Control Factors (BEICFs)

BEICFs are defined as “indicators of operational risk profiles of SMFG and SMBC that reflect underlying business risk factors and an assessment of the effectiveness of the internal control factors.” The Group periodically collects data relating to changes in laws and regulations, changes in internal rules and process, and launch of new business and products pertinent to the Group’s business operations.

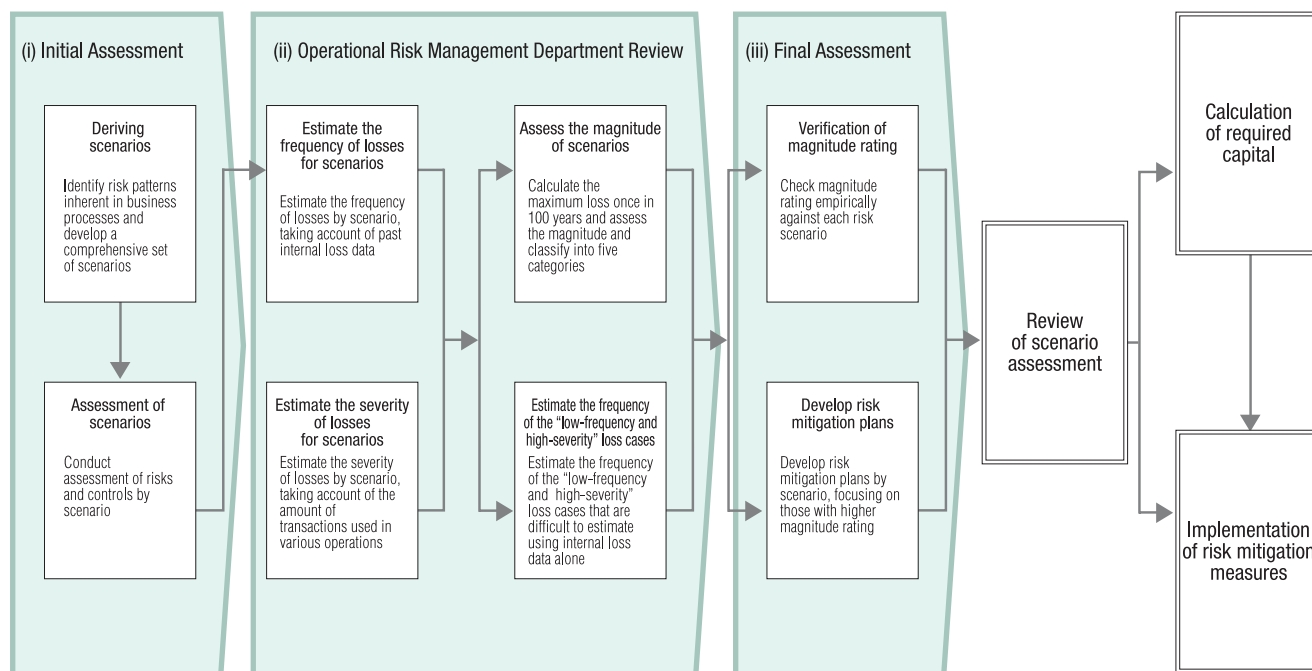
(4) Scenario Analysis through Risk Control Assessments

Risk control assessment is defined as “risk management methodology to (a) identify material operational risks, and describe them in terms of risk scenarios, (b) assess the risks and the effectiveness of controls, and (c) estimate the frequency and severity of risk scenarios.” SMFG and SMBC apply this methodology to their principal business activities.

The purpose of risk control assessment is to identify material and potential operational risks pertinent to business processes, to measure them, and to develop and carry out a risk mitigation plan to manage the risks. Another purpose of risk control assessment is to estimate the frequency of low-frequency and high-severity events for each scenario (which may be difficult to estimate using internal loss data alone).

During the process of periodic risk control assessment, operational risks inherent in various business processes are recognized as “scenarios.” The risk and control conditions for each scenario are assessed, and the frequency of occurrence and amount of losses are estimated based on them. The assessment process comprises three steps: (i) initial assessment, (ii) Operational Risk Management Department review, and (iii) final assessment. Through the process, the frequency of “low-frequency and high-severity” events for each scenario are estimated in terms of four loss amounts (¥100 million, ¥1 billion, ¥5 billion, and ¥10 billion). Please note that SMFG and SMBC have identified more than 8,000 risk scenarios for the Group on a consolidated basis.

■ Flowchart for Risk Control Assessment (Example)



As an effective mechanism for mitigating risks, the maximum loss occurring once in 100 years ("scenario exposure") is calculated for each scenario derived through the risk control assessment, and then a magnitude rating is provided by classifying them into five categories according to the severity of loss. Risk mitigation plans are developed by the relevant business units for those scenarios with high-severity risk identified through magnitude rating.

The principal features of this risk control assessment method are (1) "objectivity", which is realized by estimating the frequency of losses based on historical internal loss experience and by estimating the severity of losses based on the transaction amounts pertinent to the scenarios, and (2) an appropriate level of "sensitivity" because changes in the business environment and the implementation of risk mitigation measures can be reflected in the frequency and severity of losses by changing the assessment of risk and control as well as transactions amounts.

(5) Measurement Using Quantification Models

SMFG, SMBC, and other Group companies using the AMA measure the maximum operational loss with a 99.9 percentile confidence interval and a holding period of one year (hereinafter referred to as 99.9% VaR) by using the four elements. In addition, 99.9% VaR is measured on an SMFG consolidated basis, SMBC consolidated basis, and SMBC nonconsolidated basis. The operational risk is measured for each of seven event types defined under Basel II, and then, by calculating the simple sum for all event types, 99.9% VaR is measured for each company applying the AMA. Meanwhile, the Basic Indicator Approach is applied to estimate maximum

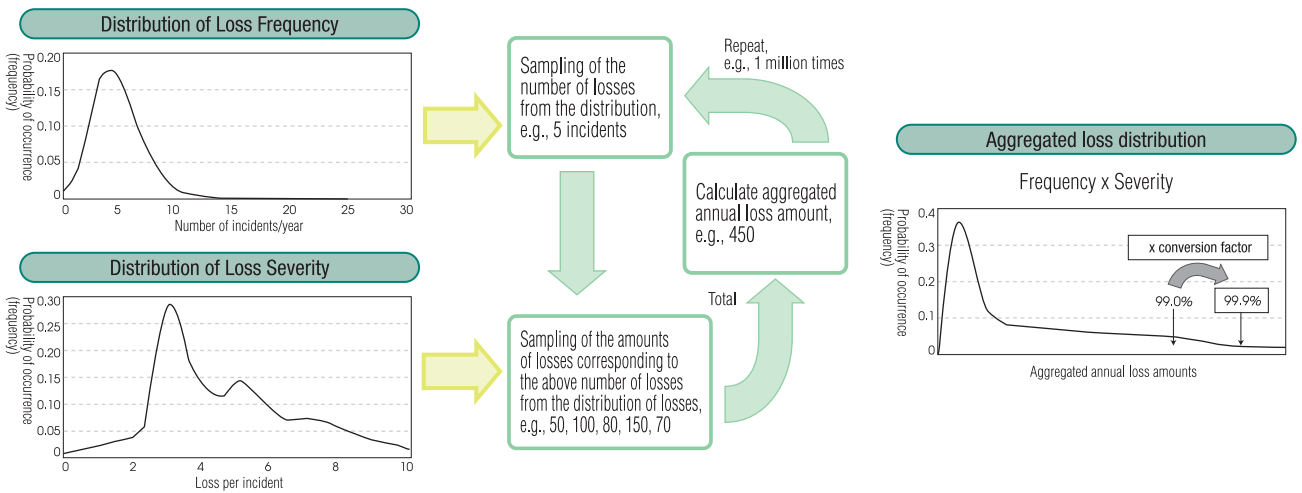
operational risk losses for Group companies other than those applying the AMA. Then, the required capital and risk-weighted assets for SMFG and the SMBC Group are measured by aggregating these figures.

The outline of the quantification model for SMBC is as follows. First, we generate a loss frequency distribution (number of loss incidents over a one-year period) based on the number of historical internal losses. Then, we generate a loss severity distribution (amount of loss per loss incident) based on internal losses and frequency of "low-frequency and high-severity" events obtained through the risk control assessment.

By using the loss severity and loss frequency distributions, the aggregated loss severity distribution is generated by conducting Monte Carlo simulations and by generating various combinations of loss occurrence and loss amount which are simulated by changing these two factors. 99.0% VaR is calculated from the resulting aggregated loss severity distribution.

Finally, we multiply 99.0% VaR by a conversion factor mentioned later in the section of "Capital Ratio Information" to compute 99.9% VaR.

This quantification model takes into account not only empirical internal loss data but also potential risk (scenarios) identified in the risk control assessment. An important feature of this model is that it enables us to measure and reflect the "low-frequency and high severity" events of operational risk. Moreover, by introducing a conversion factor, it is unnecessary to directly estimate 99.9% VaR, which tends to have a lower accuracy, and stable estimation results can be obtained by estimating 99.0% VaR which can be estimated with higher accuracy.



Please note that the accuracy of quantification model outputs described above is secured through the regular ex ante and ex post facto verification processes.

The breakdown of risk-weighted assets by event type for the Group on a consolidated basis, computed with the previously described quantification method, is as follows.

Breakdown of Consolidated Risk-Weighted Assets by Event Type
(As of March 31, 2008)

| Event Type | Percentage |
|---|------------|
| (1) Internal fraud | 9 % |
| (2) External fraud | 8 % |
| (3) Employment practices and workplace safety | 2 % |
| (4) Clients, products, and business practices | 8 % |
| (5) Damage to physical assets | 12 % |
| (6) Business disruption and systems failure | 4 % |
| (7) Execution, delivery, and process management | 57 % |

Note: Only risk-weighted assets calculated under the AMA.

(6) Risk Mitigation Initiatives

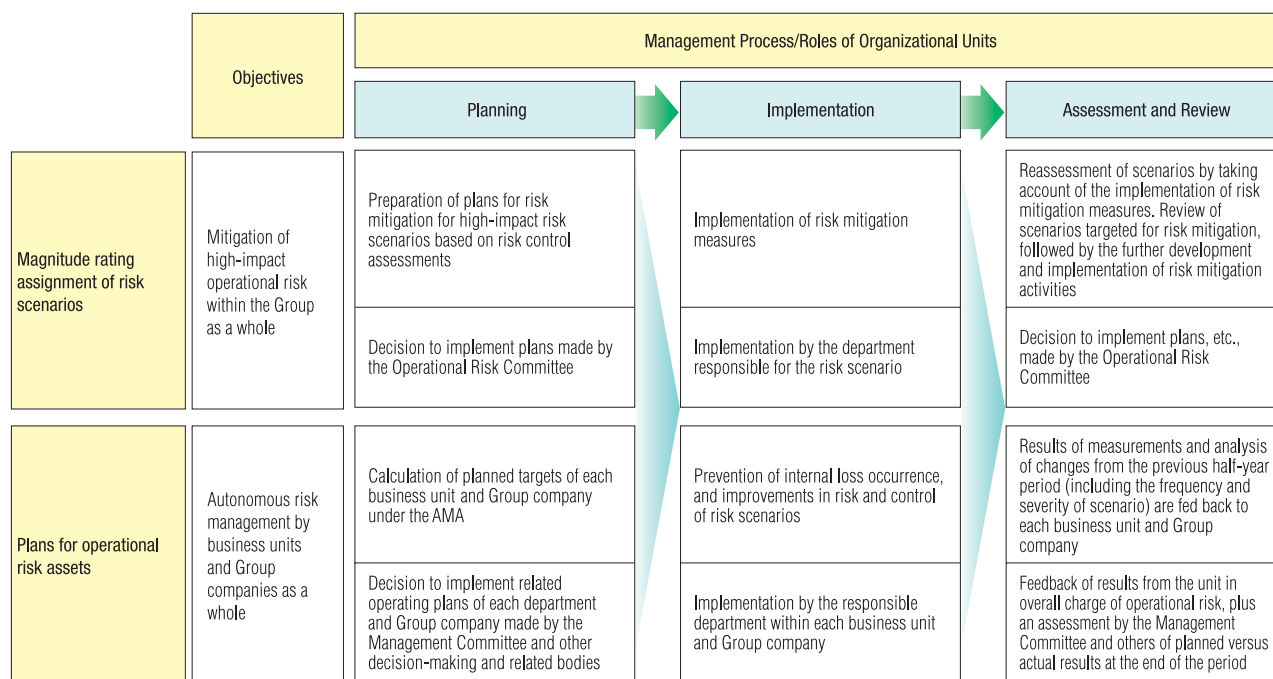
To mitigate risk using the quantitative results of the AMA, SMFG

and SMBC implement risk mitigation measures to high-severity risk scenarios identified in the previously mentioned magnitude rating.

In addition to the above, the operational risk-weighted assets calculated using the quantification methods are allocated to the business units of SMBC and other Group companies, as part of initiatives to mitigate risk for the Group as a whole.

Specifically, (1) at the beginning of each fiscal year, the operational risk-weighted assets calculated using the internal loss data and the scenario exposure determined from the risk control assessment are allocated to each business unit and Group company, (2) during the fiscal year, each business unit and Group company work to prevent the realization of operational risk and improve scenario control by implementing risk mitigation measures, (3) during the first and second halves of the fiscal year, the measurements of risk-weighted assets of each business unit and Group company and an analysis of factors causing the change from the previous half-year period (including the frequency and severity of scenario) are fed back to the business units and Group companies for revising their plans, and, (4) finally, at the end of the fiscal year, by comparing the planned versus actual results, we endeavor to enhance the awareness of operational risk, improve the effectiveness of operational risk management, and mitigate operational risk within the Group as a whole.

The Group's Operational Risk Mitigation Activities on a Semi-Annual Basis



4. Processing Risk

Processing risk is the possibility of losses arising from negligent processing by employees, accidents, or unauthorized activities.

SMFG recognizes that all operations entail processing risk. We are, therefore, working to raise the level of sophistication of our management of processing risk across the whole Group by ensuring that each branch conducts its own regular investigations of processing risk; minimizing losses in the event of processing errors or negligence by drafting exhaustive contingency plans; and carrying out thorough quantification of the risk under management.

In the administrative regulations of SMBC, in line with SMFG's Groupwide basic policies for risk management, the basic administrative regulations are defined as "comprehending the risks and costs of administration and transaction processing, and managing them accordingly," and "seeking to raise the quality of administration to deliver high-quality service to customers." Adding new policies or making major revisions to existing ones for processing risk management requires the approval of both the Management Committee and the Board of Directors.

In the administrative regulations, SMBC has also defined specific rules for processing risk management. The rules allocate processing risk management tasks among six types of departments: operations planning departments, compliance departments, operations departments, transaction execution departments (primarily front-office departments, branches, and branch service offices), internal audit departments, and the customer support departments. In addition, there is a specialized group within the Operations Planning Department to strengthen administrative procedures throughout the Group.

5. Systems Risk

Systems risk is the possibility of a loss arising from the failure, malfunction, or unauthorized use of computer systems.

SMFG recognizes that reliable computer systems are essential for the effective implementation of management strategy in view of the IT revolution. We strive to minimize systems risk by drafting regulations and specific management standards, including a security policy. We also have contingency plans with the goal of minimizing losses in the event of a system failure. The development of such a systems risk management system ensures that the Group as a whole is undertaking adequate risk management.

At SMBC, safety measures are strengthened according to risk assessment based on the Financial Services Agency's *Financial Inspection Manual*, and the *Security Guidelines* published by the Center for Financial Industry Information Systems (FISC).

Computer-related trouble at financial institutions now has greater potential to impact the public, with systems risk diversifying owing to the IT revolution, and the resulting expansion of networks and the rise in the number of personal computer users.

To prevent any computer system breakdowns, we have taken numerous measures, including the duplication of various systems and infrastructures, constant maintenance of our computer system to ensure steady, uninterrupted operation, and the establishment of a disaster-prevention system consisting of computer centers in eastern and western Japan. And to maintain the confidentiality of customer information and prevent information leaks, sensitive information is encrypted, unauthorized external access is blocked, and all known countermeasures to secure data are implemented. There are also contingency plans and training sessions held as necessary to ensure full preparedness in the event of an emergency. To maintain security, countermeasures are revised as new technologies and usage patterns emerge.

Settlement Risk

Settlement risk is the possibility of a loss arising from a transaction that cannot be settled as planned. Because this risk comprises elements of several types of risk, including credit, liquidity, processing, and systems risk, it requires interdisciplinary management.

At SMBC, the Operations Planning Department is responsible for coordinating the management of settlement risk with the Credit & Investment Planning Department, which oversees credit risk, and the Corporate Risk Management Department, which oversees liquidity risk.



Corporate Social Responsibility (CSR)

Contributing to the Sustainable Development of Society

As a new comprehensive financial services group for the 21st century, Sumitomo Mitsui Financial Group (SMFG) strives to respond to the expectations of society, and, by fulfilling its responsibilities, to earn the highest trust of society.

To earn such trust, we offer added value to four major stakeholder groups and entities: namely, customers, shareholders and the market, the environment and society, and our employees. Through these activities, the Group contributes to the sustainable development of society as a whole.

Basic CSR Policies

As a basis for implementing its CSR activities, SMFG has formulated a definition of CSR and a set of business ethics that articulate its basic principles for the Group.

SMFG's Definition of CSR

In the conduct of its business activities, SMFG fulfills its social responsibilities by contributing to the sustainable development of society as a whole through offering higher added value to (i) customers, (ii) shareholders and the market, (iii) the environment and society, and (iv) employees.

Basic CSR Principles: SMFG Business Ethics

- Providing Customer-Centric Services**
We intend to be a financial services group that has the complete trust and support of our customers. For this purpose, we will always provide services that meet the true needs of our customers to assure their satisfaction and earn confidence in the Group.
- Maintaining Sound Management**
We intend to be a financial services group that maintains fair, transparent, and sound management based on the principle of self-responsibility. For this purpose, along with earning the firm confidence of our shareholders, our customers, and the general public, we take a long-term view of our business and operate it efficiently, and actively disclose accurate business information about the Group. Through these activities, we work to maintain continued growth based on a sound financial position.
- Contributing to Social Development**
We intend to be a financial services group that contributes to the healthy development of society. For this purpose, we recognize the importance of our mission to serve as a crucial part of the public infrastructure and also our social responsibilities. Based on this recognition, we undertake business operations that contribute to the steady development of Japan and the rest of the world, and endeavor, as a good corporate citizen, to make a positive contribution to society.
- Creating a Free and Active Business Environment**
We intend to be a financial services group for which all officers and employees work with pride and commitment. For this purpose, we respect people and develop employees with extensive professional knowledge and capabilities, thereby creating a free and active business environment.
- Maintaining High Compliance Standards**
We intend to be a financial services group that always keeps in mind the importance of compliance. For this purpose, we reflect our awareness of Business Ethics in our business activities at all times. In addition, we respond promptly to directives from auditors and inspectors. Through these actions, we observe all laws and regulations, and uphold moral standards in our business practices.

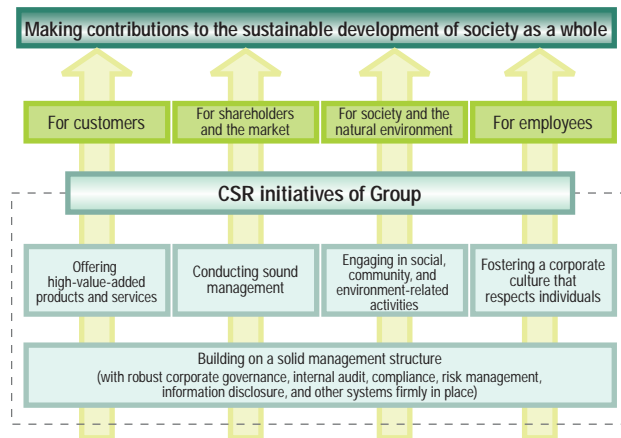
Key Points of CSR Activities

The key points of our CSR activities are as follows. First of all, we have created a solid management framework, including corporate governance, internal auditing, compliance, and risk management systems. Second, we offer higher added value to our four major stakeholder groups in the following ways.

- We endeavor to develop and prosper with our customers by offering top-quality, high-value-added products and services.
- We maintain sound management through disclosing appropriate information, designing and operating robust internal control systems, and managing to increase shareholder value.
- We implement initiatives on a continuing and active basis to contribute to society and preserve the natural environment.
- We work to foster a free and active business environment that emphasizes respect for individuals and allows employees to realize their full potential.

Finally, we ultimately contribute to the continuing development of society as a whole through all these activities.

Our Perspective on CSR



Implementing CSR Activities and Business Growth Strategies in Tandem

SMFG and the Group companies position CSR activities as the basis for the effective implementation of business growth strategies and conduct these activities in tandem with their strategies to attain management objectives.

The proper conduct of CSR activities is clearly an integral part of "management itself," and commitment to serious implementation of CSR initiatives is the shortest path to reaching management objectives.



Initiatives for Enhancing Customer Satisfaction (CS) and Quality

Working closely with Group companies, SMFG is taking initiatives to enhance customer satisfaction and the quality of Group services and products. SMFG calls meetings of its Group Customer Satisfaction Committee periodically to review reports based on analyses of the Voice of the Customer (VOC) and discuss measures to increase customer satisfaction.

At SMBC, we created the Quality Management Department in April 2006, with the aim of drawing fully on VOC to make improvements in the bank's business and management. The Quality Management Department is primarily responsible for analyzing the VOC data. Reports of this department are then discussed by the CS and Quality Improvement Committee, whose members include the chairman and directors who are members of the bank's Management Committee, and these reports are used proactively to enhance the satisfaction of our customers and the quality of our services.

In parallel with these activities, we are undertaking a wide range of initiatives for improving customer satisfaction and quality. These include conducting questionnaire surveys to obtain the opinions of a broader range of customers by interviewing them at our branches and offices and via mail. Also, to provide services that will meet with greater customer satisfaction, we are conducting related training and educational programs.

VOC Database

We have also created a VOC database, a record of the opinions that our customers have expressed, principally at our branches, and are working to make this database widely available within the bank. In addition, the data is analyzed and used by the Quality Management Department to provide guidance to our branches and to make improvement proposals to the Head Office departments so they can

establish bankwide CS enhancement measures.

The Head Office departments also analyze the VOC data themselves and employ the results to make improvements in products and services.

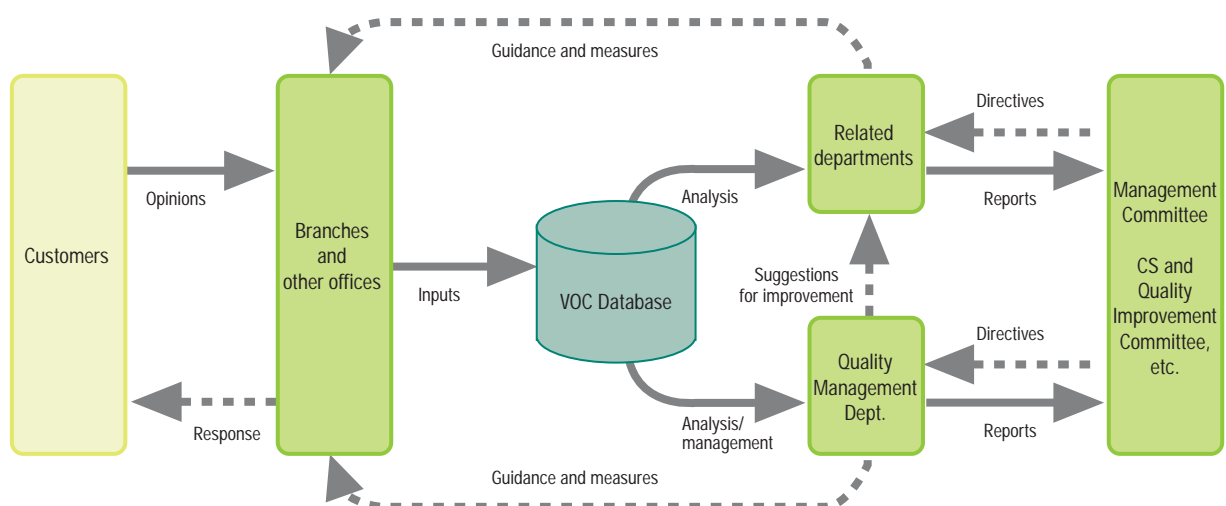
CS and Quality Improvement Committee

CS and Quality Improvement Committee, which is chaired by the president of SMBC, meets periodically to hear reports on the specific opinions that customers have expressed and to review the fluctuations in the number of opinions expressed from month to month. The committee also receives reports on the results of analyses of VOC and proposals for improvements, and members of management represented on the committee listen to these reports and consider appropriate courses of action.

In addition, to instill the awareness of making our activities more customer centric, we prepare documents containing points based on specific examples and distribute these throughout the bank. We also arrange for study meetings and implement other measures, and the content of these activities is reported to members of management for their consideration.

Moreover, to enhance customer satisfaction and the quality of our products and services from a broader point of view, we invite specialists familiar with these and related areas to provide their advice.

Activities to Obtain and Act on Voice Of the Customers



Our Stance on Corporate Governance

SMFG and its Group companies follow the SMFG management philosophy as a universal guide for Group management and position this philosophy as the anchor for corporate action. To implement the ideas contained in our Group philosophy, we believe one of the issues with highest priority is strengthening and improving our corporate governance system.

The SMFG Corporate Governance System

SMFG employs the "corporate auditor" governance model in which statutory auditors oversee the execution of business by the directors. At SMFG, we have five corporate auditors, three of whom are outside auditors. The auditors monitor the execution of business operations of SMFG and its subsidiaries by attending meetings of the Board of Directors and listen to reports on operations from the directors and others. They also examine documents relating to important decisions and receive reports from the internal audit departments, representatives of subsidiaries of SMFG, and the CPAs.

The chairman of SMFG serves as the chairman of the Board of Directors of SMFG. This separates the role of the president, whose responsibility is the overall supervision of business activities of SMFG and other Group companies, from the role of supervising management. To enhance the effectiveness of the Board, we have appointed outside directors and formed four governance committees: namely, the Auditing Committee, the Risk Management Committee, the Compensation Committee, and the Nominating Committee. Outside directors have been appointed to all four of these committees to provide for corporate governance from an objective perspective. As the need for objectivity is particularly acute in the case of the Auditing Committee and the Compensation Committee, outside directors serve as the chairmen of these committees. To ensure that the execution of the Group's business operations is in conformity both with legal regulations and generally accepted practices, the outside directors have been selected from among the ranks of specialists (including CPAs, lawyers, and consultants).

SMFG has created the Group Management Committee to serve as the top decision-making body, and it is under the direct supervision of the Board of Directors and chaired by the president of SMFG. This committee is composed of directors chosen by the president. Its role is to consider important matters related to the execution of business and to make decisions for or against the execution of matters in accord with the basic policies of the Board of Directors. SMFG also has a Group Strategy Committee that serves as a forum for the top managers of SMFG and all other Group companies to exchange opinions and information on their respective business plans. To enable SMFG to monitor the execution of day-to-day business operations at SMBC, six SMFG directors (including three outside directors) of the total of nine SMFG directors (including three outside directors) also serve as directors of SMBC. To monitor the conduct of operations at

three major Group companies, namely, Sumitomo Mitsui Card, Sumitomo Mitsui Finance and Leasing, and JRI, the SMFG director in charge of each of these subsidiaries serves as a part-time director of these companies.

Furthermore, to maintain the soundness of management, SMFG has established internal control systems to ensure the proper conduct of company operations following the Japanese Company Law. Designing and implementing an internal control system, to strengthen management systems, is regarded as a major issue, and initiatives are under way to enhance such internal control systems.


The SMBC Corporate Governance System

SMBC employs the corporate auditor governance model. Of the six statutory auditors appointed, three are from outside the bank. To ensure sound and transparent management, SMBC separates the two functions of management decision making at the operational level and the overall supervision of the conduct of duties by the management of the bank. For this purpose, the bank employs a system under which executive officers are responsible for operational duties, while the supervisory functions are performed principally by the Board.

The chairman of the bank serves as the chairman of the Board of Directors, and, to clearly separate his functions from those of the president of the bank, who is responsible for the overall supervision of the bank's activities, the chairman does not simultaneously serve as an executive officer and is primarily responsible for supervising management's execution of their duties. As at SMFG and to ensure a robust supervisory function, outside directors are appointed to the Board of Directors. At SMBC, three outside directors currently serve on the Board, which has a total membership of thirteen.

Executive officers are appointed by the Board to manage the operation of SMBC's businesses. As of June 30, 2008, SMBC has 70 executive officers, including the president, and eight serve concurrently as directors. The Management Committee of SMBC is the highest decision-making body at the operational level and is under the direct supervision of the Board of Directors. The president chairs this committee and selects its members from the executive officers. The committee members consider important management issues based on policies set by the Board of Directors, and the president has the authority to make the final decision after considering the committee's recommendations.

The president designates certain members of the Management Committee to be Authorized Management Committee members in charge of particular Head Office departments or units. All of these designated individuals are in charge of implementing the directives of the Management Committee within the businesses they oversee.



Internal Audit System

An Outline of the Group's Internal Audit System

In addition to the SMFG Auditing Committee, which functions as a governance committee reporting to the Board of Directors, we have established the Internal Auditing Committee, which is a part of the Group Management Committee to give a higher profile to the internal auditing functions and facilitate effective conduct of internal audits. The Internal Auditing Committee meets every quarter, and its members discuss important matters related to internal auditing based on reports prepared by the departments responsible for internal audits. There is also the Audit Department, which is an internal auditing unit that is independent of the operational departments of the Group.

The Audit Department conducts internal audits of the operations of all the Group's units and departments to contribute to optimal management and ensure the proper conduct of the Group's operations and the soundness of its assets. These audits also have the function of verifying that the Group's internal control systems, including compliance and risk management, are operating appropriately and effectively. The Audit Department is also responsible for the overall supervision of the internal audit systems of Group companies. It monitors the appropriateness and effectiveness of the internal audit systems at Group companies by verifying past data related to internal auditing and monitoring activities, which include inspections and other activities based on actual samples, and, when deemed necessary, by conducting audits. Based on these activities, the Audit Department provides recommendations and guidance to the business units and departments as well as Group companies.

At SMBC, we have formed auditing departments that are independent of bank units involved in marketing and other business activities. Within the Internal Audit Unit of SMBC, we have formed two departments: the Internal Audit Department and the Credit Review Department. As at SMFG, SMBC has set up its Internal Auditing Committee, which is a part of the Management Committee and is responsible for examining and conducting deliberations on reports on important matters submitted by the Internal Audit Unit.

SMBC's Internal Audit Unit is responsible for auditing legal

compliance and the management of risk at SMBC's Head Office departments, its domestic and overseas branches, and at all other business offices of subsidiaries in Japan and overseas. Auditing of operations in Head Office departments focuses on material issues that arise in the management of specific operations and categories of risk. These auditing activities emphasize the verification of "Targeted Audit Items" across the whole of the bank's organization. Moreover, audits of branches and offices are not limited just to checking for control and other deficiencies but also include pointing to any issues related to compliance and risk management and making recommendations for corrective action.

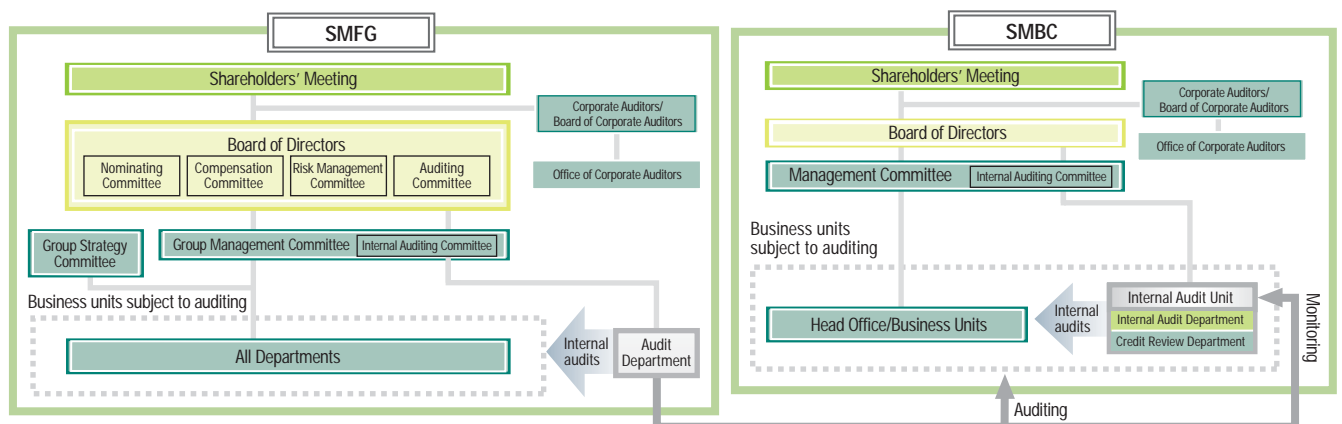
In other Group companies, internal audit departments have been formed suited to the respective nature of each company's lines of business.

Initiatives to Enhance the Sophistication and Efficiency of Internal Auditing

The Audit Department has adopted methods following the standards of the Institute of Internal Auditors (IIA)*, an international organization. The Audit Department conducts risk-based audits and works to apply best practices to Group companies.

To fulfill effectively its role as the department in overall charge of internal auditing, the Audit Department is constantly endeavoring to advance the professional skills of personnel engaged in internal auditing. Activities include collecting the latest information on internal auditing from inside and outside Japan and disseminating it to all Group companies. Also, the Audit Department organizes training courses, led by outside experts, for the staff of Group companies and encourages them to obtain international qualifications to enhance their professional knowledge and skills in internal auditing. To improve further the effectiveness of auditing, we also take active measures on a Groupwide basis to assess the quality of our internal auditing in the light of IIA standards.

* The Institute of Internal Auditors (IIA) was founded in 1941 in the United States as an organization dedicated to helping raise the level of specialization and professionalism of internal auditing staff. In addition to conducting theoretical and practical research on internal auditing, the IIA administers examinations for Certified Internal Auditor* (CIA*), which is the internationally recognized qualification in this field.



Compliance

Compliance Systems at SMFG

Basic Compliance Policies

As a financial services group offering a multiplicity of products and services, SMFG is intensifying its efforts to maintain high standards of compliance to carry out its mission as an important part of the nation's public infrastructure and fulfill its social responsibilities. Through these efforts, SMFG is becoming a truly outstanding global corporate group.

At SMFG, we have positioned compliance as one of the principal supports of our Business Ethics (please refer to page 52), which serve as the basic principles for fulfilling our corporate social responsibility (CSR). Accordingly, we regard strengthening our compliance systems as one of our top management priorities.

Group Management from a Compliance Perspective

As a financial holding company, SMFG seeks to maintain and enhance systems for providing appropriate direction, guidance, and monitoring for the compliance and related systems of Group companies to ensure the sound and proper conduct of business activities throughout the entire Group.

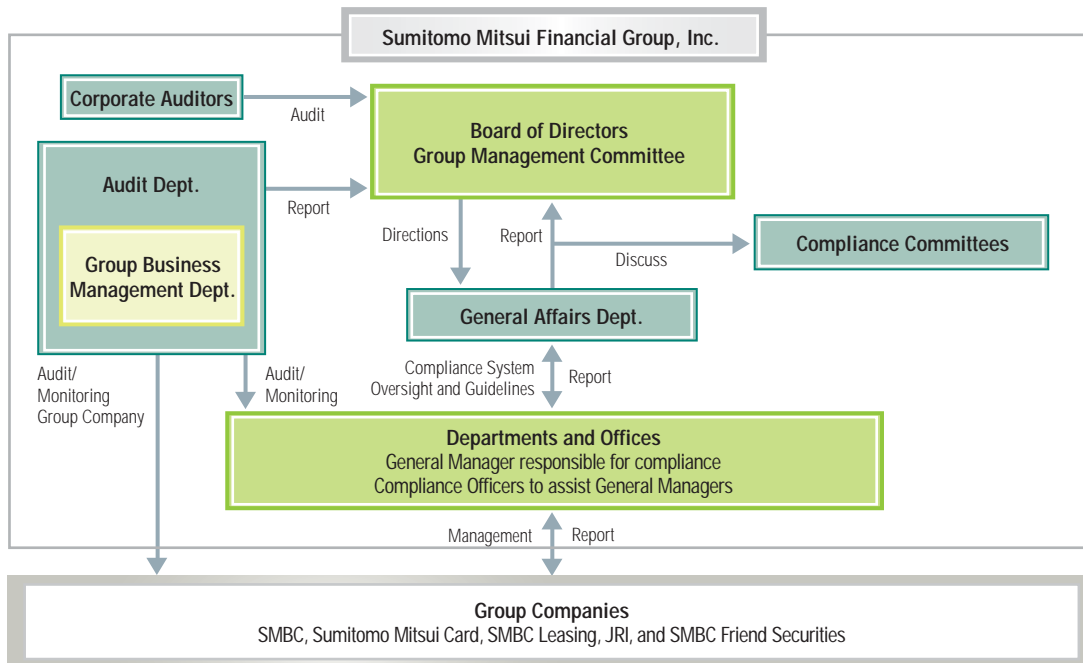
Specific activities include holding regular meetings that are attended by representatives of Group companies, as well as meetings with individual companies, with the objective of overseeing

the state of autonomously implemented compliance functions at those companies. The three main important areas for strengthening oversight in fiscal 2008 are (a) the actual monitoring of activities at Group companies; (b) ensuring strict observance of Japan's Anti-Monopoly Law; and (c) strengthening measures to control conflicts of interest.

Improvements in Monitoring Activities

As revisions are made in finance-related laws, such as Japan's Financial Instruments and Exchange Act, close attention to regulations and actions taken is even more important than in the past for ensuring compliance. As a consequence, careful monitoring is needed for the early identification of signs of emerging problems and for taking corrective action.

Accordingly, SMFG has prescribed methods for monitoring activities of Group companies in its *Compliance Manuals for Group Companies* as well as procedures for supervising and auditing the implementation of these activities. By taking these measures SMFG is working to strengthen its compliance systems through improvements in monitoring activities.



Compliance at SMBC

Strengthening Compliance Systems

Compliance with laws, regulations, and other social standards is a basic requirement for corporations in general. Especially for banks, compliance is a particularly important issue because of their public mission and social responsibilities as key players in the financial system and socioeconomic infrastructure.

SMBC, in line with the basic policy of SMFG, requires all its management and staff to assign the highest value to maintaining people's trust, abiding by relevant laws and regulations, upholding high ethical standards, and acting fairly and sincerely. SMBC, therefore, positions maintaining high standards of compliance as one of its most important management priorities.

Management of the Compliance System

SMBC adopts a basic, two-tiered structure to ensure compliance. First, each department and office is held individually responsible for making before the fact decisions that ensure its conduct complies with laws and regulations. Second, an independent, Internal Auditing Unit conducts rigorous audits of department and branch compliance.

To maintain this two-tiered structure and ensure it is operating effectively, the Compliance Unit, which includes the General Affairs Department and the Legal Department, plans and implements systems and system improvements to secure compliance, acting under directions from management. The Compliance Unit also provides guidance and conducts monitoring activities regarding the activities of all departments and branches, and assists departments and branches make compliance decisions.

The framework of SMBC's compliance system is shown in the diagram at the bottom of this page. To ensure that this framework functions effectively, SMBC also engages in the activities described in the following paragraphs.

Issuance of a Compliance Manual

To assist management and staff in choosing proper courses of action, SMBC has prepared its *Compliance Manual* containing 60 principles for action that provide objectives and guidance. This manual has been approved by the Board of Directors, and all management and staff have been fully apprised of its contents.

Preparation of Compliance Programs

With the objectives of ensuring that compliance systems function effectively and making necessary improvement in compliance systems within SMBC and its consolidated subsidiaries, the Board of Directors prepares a specific plan for compliance-related activities each fiscal year, including review and necessary revisions of regulations and training. In fiscal 2008, activities in progress include implementing measures for upgrading and increasing the effectiveness of various monitoring activities, strengthening the functions of compliance officers, continuing the various measures related to revisions in the Financial Instruments and Exchange Act, changes in the regulations for the sale of insurance products through bank branches, and strengthening systems, education, and training, as well as the monitoring of compliance.

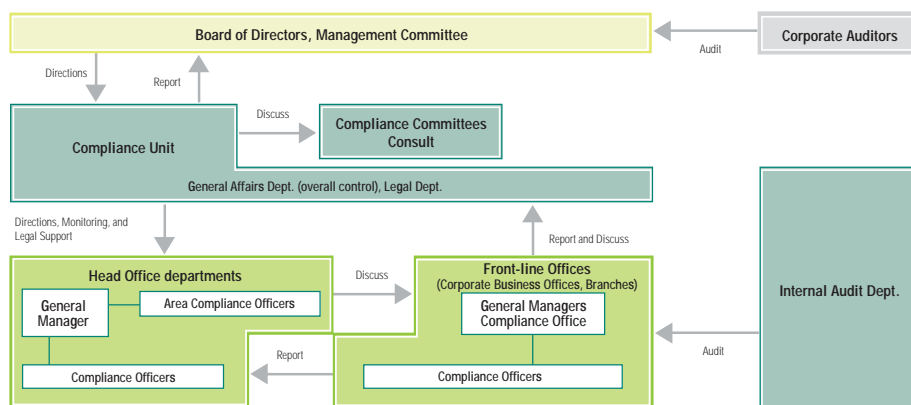
Appointment of Compliance Officers

In addition to the compliance officers appointed within the bank's departments and branches, we have appointed Area Compliance Officers, who are independent from frontline departments, within certain of our business units including the Middle Market Banking Unit and the Consumer Banking Unit. These officers are responsible for directing and overseeing compliance regarding transactions carried out by the staff of our branches and other frontline offices.

Formation of the Compliance Committee

To ensure that compliance issues related to various operations within the bank are reviewed and discussed comprehensively, we have formed the Compliance Committee, which has members drawn from across the organization. This committee is chaired by the director responsible for compliance issues and includes the heads of relevant departments. To enhance the fairness and objectivity of the committee's deliberations, outside members also participate in the Compliance Committee meetings.

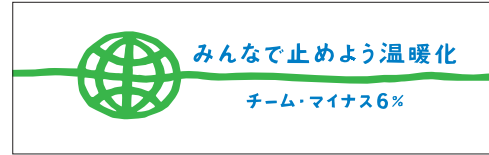
Overview of SMBC's Compliance System





Environmental Preservation Initiatives

The Group recognizes environmental preservation to be one of its most important management issues. Based on our Group Environmental Policy, we are implementing initiatives to preserve and achieve harmony with the natural environment in our corporate activities. SMFG is a signatory to the "Statement by Financial Institutions on the Environment and Sustainable Development" of the United Nations Environment Programme (UNEP) and participates in the national movement "Team Minus 6%," which is sponsored by the Japanese government.



The Group Environmental Policy

<Basic Concepts>

Recognizing the importance of realizing a sustainable society, SMFG is making continuous efforts to harmonize environmental preservation and corporate activities, in order to support the economy and contribute to the general well-being of society as a whole.

<Specific Environmental Policies>

- We provide environment-friendly financial products, information, and solutions that help our customers in their efforts to preserve the eco-system.
- We devise ways to reduce levels of environmental risk posed by our own activities and those of society at large.
- We are determined to fulfill our social responsibilities through the conservation of resources, energy saving, and the reduction of waste.
- We enforce a policy of strict adherence to environment-related laws and regulations.
- We practice a high level of disclosure of information relating to the Group's environmental activities, and make ceaseless efforts to improve our contribution to environmental preservation, incorporating the views of our staff and concerned persons from outside the Group.
- We place a high priority on thoroughly educating our staff in our environmental principles, and in ensuring that they conform to these principles in the performance of their work.
- We actively and effectively conduct environmentally aware management, and make continuous efforts to improve our system for tackling environmental issues, including by setting targets for each business term and reviewing them when deemed advisable.
- These policies are published on the Group's website, and are also available in printed form upon request.

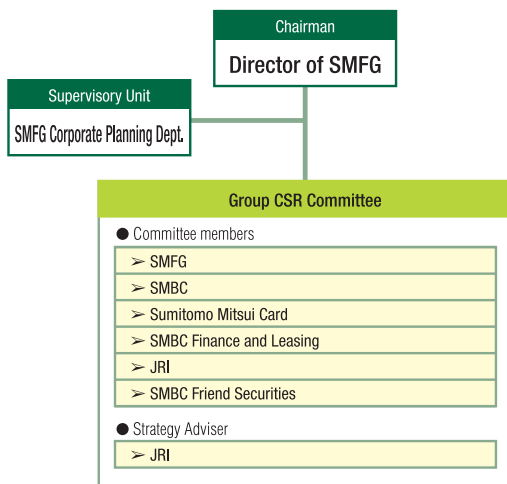
June 29, 2005
Teisuke Kitayama
President

Sumitomo Mitsui Financial Group, Inc.

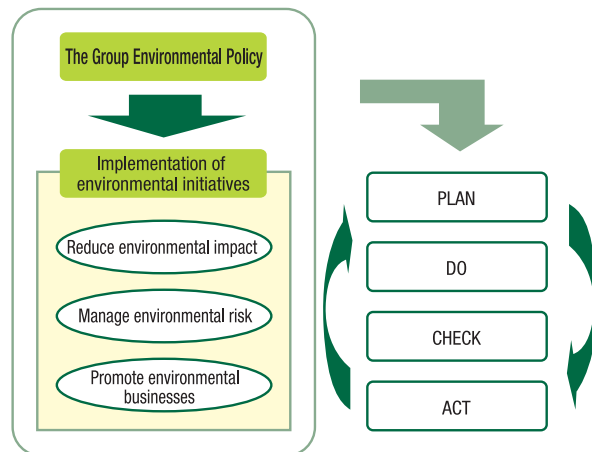
Three Pillars of Group's Activities

The three pillars of our environmental action plan are to "reduce environmental impact," "manage environmental risk," and "promote environmental businesses." The Group CSR Committee systematically sets environmental objectives for various activities and follows the PDCA (plan, do, check, and act) cycle in these environmental activities. SMFG and principal Group companies have obtained ISO 14001 certification, the international standard for environmental management systems.

Group CSR Committee



Environmental Action Plan and the PDCA Cycle



● Major Initiatives by Group Companies

| Objectives and Initiatives | | SMBC | Sumitomo Mitsui Card | SMBC Finance and Leasing | JRI | SMBC Friend Securities |
|----------------------------------|---|------|----------------------|--------------------------|-----|------------------------|
| Reduce environmental impact | Reducing energy consumption | | | | | |
| | Promoting green procurement | | | | | |
| | Providing training on environmental issues | | | | | |
| Manage environmental risk | Dealing with environmental risk in lending activities | | — | | — | — |
| | Promoting sale of items for reuse | — | — | | — | — |
| Promote environmental businesses | Providing funding and lease financing for environment-friendly businesses, etc. | | — | | — | — |
| | Promoting carbon credits business | | — | | | — |
| | Providing environmental policy consulting | — | — | — | | — |
| | Promoting environment-conserving businesses, such as energy service companies (ESCOs) and energy service providers (ESPs) | — | — | | | — |
| | Providing information, suggestions for policies and measures | | — | — | | — |

Reducing Environmental Impact

SMFG sets objectives each year for the reduction in use of electric power and other sources of energy and is actively engaged in reaching these energy conservation goals. We conduct “Is conservation visible?” campaigns to lower energy use along with autonomous energy use reduction efforts. In addition, SMBC has made its Head Office “carbon neutral” through the procurement of “green” sources of energy and purchases of carbon credits.* Moreover, Sumitomo Mitsui Card has attained carbon neutral status for its Osaka Head Office, and SMFG Finance and Leasing has reached this status for its Tokyo Head Office, both through the purchase of carbon credits.

* Carbon credits are also referred to as “Kyoto credits,” “emission allowances,” and “Certified Emission Reductions (CER)”. In this annual report, we use “carbon credits” to refer to these and the other concepts recognized under the Kyoto Protocol.

Managing Environmental Risk

● Dealing with Soil Contamination and Asbestos Risk

To deal with the risk that land pledged as collateral by borrowers may be contaminated, SMBC requires contamination risk assessment for land meeting certain criteria. When the risk is judged to be high, the assessed value of the potential risk is subtracted from the value of the collateral.

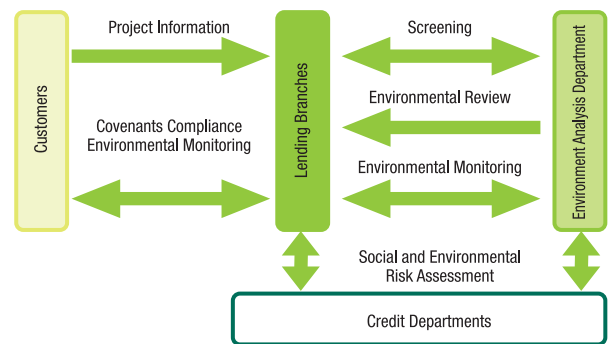
In addition, similar measures are taken regarding asbestos risk. When there is a concern about possible asbestos pollution, risk assessments are conducted for asset collateral meeting certain criteria, and SMBC encourages its customers to implement assessment surveys of such risk. Regarding its own premises, SMBC conducts surveys of asbestos risk and takes appropriate removal measures.

● Adoption of the “Equator Principles”

SMBC has adopted the Equator Principles which are a set of guidelines for financial institutions to conduct assessment and management of social and environmental impacts related to financing of large-scale development projects. The Environment

Analysis Department (EAD) has established its own internal procedures for social and environmental risk assessment in accordance with the Equator Principles, and EAD keeps updating its risk assessment operation.

■ Flow Chart of SMBC’s Social and Environmental Risk Assessment



Promoting Environmental Businesses

The Group considers providing assistance to companies engaged in environmental business as an effective way to provide assistance to society and the international community through its business activities.

SMBC, in particular, formed the Eco-Biz Promotion Council in fiscal 2005 to discuss periodically the development of sophisticated and efficient products and services that contribute to environmental maintenance and improvement.

<Outline of SMFG’s Environmental Businesses>

| Financial intermediary functions | Information-dissemination functions |
|--|--|
| <ul style="list-style-type: none"> ● Nurturing, supporting, and creating environmental businesses ● Supporting carbon credits business, etc. | <ul style="list-style-type: none"> ● Publishing SAFE, an environmental information magazine ● Holding of environmental seminars ● Making suggestions for policies, etc. |

Nurturing and Supporting Environmental Businesses

● SMBC Eco-Loans

SMBC began to offer loan products with preferential interest rates to companies that have obtained various types of environmental certifications in February 2007 with the aim of encouraging small and medium-sized enterprises (SMEs) to engage in more environmentally friendly activities.

Features of Eco-Loans: To enhance the convenience of these loans for SMEs, we have expanded the list of environmental certifications beyond ISO 14001 to include a total of more than 20 NPOs and local government entities in Japan that have their own environmental certifications.

Outstanding balance: As of March 31, 2008, 475 Eco-Loans had been made in the total amount of ¥30 billion.



● Global ECOBIZ Assist

Begun by SMBC in March 2008, this program offers preferential interest rates and fees to support the trade activities and entry into overseas markets of SMEs that manufacture and develop environmental equipment activities.

Objectives of ECOBIZ Assist: This program is intended to provide assistance in the globalization of Japanese SMEs that have superior environmental technologies and disseminate information about Japan's environmental technology to the rest of the world.

Eligibility: SMEs that are engaged in manufacturing and developing environmental equipment in the fields of water, waste materials, new energy, the atmosphere, energy conservation, and other areas (soil pollution remediation, greening, recovery of natural areas, etc.)

● Environmental Advisory Business

In the environmental field, Group company JRI is emphasizing the provision of outsourcing services for the operation, maintenance, and management of environmental facilities as well as environmental advisory services.

● eco japan cup

Since fiscal 2006, SMBC and Japan's Ministry of the Environment have jointly sponsored the "eco japan cup," which is a contest for selecting the best environment business plans and ideas. This contest has the aim of promoting the development of a recycling-oriented economy and society that are symbiotic with the natural environment.

One of the ideas behind this contest is to nurture venture companies in the environmental field and support the development of

environmental technologies. Separately from the eco japan cup contest, SMBC works with universities in Japan to select those venture companies that have potential to commercialize their technologies. SMBC gives assistance to them jointly with the universities and thereby provides support for their R&D activities.



● THE 5TH ECO-PRODUCTS INTERNATIONAL FAIR

THE 5TH ECO-PRODUCTS INTERNATIONAL FAIR is a comprehensive event that showcases a wide range of products and services that are environmentally friendly. The fair planned for March 2009 will be the fifth annual event in this series. The fair held in March 2008 was presented in Hanoi, Vietnam, and participants included 91 companies and organizations from nine countries, including Japan.

The press conference held on June 10, 2008, in the Philippines to announce THE 5TH ECO-PRODUCTS INTERNATIONAL FAIR was attended by key members of the planning committee for the fair, including Teisuke Kitayama, chairman of SMBC, Shigeo Takenaka, Secretary-General of the Asian Productivity Organization (APO), and the chair of the advisory committee for the fair Amelita Ramos, wife of a former president of the Philippines.



● Environmental Business Networking Event

Beginning in 2006, responding to the need to expand distribution channels to potential customers of companies supplying environmental products and services, SMBC and SMBC Consulting jointly have held Environmental Business Networking Events. About 500 companies have attended, and about 600 business discussions have been held at these events.

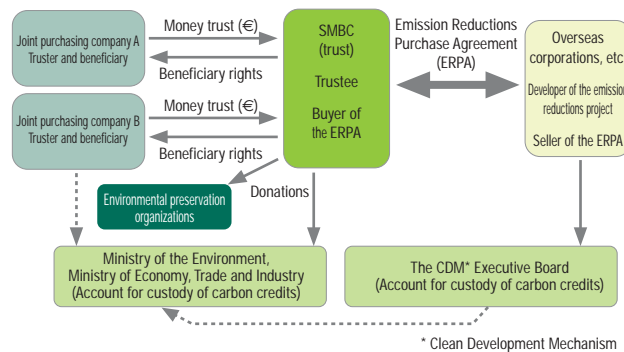


Carbon Credits Related Business Activities

The Group has engaged in business activities related to carbon credits, including introductions of available carbon credits to potential buyers since 2005.

● Small-Lot Carbon Credits Purchase Service

Beginning in June 2007, SMBC began to offer a service for purchase of small-lot carbon credits (joint purchase by several companies is acceptable) making use of money trust scheme. Further, to enhance the buyer's CSR activities, the buyer can choose whether to receive or donate the deposit interest earned on the trust assets between the period of the start of the money trust and the settlement of carbon credit purchase.



● Carbon Offsetting through Housing Loans

Beginning in April 2008, SMBC began a campaign to provide support for carbon offsetting to prevent global warming through housing loans made to individual customers. Under this program, home buyers purchase environmentally friendly houses with loans provided by SMBC, and, for customers who agree to take steps to reduce greenhouse gases, SMBC purchases carbon credits equivalent to one ton of greenhouse gases per household. These credits are then transferred to the Japanese government, thus making possible carbon offsetting through the joint efforts of customers and the bank.



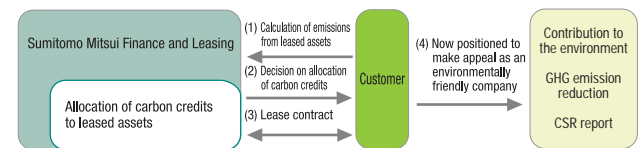
● "Fight Global Warming" Campaign for Marketing Japanese Government Bonds for Individual Investors

Starting in June 2008, SMBC has conducted its "Fight Global Warming" campaign for marketing Japanese government bonds (JGB) for individual investors. Under this campaign, which is designed to contribute to greenhouse gas (GHG) emission reduction as part of its efforts to fight global warming, for every individual investor who purchases Japanese government bonds worth one million yen or more, SMBC will buy carbon credits worth 500 kilograms of carbon dioxide (CO₂). Two thousand tons of car-

bon credits SMBC purchases under the campaign will be transferred to the Japanese government for free to help the nation reach its target under the Kyoto protocol.

● Carbon Neutral Leases

Sumitomo Mitsui Finance and Leasing has been contributing to the environment by offering lease financing for energy-conserving machinery and equipment in collaboration with ESCO enterprises. In August 2007, it introduced carbon neutral leases. This is a new service that renders the greenhouse gases released by leased assets neutral through the allocation of carbon credits to these assets. As a result of the implementation of this service, we are in a much better position to support the activities of companies that want to take the initiative in conducting environmentally friendly business activities.



Information Provision and Dissemination

● Publication of Environmental Magazine SAFE

SMFG has published this magazine on a bimonthly basis to provide information on the environment to its customers and other parties since 1996. Content includes interviews with the top management of companies that conduct sophisticated environmental activities and information on environmental regulatory trends. In addition, a related "Environmental Seminar" is held each year to provide additional information on the environment.



<http://www.smfg.co.jp/responsibility/csrinfo/safe.html>

● Signatory to the Carbon Disclosure Project (CDP)

SMFG is a signatory to the Carbon Disclosure Project (CDP). Today, institutional investors and financial institutions with an interest in climate change around the globe are requiring information disclosure related to the stance of companies and others as well as their initiatives related to environmental issues. The CDP aims to gather this information and make the results available.

Fundamental approach to social contribution activities

SMFG and its Group companies, due to the public service nature of the financial services industry, recognize the importance of using business operations to contribute to the development of society. In addition to this contribution to society through day-to-day business operations, we must also act as a responsible corporate citizen by engaging in activities that help lay the foundations for a better society in the future. In the spirit of corporate citizenship, SMFG and its Group companies will fulfill their social obligations through a broad range of activities.

Policy on social contribution activities

SMFG and its Group companies understand their role as responsible corporate citizens, and undertake activities that contribute to the realization of a prosperous and sustainable society. We maintain an extensive social contribution program by planning and executing social contribution activities at the corporate level, as well as encouraging employees to volunteer for worthwhile activities.

The central elements of our social contribution activities

SMFG and its Group companies position the following four sectors as the core fields for social contributions:

1) social welfare; 2) local and international communities; 3) environment; and 4) culture, art and education.

Activities Contributing to Social Welfare

Group companies undertake a wide range of social welfare activities that contribute to creating a more-affluent society.

● Collection and Donation of Voided Postcards, Unused Prepaid Telephone Cards, and Used Postage Stamps

SMFG collects voided postcards from Group employees, exchanges them for new postal stamps, and donates the stamps to volunteer organizations to help them cover their postal costs. In addition to these SMFG activities, SMBC collects unused prepaid telephone cards, Sumitomo Mitsui Card collects used postage stamps and prepaid cards from employees, and both Group companies donate them to volunteer organizations. Similarly, SMBC Friend Securities also collects used postage stamps for donation to volunteer groups.

● Sign-Language Courses

To assist employees in communicating with and providing high level services to aurally challenged customers, SMBC has offered sign-language courses to its employees each year since 1997. This is one of the many ways that SMBC makes social contributions through its business activities. In fiscal 2007, about 80 SMBC employees enrolled in the course, which was conducted in 10 sessions. Also, in 2005, the bank began to hold annual lectures to provide opportunities for aurally challenged guest speakers,



assisted by interpreters, to share their impressions of daily life using sign language. This event was held for the fourth consecutive year in April 2008 and was attended by about 1,200 employees.

● Providing Opportunities to Experience Volunteer Activities

SMBC provides opportunities for its staff and their families to experience volunteer activities. During fiscal 2007, SMBC held a number of these events, including three entitled: "Learning about Offering Support to Physically Challenged Persons through Demonstrations of Service Dogs Assisting Persons with Sight, Hearing, and Other Disabilities," "International Cooperation Seminar for Learning about the Life of Children in Developing Countries and Sorting Foreign Coins Received at the Bank Branches and Other Offices," and "Seminar on First-Aid Methods, Including the Use of Arm Slings and Automated External Defibrillators (AEDs), to Assist Persons Injured as a Result of Disasters or Suffering from Emergency Medical Problems." In addition, SMBC provides employees with information on various volunteer activities and encourages their participation in such events.



● Donations to Organizations Assisting Senior Citizens

SMBC Friend Securities has launched an investment trust that invests in companies that respond to the needs of Japan's senior citizens, and, in March 2008, donated a portion of the income from the marketing of this trust to organizations that help seniors to lead healthy and fulfilling lives.

Contribution Activities for Local and Overseas Communities

We undertake a variety of activities that contribute to the development of local communities in Japan, and international communities overseas.

● SMBC Volunteer Fund

The SMBC Volunteer Fund makes contributions to volunteer organizations, including those described below. Funds are raised from SMBC employees who volunteer to have ¥100 deducted from their salaries each month. As of June 2008, about 10,000 employees were participating in the program.

Major Donations by the Fund in Fiscal 2007:



- * Donations to economically disadvantaged areas of Cambodia to repair and expand older school facilities and to build a work training facility for female students
- * Payment of costs for publishing picture books and hosting training seminars on reading for teachers in Cambodia
- * Donations for setting up school libraries in Laos and operating culture centers there for art education

- * Scholarships for primary school students in Laos and for members of minority groups in that country to attend teacher training schools as well as funding for a health care and hygiene project in Laos
- * Scholarships for girls in rural areas of China
- * Payments for medical treatment of persons in Afghanistan who have been injured as a result of conflicts or by land mines
- * Donations for the distribution of textbooks to health and educational facilities as well as the provision of technical guidance in Nepal as part of projects related to the improvement in nutritional conditions and education in that country
- * Assistance to a project in Myanmar for improving the living environment for women through training in health and hygiene, activities to increase the literacy rate, teaching sewing skills, and other areas
- * Donations to programs in Bangladesh to assist extremely economically disadvantaged women in raising their incomes
- * Support for a water hygiene improvement project at primary schools in Sudan in Africa
- * Donations to a primary school lunch project in Burkina Faso in Africa
- * Assistance for surgical expenses and scholarships for primary, middle, and high school students in Indonesia as well as funding for a project to assist newborn babies
- * Support for trips and other activities for families who have young children with terminal illnesses and want to enrich their memories of their children during their remaining time together
- * Donations to an international exchange program for children between the ages of 12 and 13
- * Sponsorship of a workshop at a primary school for a puppet play company composed of speech- and aurally-challenged persons
- * Sharing a portion of the expenses related to the establishment of Japan's first school for training in Japanese sign language

In addition, the fund also made contributions for emergency disaster relief, including the following:

- * Donations were made in fiscal 2007 to provide relief after the following disasters: The Noto Peninsula earthquake in Japan, the earthquake and tsunami in the Solomon Islands, the Niigata-Chuetsu offshore earthquake, floods in Kumamoto Prefecture in Japan, a major earthquake in Peru, forest fires in Southern California, and a cyclone in Bangladesh.
- * Donations were provided in May 2008 to offer assistance for damage following the cyclone in Myanmar, and the major earthquake in China's Sichuan Province. Also, in June 2008, assistance was provided following the Iwate-Miyagi inland earthquake.

● Opening of accounts for donations to disaster victims

When major natural disasters occur, either in Japan or overseas, SMBC will open special accounts to collect donations for relief and allows anyone wishing to make donations to the account without fund transfer charges. SMBC also solicits donations for such causes from its employees and those of Group company Japan Research Institute (JRI). During fiscal 2007, donations were made from these special accounts to offer relief following the Noto Peninsula earthquake in Japan, the earthquake and tsunami in the Solomon Islands, the Niigata-Chuetsu offshore earthquake, floods in Kumamoto Prefecture in Japan, the major earthquake in Peru, and the cyclone in Bangladesh. Donations were also made available in May 2008 to provide assistance for damage following the cyclone in Myanmar, and the major earthquake in China's Sichuan Province, and, in June 2008, for assistance following the Iwate-Miyagi inland earthquake.

● Activities of YUI, SMBC's Volunteer Organization

SMBC also provides active support for YUI, an in-house volunteer organization that provides the opportunity for SMBC employees to plan and carry out welfare activities. YUI activities conducted on a continuing basis include social events held for persons living in homes for the speech-challenged, holding of charity bazaars for selling items collected from employees, and events to provide opportunities for senior citizens to sing their favorite songs. In fiscal 2007, other activities included sending picture books collected by YUI volunteers to children in Laos, with translations of the captions and explanations pasted into the books, and holding of charity bazaars for the sale of handicraft goods.



● SMBC Program for Contributing to Local Communities



Beginning in fiscal 2007, SMBC has begun to promote activities that are planned by its branches and other offices in Japan to contribute to local communities. Thus far, these activities have included cleanup activities for areas in the vicinity of SMBC branches and the outdoors, the planting of trees and flowers around branches, sign-language study classes, and exhibitions of children's art from

around the world in the lobbies of SMBC branches.

● Support for UNICEF

* SMBC is a member corporation of the steering committee of UNICEF Coin Aid and cooperates in the organization's fund-raising activities. To this end, SMBC places coin collection boxes in its branches and offices in Japan and calls for donations from the general public. The coins collected are sorted by currency with the cooperation of SMBC Green Service Co., Ltd., a Group company, before being delivered to the Japan Committee for UNICEF. In fiscal 2007, about 510,000 foreign coins (approximately 2.3 tons) and 40,000 foreign currency bills were collected at SMBC branches, airports in Japan, and other locations. Donations collected also included about ¥6 million in Japanese coins and bills. Since these activities began in 1992, the total amount of donations has run up to ¥780 million.

SMBC also cooperates with the Japan Committee for UNICEF by implementing the UNICEF Donation Account program. This program enables customers to donate their interest earnings after tax to UNICEF and SMBC provides a matching donation.



SMBC collects donations of foreign coins and bills for UNICEF at its branches.



The coins and bills collected are sorted by currency and then delivered to UNICEF.

* Sumitomo Mitsui Card and VJA group companies collect donations from VISA cardholders every year through its World Present point service for member companies of the VISA Japan Association. These donations are then given to the Japan Committee for UNICEF. Since the start of the program in 1992, total donations have exceeded ¥200 million. Beginning in April 2007, we have also commenced donations to the Japanese National Commission for UNESCO and the World Wildlife Fund Japan (WWF-Japan). Sumitomo Mitsui Card also issues cards that automatically make donations to specific charities, such as the UNICEF VISA Card and the Red Feather VISA Card (offered in cooperation with the Central Community Chest of Japan). To contribute further to a better society, Sumitomo Mitsui Card also makes its own donations to the working funds of all these organizations from its card business revenues.

● Establishment of Scholarships and Lecture Sponsorships for Chinese Universities

Beginning in fiscal 2008, SMBC has established a scholarship program for several universities in China, including Soochow University and Shanghai International Studies University. Along with this program, SMBC has also begun to provide endowed courses in Chinese universities.

● SMBC GLOBAL FOUNDATION

One of the principal activities of the SMBC Global Foundation is providing scholarships to university students in Asian countries, and, since 1994, it has offered educational support to more than 5,000 students in five countries. In 2006, the foundation added Malaysia and Vietnam to the list of countries receiving its support. The foundation is also active in the United States and Canada, where it mainly provides support for educational and cultural activities. The foundation's programs are an important part of SMBC's activities for contributing to international society.

● SMBC Foundation for International Cooperation

Established in 1990, the SMBC Foundation aims to assist in nurturing the human resources necessary to achieve sustainable growth in developing economies as well as promote international exchange activities. Through fiscal 2007, the foundation has provided financial support for 44 students from Asian countries to enable them to attend universities in Japan. The foundation also offers subsidies to research institutes and researchers undertaking projects related to developing countries.

Environmental Activities

We also sponsor activities that contribute to the preservation of the natural environment.

● SMBC's Environmental Program NPO C.C.C Furano Field

SMBC also provides support to an environmental project implemented by screenwriter Sou Kuramoto in the Furano area of Hokkaido. Activities under this project include enlisting the assistance of volunteers in planting seedlings in golf courses that have gone out of business with the goal of restoring these former forest areas to their once pristine condition. This project also sponsors environmental education activities that enable persons to experience nature with their five senses. SMBC and its employees with an interest in this project and their families participate in and help conduct tours in the area to experience and enable others to experience nature firsthand.



● Neighborhood Cleanup Programs



* SMFG sets aside one day a year as "SMFG Cleanup Day," and its employees participate in cleanup events in the

Kugenuma and Suma coastal areas. During fiscal 2007, 117 employees of Group companies participated in these events.

* At SMBC, interested employees have helped to clean up riverside areas since April 2004, and, in April 2008, about 260 participants cleaned up the Koshien Beach area in Hyogo Prefecture.

* At Sumitomo Mitsui Finance and Leasing, employees of Osaka Head Office are contributing to the beautification of the community through their continuing participation on a voluntary basis in a regular early-morning neighborhood cleanup conducted along Midosuji Street, a major thoroughfare.

* Employees of JRI and JRI Solutions respond to calls from local communities and participate in cleanup activities, mainly in the vicinity of their Tokyo and Osaka headquarters.

● Contributions to Private Nature Conservation Groups

JRI undertakes research for the Eco Fund, an investment trust that targets environmentally responsible companies, to assist this fund in making selections of companies appropriate for investment. JRI then donates part of the fees received for this research to private-sector nature conservation groups.

Contributing to Cultural, Artistic, and Education Activities

We also sponsor cultural, artistic and educational events.

● Sponsoring of Charity Concert Entitled "A Toy Box of Favorite Works"

Since fiscal 2006, SMBC has sponsored a charity concert to provide support for the world's children who have been injured by wars, natural disasters, and other disasters. SMBC's employee music societies perform a range of musical pieces that appeal to everyone from children to adults. Donations are collected from the audience at the concerts, and artwork submitted by children around the world is displayed in the concert hall lobby. In addition, a charity bazaar is held featuring items for sale that have been handcrafted by SMBC employees. This event was held for the third



time in April 2008, and, as in the previous year, it was presented in the Casals Hall in Nihon University with a large number in attendance.

● Children's Illustration Contest



Since fiscal 2007, SMBC has sponsored an illustration contest for primarily schoolchildren on the theme "The Kind of Work I Would Like to Do." About 3,000 illustrations were submitted for the first year's contest. We prepared an original bank passbook featuring the works of winners in the contest. In addition, the winning works were placed on display in SMBC's branches nationwide.

● Financial and Economic Education



SMBC engages in a range of educational activities to promote the understanding of finance and economics. For example, the bank supported to issue a book entitled "What Does Bank Do?" and provides a section on its web site called "Exciting Exploration of Banking Activities." SMBC is also a sponsor of the Kidzania Tokyo job-experience theme park for children and offers bank tours for primary school students during summer vacation entitled "Summer Vacation Fun! Let's Explore Banking Activities!" Among other educational activities, SMBC also supports the "Finance Park," an educational program on economics for junior high and high school students in Tokyo's Shinagawa Ward, holds finance and economics seminars at universities, and conducts other similar programs.

● Student Internship Program

JRI instituted its internship program in 1999, in recognition of the growing importance placed on giving students the opportunity to spend time in different workplaces prior to their graduation to gain a better understanding of work activities. Since fiscal 2006, the program has been sponsored jointly with JRI Solutions, and, in fiscal 2007, about 80 university students were accepted. The interns were assigned to IT systems, consulting, think tank, and many other workplaces, allowing them the opportunity to experience a wide range of work experience.

SMFG and the Group companies strive to create a workplace for their human resources where each and every employee can take pride in and be highly motivated about his or her work. In the following pages, we would like to introduce some of SMBC's initiatives in the human resources area.

Four Goals of SMBC's Human Resource Management

The primary goal of SMBC is to develop together with its four primary stakeholder groups: its customers, shareholders and market, society and environment, and employees. To achieve this goal, SMBC has established four objectives for its human resource management system.

- To promote the creation of an even more powerful business culture and practices that will enable SMBC to compete in global markets
- Develop staff with specialized professional skills who can provide customers with value-added services
- Motivate employees even more strongly by respecting their individuality and encouraging them to seek personal fulfillment
- Foster a corporate culture that encourages a forward-looking and creative attitude

Creating a Corporate Culture that Derives Strength from Diversity

● Employing a Diversity of Human Resources

SMBC is implementing initiatives to create a workplace where gender, nationality, and other superficial characteristics are not an issue and where a diversity of personnel can make active contributions. The ratio of women newly hired for the year beginning in April 2008 for generalist and consumer services positions exceeded 40%, and the number of women holding managerial positions has increased substantially. In April 2007, we appointed two non-Japanese officers as executive directors to strengthen our investment banking services in Europe and the Americas, and, in Japan, we are also actively hiring individuals of foreign nationality.

In fiscal 2008, the current fiscal year, we will establish a Diversity and Inclusion Department within our Human Resources Dept. and implement other initiatives for creating a corporate culture that derives strength from diversity.

● Employing Physically Challenged Persons

We have established a special corporation, SMBC Green Service Co., Ltd., that promotes the employment of persons with disabilities. We make arrangements for many physically challenged persons and representatives from other companies with an interest in employing persons with disabilities to visit SMBC and participate in practical training. As a result, we have received awards from many sources for our significant contributions to the employment of the physically challenged. In addition, we encourage our personnel to participate actively in skill competitions for the disabled that are sponsored by city and local governments in Japan. In the past, we have sent a number of our physically challenged employees to participate in the National Skill Competition for the Disabled (known as the "Abilinpic"). Please note that, as of March 2008, 2.05% of our employees had physical disabilities, which is well above the 1.8% required under relevant legal provisions.

● Providing Support for a Good Work-Life Balance

In fiscal 2007, SMBC established its Child-Care Subsidy Fund, which reimburses employees for up to ¥50,000 for monthly after-school child-care and babysitting expenses. In addition, we have created a new system for the reimbursement of transportation expenses for going to and from care centers and other child facilities. Also, in June 2008, we increased the number of days that employees can take off for taking care of a sick family member, and also lengthened the periods for shorter working hours, time off for taking care of a sick child, and the provision of a child-care subsidy to the third year of primary school. We are listening to the needs of our employees and working to create more enhanced systems to achieve a good balance between work and household requirements. For example, to date, more than 20 male employees have made use of our system for allowing husbands to take short periods of about two weeks off to assist with child rearing. In addition, our monthly lectures to provide support for employees planning to return to work after time off for child rearing have entered their third year, and more than 450 persons have attended these sessions. Also, to promote communication between employees and their families, we sponsor our SMBC Children's Visitation Program, which allows children to visit their mothers or fathers at work. These visits also provide an opportunity for educating family members about the work of SMBC and about finance and economics.

<Systems for a More Flexible Work Environment>

- **Work relocations**
To enable employees with job categories that do not normally provide for relocation transfers to request reassignments to other locations due to marriage, relocation of one's spouse, or other reasons.
- **Leave for taking care of sick children**
Employees may take leaves to care for sick children who are in their third year of primary school or younger. (Leaves are up to 5 days a year for one child and 10 days a year for two or more children.)
- **Half-day vacation time**
Employees can use their annual allotment of vacation days in half-day increments, to give them the flexibility to attend school events and take care of other personal matters.
- **System for rehiring former employees**
Employees who have resigned due to marriage, childbirth, child rearing, or caring for a parent can apply to be rehired within five years of their resignations.
- **Parental leave**
Employees are allowed to take parental leave until the child is 24 months old.
- **Shorter working hours**
For employees with children in school up to the end of the third year of primary school, SMBC has two types of systems that employees may choose from to give them time to drop off children at a daycare center and pick them up at the end of the day. One system enables them to shorten their working day, and the other makes it possible to designate one day each week as a day off.
- **Leave for caring for senior or disabled family members**
Employees may take leaves of absence to take care of a disabled or elderly family member.

<Systems to Provide Financial Support for Child Rearing>

- **Child-care subsidies**
For employees with children up to the end of the third year of primary school, SMBC offers subsidies up to a monthly limit of ¥50,000 to pay for after-school care and babysitting.
- **Subsidies for transportation to and from child-care centers**
To help pay for transportation costs to and from child-care centers and other such transportation expenses, SMBC offers a system that pays the cost of having parents take a detour to the care center, etc., from their regular commuting route.
- **Child-care support system**
To lighten the economic burden of child rearing for employees, we provide child-care center and babysitting services through an employee benefit services outsourcing company at a discount.



A session of SMBC Children's Visitation Program

Training Staff with Specialized Professional Skills

● Training for Younger Employees

To provide a high level of motivation for growth and development among younger personnel, SMBC has instituted its Rising Rookie Program and the SMBC Retail Banking College. Instruction in business knowledge and skills, which formerly was conducted over several years, has now been concentrated into a period of six months and is conducted efficiently by combining on-the-job training and classroom courses. In addition, we have built new training facilities in Nagoya, Tokyo, and Osaka to meet the growing need for training courses.

● Training at Overseas Offices

We are also devoting resources to the training of international staff. In fiscal 2007, we newly formed the Asia Pacific Training Department within our Planning Dept., International Banking Unit, and established a training room in Singapore. For employees in the Asian and Oceanian regions, we conduct various types of training programs, focused on business training and development of capabilities and skills. Through these activities we are taking the initiative in developing our human resources on a global scale.



Local staff participating in a training session in Singapore

Personnel Systems

● Expanding In-House Recruitment Systems

To raise the level of specialized knowledge as financial professionals among all employees, it is indispensable to provide systems for employees to gain a grasp of their aptitudes and skills and make their own decisions on the fields where they will show and take full advantage of their capabilities. One of the systems that SMBC has created to support employees in designing their own careers on their own initiative is the in-house recruitment system, which has three entry points: namely, the training entry point, the job entry point, and the post-entry point.

In the case of the job entry point, SMBC holds its SMBC Job Forum, which is an in-house seminar where 50 or more departments introduce their work and appeal to other employees to join them. This forum not only increases interest in the in-house recruitment system but also improves understanding among staff about a wide range of jobs within the bank, thus providing employees with the opportunity to think about their career design. In fiscal 2007, a total of more than 1,000 young to mid-career employees, in eastern and western Japan together, attended these seminars.



Employees attending the SMBC Job Forum to learn about in-house job opportunities

● Establishing a New Business Career Path

Beginning in fiscal 2008, we will realign our existing support staff career track by establishing the Business Career Path, which will expand the range of work activities and raise interest among employees in different career opportunities. Among job types, we will introduce a "corporate course" and an "operation course" among work and career paths. We will also create managerial levels and, valuing the lifestyles and career views of motivated employees, open up fields where they can make even greater contributions. In addition, from among temporary and contract employees working at our branches, we will hire about 2,000 of these staff as regular employees to go on the Business Career Path.

Heightening Awareness of Individual Rights

At SMBC, we have included in our principles of action the concepts that “we will respect the individual human dignity of our customers and employees” and “we will not permit discrimination of any kind.” We are implementing the following initiatives to heighten the awareness of all employees regarding individual rights.

- Conducting training meetings for manager level staff (once a year), and personnel newly appointed to management positions and staff who have recently joined the bank
- Holding study meetings to discuss individual rights issues, with manager level personnel leading these sessions (twice a year)
- Soliciting slogans promoting individual rights from management and staff (once a year)

Also, in fiscal 2007, SMBC began to participate in the United Nations Global Compact, thereby agreeing to embrace, support and enact 10 principles in the areas of human rights, labor standards, the environment, and anti-corruption.

● SMBC Among the Best 25 Companies in Japan as “A Great Place to Work”

In January 2008, SMBC was selected as one of the best companies in Japan as a place to work in the survey conducted by Great Place to Work® Institute Japan.

* Great Place to Work® Institute, Inc., a U.S. company, is a survey organization that supplies data for the annual list of the “100 Best Places to Work®” published by Fortune magazine. The survey has two major components, a survey of the internal systems and corporate culture of respondent companies and a questionnaire survey of the employees of these companies. The results of the survey of employees receive a weighting of two-thirds in determining the final results.



- SMBC Receives Award for Promotion of Gender Equality and Work-Home Compatibility from Japan's Ministry of Health, Labour and Welfare. SMBC received an award for excellence in the gender equality promotion section of the award given by the Tokyo Labor Department as part of the fiscal 2007 corporate awards for gender equality and work-home compatibility sponsored by the Ministry of Health, Labour and Welfare. We received this award as “a company taking active initiatives to draw fully on the abilities of female employees.” SMBC was cited for having “a wide range of departments that promote the employment of women” and “having support systems for attaining a balance between work and home responsibilities.”

Staff Profile

| March 31 | 2006 | 2007 | 2008 |
|---|--------|--------|--------|
| Number of employees* | 20,322 | 19,723 | 20,273 |
| Male | 13,955 | 13,424 | 13,457 |
| Female | 6,367 | 6,299 | 6,816 |
| Average age | 39.0 | 39.0 | 38.7 |
| Male | 41.3 | 41.2 | 40.10 |
| Female | 34.0 | 34.5 | 34.2 |
| Average years of service | 16.9 | 16.8 | 15.11 |
| Male | 18.4 | 18.2 | 17.5 |
| Female | 13.4 | 13.7 | 12.11 |
| Ratio of employees with disabilities (% of total)** | 1.99% | 2.03% | 2.05% |

* The number of full-time employees, including employees temporarily dispatched to other companies and organizations. The following have all been excluded from this total: executive officers, employees on short-term contracts, part-time employees, temporary staff employees, and local staff at overseas branches.

** As of March 1 of the respective years

| April 1 | 2004 | 2005 | 2006 | 2007 | 2008 |
|--|------|------|------|------|------|
| Number of newly employed female graduates*** | 143 | 208 | 252 | 380 | 518 |
| Ratio of newly employed females to total new employees | 36.2 | 38.1 | 36.3 | 40.0 | 41.3 |

*** Includes key employees, which includes generalist staff and consumer service staff. General office employees are excluded.

| Fiscal | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|------|------|------|------|------|
| Number of women in managerial positions**** | 167 | 193 | 235 | 280 | 354 |
| Number taking leave for child rearing | 61 | 70 | 89 | 126 | 163 |
| Men taking such leaves | — | — | — | 6 | 22 |
| Number of career hires | 7 | 88 | 181 | 156 | 500 |

**** As of the end of the fiscal year



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Consolidated Balance Sheets

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

| March 31 | Millions of yen | | Millions of U.S. dollars (Note 1) |
|--|---------------------|---------------------|--------------------------------------|
| | 2008 | 2007 | 2008 |
| Assets | | | |
| Cash and due from banks (Note 10)..... | ¥ 2,736,752 | ¥ 1,927,024 | \$ 27,316 |
| Deposits with banks (Notes 10 and 31) | 2,280,573 | 2,109,831 | 22,762 |
| Call loans and bills bought | 595,802 | 1,107,078 | 5,947 |
| Receivables under resale agreements | 357,075 | 76,551 | 3,564 |
| Receivables under securities borrowing transactions..... | 1,940,170 | 2,276,894 | 19,365 |
| Commercial paper and other debt purchased (Notes 10 and 31)..... | 1,153,070 | 963,916 | 11,509 |
| Trading assets (Notes 3, 10 and 31)..... | 4,123,611 | 3,277,885 | 41,158 |
| Money held in trust (Note 31)..... | 7,329 | 2,924 | 73 |
| Securities (Notes 4, 10 and 31) | 23,517,501 | 20,537,500 | 234,729 |
| Loans and bills discounted (Notes 5 and 10)..... | 62,144,874 | 58,689,322 | 620,270 |
| Foreign exchanges | 893,567 | 881,436 | 8,919 |
| Other assets (Notes 6 and 10)..... | 4,951,587 | 3,349,949 | 49,422 |
| Tangible fixed assets (Notes 7 and 17) | 820,411 | 817,567 | 8,188 |
| Intangible fixed assets (Note 8) | 332,525 | 234,896 | 3,319 |
| Lease assets (Note 9)..... | 1,425,097 | 1,001,346 | 14,224 |
| Deferred tax assets (Note 26)..... | 985,528 | 887,224 | 9,837 |
| Customers' liabilities for acceptances and guarantees..... | 4,585,141 | 3,606,050 | 45,764 |
| Reserve for possible loan losses | (894,702) | (889,093) | (8,930) |
| Total assets | ¥111,955,918 | ¥100,858,309 | \$1,117,436 |

(Continued)

| March 31 | Millions of yen | | Millions of U.S. dollars (Note 1) |
|--|---------------------|---------------------|--------------------------------------|
| | 2008 | 2007 | 2008 |
| Liabilities and net assets | | | |
| Liabilities | | | |
| Deposits (Notes 10 and 11) | ¥ 75,768,773 | ¥ 74,745,441 | \$ 756,251 |
| Call money and bills sold (Note 10) | 2,638,142 | 2,286,698 | 26,331 |
| Payables under repurchase agreements (Note 10) | 1,832,467 | 140,654 | 18,290 |
| Payables under securities lending transactions (Note 10) | 5,732,042 | 1,516,342 | 57,212 |
| Trading liabilities (Notes 10 and 12) | 2,671,316 | 1,942,973 | 26,663 |
| Borrowed money (Notes 10 and 13) | 4,279,034 | 3,214,137 | 42,709 |
| Foreign exchanges | 301,123 | 323,890 | 3,006 |
| Short-term bonds (Note 14) | 769,100 | 439,600 | 7,676 |
| Bonds (Note 14) | 3,969,308 | 4,093,525 | 39,618 |
| Due to trust account | 80,796 | 65,062 | 806 |
| Other liabilities (Notes 10 and 15) | 3,916,427 | 2,981,714 | 39,090 |
| Reserve for employee bonuses | 29,267 | 27,513 | 292 |
| Reserve for executive bonuses | 1,171 | — | 12 |
| Reserve for employee retirement benefits (Note 29) | 38,701 | 34,424 | 386 |
| Reserve for executive retirement benefits | 7,998 | 7,371 | 80 |
| Reserve for reimbursement of deposits | 10,417 | — | 104 |
| Reserve under special laws (Note 16) | 1,118 | 1,137 | 11 |
| Deferred tax liabilities (Note 26) | 52,046 | 50,953 | 519 |
| Deferred tax liabilities for land revaluation (Note 17) | 47,446 | 49,536 | 474 |
| Acceptances and guarantees (Note 10) | 4,585,141 | 3,606,050 | 45,764 |
| Total liabilities | 106,731,842 | 95,527,029 | 1,065,294 |
| Net assets (Note 27) | | | |
| Capital stock (Note 19) | 1,420,877 | 1,420,877 | 14,182 |
| Capital surplus | 57,826 | 57,773 | 577 |
| Retained earnings | 1,740,610 | 1,386,436 | 17,373 |
| Treasury stock (Note 27) | (123,989) | (123,454) | (1,237) |
| Total stockholders' equity | 3,095,324 | 2,741,632 | 30,895 |
| Net unrealized gains on other securities (Note 31) | 550,648 | 1,262,135 | 5,496 |
| Net deferred losses on hedges | (75,233) | (87,729) | (751) |
| Land revaluation excess (Note 17) | 34,910 | 37,605 | 349 |
| Foreign currency translation adjustments | (27,323) | (30,656) | (273) |
| Total valuation and translation adjustments | 483,002 | 1,181,353 | 4,821 |
| Stock acquisition rights (Note 33) | 43 | 14 | 0 |
| Minority interests (Note 18) | 1,645,705 | 1,408,279 | 16,426 |
| Total net assets | 5,224,076 | 5,331,279 | 52,142 |
| Total liabilities and net assets | ¥111,955,918 | ¥100,858,309 | \$1,117,436 |

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

| Year ended March 31 | Millions of yen | | Millions of U.S. dollars (Note 1) |
|---|------------------|------------------|--------------------------------------|
| | 2008 | 2007 | 2008 |
| Income | | | |
| Interest income: | | | |
| Interest on loans and discounts | ¥1,583,837 | ¥1,404,060 | \$15,808 |
| Interest and dividends on securities | 333,255 | 369,770 | 3,326 |
| Interest on receivables under resale agreements..... | 7,044 | 7,098 | 70 |
| Interest on receivables under securities borrowing transactions | 7,032 | 4,857 | 70 |
| Interest on deposits with banks | 101,120 | 96,763 | 1,009 |
| Other interest income | 113,160 | 96,517 | 1,130 |
| Trust fees | 3,752 | 3,508 | 38 |
| Fees and commissions (Note 20) | 704,283 | 705,998 | 7,030 |
| Trading profits (Note 21) | 469,571 | 127,561 | 4,687 |
| Other operating income (Note 22) | 1,212,635 | 1,003,632 | 12,103 |
| Other income (Note 24) | 203,346 | 128,017 | 2,030 |
| Total income | 4,739,040 | 3,947,786 | 47,301 |
| Expenses | | | |
| Interest expenses: | | | |
| Interest on deposits | 546,794 | 500,555 | 5,458 |
| Interest on borrowings and rediscounts | 71,391 | 50,984 | 713 |
| Interest on payables under repurchase agreements | 7,404 | 18,354 | 74 |
| Interest on payables under securities lending transactions | 45,499 | 60,856 | 454 |
| Interest on bonds and short-term bonds | 95,051 | 91,223 | 949 |
| Other interest expenses..... | 168,926 | 88,502 | 1,686 |
| Fees and commissions (Note 20) | 92,289 | 96,812 | 921 |
| Trading losses (Note 21)..... | — | 1,936 | — |
| Other operating expenses (Note 23)..... | 1,392,089 | 1,004,370 | 13,895 |
| General and administrative expenses..... | 978,896 | 888,561 | 9,770 |
| Provision for reserve for possible loan losses..... | 71,278 | 23,663 | 711 |
| Other expenses (Note 25)..... | 340,463 | 315,175 | 3,398 |
| Total expenses | 3,810,084 | 3,140,996 | 38,029 |
| Income before income taxes and minority interests | 928,955 | 806,790 | 9,272 |
| Income taxes (Note 26): | | | |
| Current..... | 103,900 | 87,818 | 1,037 |
| Deferred..... | 282,538 | 218,770 | 2,820 |
| Minority interests in net income | 80,980 | 58,850 | 808 |
| Net income | ¥ 461,536 | ¥ 441,351 | \$ 4,607 |

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

| Year ended March 31, 2008 | Millions of yen | | | | | | | | | | | | |
|--|----------------------|-----------------|--------------------|--------------------|----------------------------|--|-------------------------------|-------------------------|--|---|--------------------------|--------------------|--------------------|
| | Stockholders' equity | | | | | Valuation and translation adjustments | | | | | | | |
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total stockholders' equity | Net unrealized gains on other securities | Net deferred losses on hedges | Land revaluation excess | Foreign currency translation adjustments | Total valuation and translation adjustments | Stock acquisition rights | Minority interests | Total net assets |
| Balance at March 31, 2007 | ¥ 1,420,877 | ¥ 57,773 | ¥ 1,386,436 | ¥ (123,454) | ¥ 2,741,632 | ¥ 1,262,135 | ¥ (87,729) | ¥ 37,605 | ¥ (30,656) | ¥ 1,181,353 | ¥ 14 | ¥ 1,408,279 | ¥ 5,331,279 |
| Changes in the year | | | | | | | | | | | | | |
| Cash dividends | | | (110,215) | | (110,215) | | | | | | | | (110,215) |
| Net income | | | 461,536 | | 461,536 | | | | | | | | 461,536 |
| Acquisition of own shares | | | | (901) | (901) | | | | | | | | (901) |
| Disposal of treasury shares | | 53 | | 367 | 420 | | | | | | | | 420 |
| Increase due to increase in subsidiaries | | | 268 | | 268 | | | | | | | | 268 |
| Increase due to decrease in subsidiaries | | | 7 | | 7 | | | | | | | | 7 |
| Decrease due to increase in subsidiaries | | | (100) | | (100) | | | | | | | | (100) |
| Decrease due to decrease in subsidiaries | | | (3) | | (3) | | | | | | | | (3) |
| Transfer from land revaluation excess | | | 2,681 | | 2,681 | | | | | | | | 2,681 |
| Net changes in the items other than stockholders' equity in the year | | | | | | (711,486) | 12,495 | (2,694) | 3,333 | (698,351) | 29 | 237,426 | (460,895) |
| Net changes in the year | — | 53 | 354,173 | (534) | 353,692 | (711,486) | 12,495 | (2,694) | 3,333 | (698,351) | 29 | 237,426 | (107,203) |
| Balance at March 31, 2008 | ¥ 1,420,877 | ¥ 57,826 | ¥ 1,740,610 | ¥ (123,989) | ¥ 3,095,324 | ¥ 550,648 | ¥ (75,233) | ¥ 34,910 | ¥ (27,323) | ¥ 483,002 | ¥ 43 | ¥ 1,645,705 | ¥ 5,224,076 |

| Year ended March 31, 2007 | Millions of yen | | | | | | | | | | | | |
|--|----------------------|-----------------|--------------------|--------------------|----------------------------|--|-------------------------------|-------------------------|--|---|--------------------------|--------------------|--------------------|
| | Stockholders' equity | | | | | Valuation and translation adjustments | | | | | | | |
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total stockholders' equity | Net unrealized gains on other securities | Net deferred losses on hedges | Land revaluation excess | Foreign currency translation adjustments | Total valuation and translation adjustments | Stock acquisition rights | Minority interests | Total net assets |
| Balance at March 31, 2006 | ¥ 1,420,877 | ¥ 1,229,225 | ¥ 992,064 | ¥ (4,393) | ¥ 3,637,773 | ¥ 819,927 | ¥ — | ¥ 38,173 | ¥ (41,475) | ¥ 816,625 | ¥ — | ¥ 1,113,025 | ¥ 5,567,424 |
| Changes in the year | | | | | | | | | | | | | |
| Increase due to exchange of shares | | 221,365 | | | 221,365 | | | | | | | | 221,365 |
| Cash dividends | | | (47,951) | | (47,951) | | | | | | | | (47,951) |
| Net income | | | 441,351 | | 441,351 | | | | | | | | 441,351 |
| Acquisition of own shares | | | | (1,519,599) | (1,519,599) | | | | | | | | (1,519,599) |
| Disposal of treasury shares | | 3,459 | | 4,260 | 7,720 | | | | | | | | 7,720 |
| Retirement of treasury shares | | (1,396,277) | | 1,396,277 | — | | | | | | | | — |
| Increase due to increase in subsidiaries | | | 396 | | 396 | | | | | | | | 396 |
| Increase due to decrease in subsidiaries | | | 22 | | 22 | | | | | | | | 22 |
| Decrease due to increase in subsidiaries | | | (16) | | (16) | | | | | | | | (16) |
| Decrease due to decrease in subsidiaries | | | (5) | | (5) | | | | | | | | (5) |
| Transfer from land revaluation excess | | | 575 | | 575 | | | | | | | | 575 |
| Net changes in the items other than stockholders' equity in the year | | | | | | 442,207 | (87,729) | (568) | 10,818 | 364,728 | 14 | 295,254 | 659,996 |
| Net changes in the year | — | (1,171,452) | 394,372 | (119,061) | (896,141) | 442,207 | (87,729) | (568) | 10,818 | 364,728 | 14 | 295,254 | (236,144) |
| Balance at March 31, 2007 | ¥ 1,420,877 | ¥ 57,773 | ¥ 1,386,436 | ¥ (123,454) | ¥ 2,741,632 | ¥ 1,262,135 | ¥ (87,729) | ¥ 37,605 | ¥ (30,656) | ¥ 1,181,353 | ¥ 14 | ¥ 1,408,279 | ¥ 5,331,279 |

| Year ended March 31, 2008 | Millions of U.S. dollars (Note 1) | | | | | | | | | | | | |
|--|-----------------------------------|-----------------|-------------------|-------------------|----------------------------|--|-------------------------------|-------------------------|--|---|--------------------------|--------------------|------------------|
| | Stockholders' equity | | | | | Valuation and translation adjustments | | | | | | | |
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total stockholders' equity | Net unrealized gains on other securities | Net deferred losses on hedges | Land revaluation excess | Foreign currency translation adjustments | Total valuation and translation adjustments | Stock acquisition rights | Minority interests | Total net assets |
| Balance at March 31, 2007 | \$ 14,182 | \$ 577 | \$ 13,838 | \$ (1,232) | \$ 27,365 | \$ 12,597 | \$ (876) | \$ 376 | \$ (306) | \$ 11,791 | \$ 0 | \$ 14,056 | \$ 53,212 |
| Changes in the year | | | | | | | | | | | | | |
| Cash dividends | | | (1,100) | | (1,100) | | | | | | | | (1,100) |
| Net income | | | 4,607 | | 4,607 | | | | | | | | 4,607 |
| Acquisition of own shares | | | | (9) | (9) | | | | | | | | (9) |
| Disposal of treasury shares | | 0 | | 4 | 4 | | | | | | | | 4 |
| Increase due to increase in subsidiaries | | | 2 | | 2 | | | | | | | | 2 |
| Increase due to decrease in subsidiaries | | | 0 | | 0 | | | | | | | | 0 |
| Decrease due to increase in subsidiaries | | | (1) | | (1) | | | | | | | | (1) |
| Decrease due to decrease in subsidiaries | | | (0) | | (0) | | | | | | | | (0) |
| Transfer from land revaluation excess | | | 27 | | 27 | | | | | | | | 27 |
| Net changes in the items other than stockholders' equity in the year | | | | | | (7,101) | 125 | (27) | 33 | (6,970) | 0 | 2,370 | (4,600) |
| Net changes in the year | — | 0 | 3,535 | (5) | 3,530 | (7,101) | 125 | (27) | 33 | (6,970) | 0 | 2,370 | (1,070) |
| Balance at March 31, 2008 | \$ 14,182 | \$ 577 | \$ 17,373 | \$ (1,237) | \$ 30,895 | \$ 5,496 | \$ (751) | \$ 349 | \$ (273) | \$ 4,821 | \$ 0 | \$ 16,426 | \$ 52,142 |

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

| Year ended March 31 | Millions of yen | | Millions of |
|--|------------------|--------------------|-----------------------|
| | 2008 | 2007 | U.S. dollars (Note 1) |
| | | | 2008 |
| 1. Cash flows from operating activities: | | | |
| Income before income taxes and minority interests | ¥ 928,955 | ¥ 806,790 | \$ 9,272 |
| Depreciation of fixed assets..... | 83,346 | 78,869 | 832 |
| Depreciation of lease assets..... | 403,775 | 335,399 | 4,030 |
| Losses on impairment of fixed assets..... | 5,161 | 30,548 | 51 |
| Amortization of goodwill..... | 10,520 | 4,858 | 105 |
| Equity in losses of affiliates..... | 41,760 | 104,170 | 417 |
| Losses (gains) on sale of subsidiaries' shares and gains on change in equity of subsidiary..... | 106 | (5,072) | 1 |
| Net change in reserve for possible loan losses | (26,197) | (146,971) | (262) |
| Net change in reserve for employee bonuses | 1,289 | 2,128 | 13 |
| Net change in reserve for executive bonuses..... | 1,146 | — | 11 |
| Net change in reserve for employee retirement benefits | 2,178 | (2,639) | 22 |
| Net change in reserve for executive retirement benefits | 295 | 7,371 | 3 |
| Net change in reserve for reimbursement of deposits | 10,417 | — | 104 |
| Interest income | (2,145,451) | (1,979,069) | (21,414) |
| Interest expenses | 935,067 | 810,476 | 9,333 |
| Net losses on securities..... | 29,146 | 71,686 | 291 |
| Net gains from money held in trust..... | (227) | (0) | (2) |
| Net exchange losses (gains) | 355,913 | (103,541) | 3,552 |
| Net losses from disposal of fixed assets..... | 1,550 | 3,067 | 15 |
| Net gains from disposal of lease assets | (2,436) | (1,364) | (24) |
| Net change in trading assets | (864,864) | 767,067 | (8,632) |
| Net change in trading liabilities | 747,776 | (969,090) | 7,464 |
| Net change in loans and bills discounted | (3,372,601) | (1,376,693) | (33,662) |
| Net change in deposits | 776,786 | 1,307,266 | 7,753 |
| Net change in negotiable certificates of deposit | 497,697 | (136,304) | 4,968 |
| Net change in borrowed money (excluding subordinated debt) | 333,136 | 1,141,752 | 3,325 |
| Net change in deposits with banks | (241,409) | (157,092) | (2,410) |
| Net change in call loans and bills bought and others | 34,765 | (612,297) | 347 |
| Net change in receivables under securities borrowing transactions..... | 336,724 | (320,243) | 3,361 |
| Net change in call money and bills sold and others..... | 2,044,633 | (5,994,528) | 20,408 |
| Net change in commercial paper..... | — | (10,000) | — |
| Net change in payables under securities lending transactions..... | 4,215,699 | (1,230,782) | 42,077 |
| Net change in foreign exchanges (assets) | (14,713) | 66,917 | (147) |
| Net change in foreign exchanges (liabilities) | (22,916) | (124,047) | (229) |
| Net change in short-term bonds (liabilities) | 42,500 | 55,700 | 424 |
| Issuance and redemption of bonds (excluding subordinated bonds) | (220,801) | (198,091) | (2,204) |
| Net change in due to trust account..... | 15,733 | (253,534) | 157 |
| Interest received | 2,146,724 | 1,966,949 | 21,427 |
| Interest paid..... | (924,191) | (774,678) | (9,224) |
| Other, net..... | (326,054) | 197,841 | (3,254) |
| Subtotal | 5,840,942 | (6,637,179) | 58,299 |
| Income taxes paid..... | (58,353) | (123,561) | (583) |
| Net cash provided by (used in) operating activities..... | 5,782,588 | (6,760,740) | 57,716 |

(Continued)

| Year ended March 31 | Millions of yen | | Millions of U.S. dollars (Note 1) |
|--|--------------------|--------------------|--------------------------------------|
| | 2008 | 2007 | 2008 |
| 2. Cash flows from investing activities: | | | |
| Purchases of securities..... | (50,073,494) | (35,085,809) | (499,785) |
| Proceeds from sale of securities..... | 35,014,774 | 21,544,154 | 349,484 |
| Proceeds from maturity of securities | 10,504,800 | 18,886,454 | 104,849 |
| Purchases of money held in trust | (5,378) | — | (54) |
| Proceeds from sale of money held in trust | 796 | — | 8 |
| Purchases of tangible fixed assets | (71,301) | (193,614) | (712) |
| Proceeds from sale of tangible fixed assets | 16,592 | 8,474 | 166 |
| Purchases of intangible fixed assets | (64,918) | (57,506) | (648) |
| Proceeds from sale of intangible fixed assets | 252 | 6 | 2 |
| Purchases of lease assets..... | (457,070) | (383,526) | (4,562) |
| Proceeds from sale of lease assets..... | 51,141 | 48,392 | 510 |
| Proceeds from sale of stocks of subsidiaries..... | 198 | 3,745 | 2 |
| Purchases of stocks of subsidiaries..... | (2,951) | (1,317) | (29) |
| Net cash provided by (used in) investing activities | (5,086,559) | 4,769,454 | (50,769) |
| 3. Cash flows from financing activities: | | | |
| Proceeds from issuance of subordinated debt | 40,000 | 20,000 | 399 |
| Repayment of subordinated debt..... | (76,000) | (83,000) | (759) |
| Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights..... | 214,000 | 196,951 | 2,136 |
| Repayment of subordinated bonds and bonds with stock acquisition rights..... | (47,000) | (181,283) | (469) |
| Dividends paid | (110,099) | (47,926) | (1,099) |
| Proceeds from minority stockholders..... | 141,500 | 360,362 | 1,412 |
| Dividends paid to minority stockholders | (60,239) | (46,724) | (601) |
| Purchases of treasury stock | (901) | (1,474,644) | (9) |
| Proceeds from sale of treasury stock | 853 | 11,320 | 9 |
| Net cash provided by (used in) financing activities | 102,112 | (1,244,945) | 1,019 |
| 4. Effect of exchange rate changes on cash and due from banks | (8,465) | 3,434 | (84) |
| 5. Net change in cash and due from banks | 789,676 | (3,232,797) | 7,882 |
| 6. Cash and due from banks at beginning of year | 1,927,024 | 5,159,822 | 19,234 |
| 7. Change in cash and due from banks due to merger of consolidated subsidiaries | 1,183 | — | 12 |
| 8. Change in cash and due from banks due to newly consolidated subsidiaries..... | 18,870 | 0 | 188 |
| 9. Change in cash and due from banks due to exclusion of consolidated subsidiaries..... | (3) | — | (0) |
| 10. Cash and due from banks at end of year | ¥ 2,736,752 | ¥ 1,927,024 | \$ 27,316 |

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Years ended March 31, 2008 and 2007

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 Sumitomo Mitsui Banking Corporation ("SMBC") in exchange for SMFG's newly issued securities. SMFG is a joint stock corporation with limited liability (*Kabushiki Kaisha*) incorporated under the Company Law of Japan. Upon formation of SMFG and completion of the statutory share transfer, 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 Financial Instruments 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 from 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 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 is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2008, which was ¥100.19 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 when 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

The number of consolidated subsidiaries is as follows:

| March 31 | 2008 | 2007 |
|---------------------------------|------|------|
| Consolidated subsidiaries | 268 | 181 |

Principal companies:

Sumitomo Mitsui Banking Corporation
 THE MINATO BANK, LTD.
 Kansai Urban Banking Corporation
 Sumitomo Mitsui Banking Corporation Europe Limited
 Manufacturers Bank
 Sumitomo Mitsui Finance and Leasing Company, Limited
 Sumitomo Mitsui Card Company, Limited
 QUOO Inc.

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, 2008 are as follows:

Thirty-three companies including QUOO Inc. were newly consolidated due mainly to an increase in the shareholding ratio. Seventy-six companies including MG Leasing Corporation were also consolidated due to a merger between SMBC Leasing Company, Limited and Sumisho Lease Co., Ltd.

Six companies including SMFG Corporate Recovery Servicer Co., Ltd. were excluded from the scope of consolidation because they were no longer subsidiaries due to liquidation and other reasons. Also, sixteen companies including SMLC ANTLIA Co., Ltd. were excluded from the scope of consolidation and became unconsolidated subsidiaries that are not accounted for by the equity method because they became operators of silent partnerships for lease transactions.

(ii) Unconsolidated subsidiaries

Principal company:

SBCS Co., Ltd.

Two hundred and thirty-eight subsidiaries including SMLC MAHOGANY Co., Ltd. are operators of silent partnerships for lease transactions and their assets and profits/losses do not belong to them substantially. Therefore, they have been excluded from the scope of consolidation pursuant to Article 5 Paragraph 1 Item 2 of the Consolidated Financial Statements Regulations.

Other unconsolidated subsidiaries are also excluded from the scope of consolidation because their total amounts in terms of total assets, ordinary income, net income and retained earnings are so immaterial that they do not hinder a rational judgment of SMFG's financial position and results of operations when excluded from the scope of consolidation.

Information on the fourteen special purpose entities, which are not regarded as subsidiaries pursuant to Article 8 Paragraph 7 of the Financial Statements Regulations, is reported in Note 35. "Implementation Guidance on Disclosures about Certain Special Purpose Entities" (Accounting Standards Board of Japan ("ASBJ") Guidance No. 15, issued on March 29, 2007) is effective from the fiscal year beginning on or after April 1, 2007, and SMFG has applied the guidance from the fiscal year ended March 31, 2008.

(b) Application of the equity method

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

(i) Unconsolidated subsidiaries accounted for by the equity method

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

| March 31 | 2008 | 2007 |
|-----------------------------------|------|------|
| Unconsolidated subsidiaries | 3 | 3 |

Principal company:

SBCS Co., Ltd.

(ii) Affiliates accounted for by the equity method

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

| March 31 | 2008 | 2007 |
|------------------|------|------|
| Affiliates | 71 | 59 |

Principal companies:

- Sumitomo Mitsui Auto Service Company, Limited
- Promise Co., Ltd.
- Central Finance Co., Ltd.
- OMC Card, Inc.
- Daiwa Securities SMBC Co. Ltd.
- NIF SMBC Ventures Co., Ltd.
- Daiwa SB Investments Ltd.

Sumitomo Mitsui Asset Management Company, Limited

Changes in affiliates accounted for by the equity method in the fiscal year ended March 31, 2008 are as follows:

Twenty-five companies including Central Finance Co., Ltd. newly became affiliated companies accounted for by the equity method due mainly to acquisition of shares.

Three companies including QUOQ Inc. were excluded from the scope of affiliated companies accounted for by the equity method because they became consolidated subsidiaries. Ten companies including NIF Capital Management Co., Ltd. were also excluded due mainly to merger.

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

Two hundred and thirty-eight subsidiaries including SMLC MAHOGANY Co., Ltd. are operators of silent partnerships for lease transactions and their assets and profits/losses do not belong to them substantially. Therefore, they have not been accounted for by the equity method pursuant to Article 10 Paragraph 1 Item 2 of the Consolidated Financial Statements Regulations.

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

Daiwa SB Investments (USA) Ltd.

Affiliates that are not accounted for by the equity method are excluded from the scope of equity method because their total amounts in terms of net income and retained earnings are so immaterial that they do not hinder a rational judgment of SMFG's financial position and results of operations when excluded from the scope of equity method.

(c) The balance sheet dates of consolidated subsidiaries

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

| March 31 | 2008 | 2007 |
|----------------------|------|------|
| June 30 | 6 | 2 |
| July 31 | 2 | 1 |
| September 30 | 7 | 7 |
| October 31 | 2 | 2 |
| November 30 | 2 | 2 |
| December 31 | 122 | 70 |
| January 31 | 7 | 1 |
| February 28/29 | 6 | 3 |
| March 31 | 114 | 93 |

(ii) The subsidiaries whose balance sheet dates are July 31, September 30, November 30 and January 31 are

consolidated after the accounts were provisionally closed as of March 31 for the purpose of consolidation. In case of the subsidiaries whose balance sheet dates are June 30, they are consolidated after the accounts were provisionally closed as of December 31 or March 31. As for the subsidiaries whose balance sheet dates are October 31, their financial statements are consolidated based on the provisional financial statements closed as of January 31 or March 31, respectively. The other subsidiaries are consolidated on the basis of their respective balance sheet dates.

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

(2) 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 sheets on a trade date basis. Profits and losses on trading-purpose transactions are recognized on a trade date basis, and recorded as "Trading profits" or "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.

(3) Securities

(a) 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 "Net assets."

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

(4) Derivative transactions

Derivative transactions, other than 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.

(5) Depreciation

(a) Tangible fixed assets and lease assets

Tangible fixed assets are generally stated at cost less accumulated depreciation. Depreciation of tangible fixed assets and equipment owned by SMFG and SMBC is calculated using the straight-line method and the declining-balance method over the estimated useful lives of the respective assets, respectively. The estimated useful lives of major items are as follows:

Buildings: 7 to 50 years

Equipment: 2 to 20 years

Other consolidated subsidiaries depreciate their tangible fixed assets 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.

In accordance with the amendment of the corporate tax laws in the fiscal year ended March 31, 2008, the tangible fixed assets acquired on or after April 1, 2007 are depreciated based on the depreciation method under the amended corporate tax laws. This accounting change had no material impact on the consolidated financial statements for the fiscal year ended March 31, 2008.

As for the tangible fixed assets acquired before April 1, 2007, from the fiscal year ended March 31, 2008, their residual values are depreciated over five years using the straight-line method after the fiscal year in which the depreciable limit is reached. This accounting change had no material impact on the consolidated financial statements for the fiscal year ended March 31, 2008.

(b) Intangible fixed assets

Depreciation of intangible fixed assets is calculated using the straight-line method.

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).

(6) Reserve for possible loan losses

Reserve for possible loan losses of major consolidated subsidiaries is provided for as described 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 for 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 for 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.

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

For claims originated in certain specific overseas countries, an additional reserve is provided for 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, reviews their assessment. The reserves are provided for based on the results of these assessments.

Reserve for possible loan losses of other consolidated subsidiaries for general claims is provided for 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 ¥518,594 million (\$5,176 million) and ¥490,123 million at March 31, 2008 and 2007, respectively.

(7) 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.

(8) Reserve for executive bonuses

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

(9) 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 nine years, over the employees' estimated average remaining service period at incurrence.

Unrecognized net actuarial gain (loss) is amortized using

the straight-line method, primarily over nine years within the employees' average remaining service period, commencing from the next fiscal year of incurrence.

- (10) Reserve for executive retirement benefits
Reserve for executive retirement benefits is provided for payment of retirement benefits to directors, corporate auditors and other executive officers, in the amount deemed accrued at the fiscal year-end based on the internal regulations.
- (11) Reserve for reimbursement of deposits
Reserve for reimbursement of deposits which were derecognized as liabilities under certain conditions is provided for the possible losses on the future claims of withdrawal based on the historical reimbursement experience. Formerly, deposits which had been derecognized as liabilities were expensed when they were actually reimbursed. However, from the fiscal year ended March 31, 2008, such reserve is provided for in the estimated amount as described above in accordance with the "Treatment for Auditing of Reserve under Special Taxation Measures Law, Reserve under Special Laws and Reserve for Retirement Benefits to Directors and Corporate Auditors" (Japanese Institute of Certified Public Accountants ("JICPA") Audit and Assurance Practice Committee Report No. 42) of April 13, 2007.
As a result, "Income before income taxes and minority interests" for the fiscal year ended March 31, 2008 decreased by ¥10,417 million (\$104 million) as compared with the former method.
- (12) Reserve under special laws
Reserve under special laws is a reserve for contingent liabilities from financial instruments transactions pursuant to Article 46-5 and Article 48-3 of the Financial Instruments and Exchange Law. Reserve for contingent liabilities from financial futures and securities transactions, which were formerly recognized in accordance with Article 81 of the Financial Futures Transactions Law and Article 51 of the Securities and Exchange Law, respectively, are stated as Reserve for contingent liabilities from financial instruments transactions from the fiscal year ended March 31, 2008 in accordance with the enforcement of the Financial Instruments and Exchange Law on September 30, 2007.
- (13) Translation of foreign currency assets and liabilities
Assets and liabilities of SMFG and SMBC denominated in foreign currencies and accounts of SMBC overseas branches 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.
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.
- (14) 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.
- (15) 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 at March 31, 2008, and deferred hedge accounting or fair value hedge accounting at March 31, 2007.
SMBC applies deferred hedge accounting stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24) to portfolio hedges on groups of large-volume, small-value monetary claims and debts.
As for the portfolio hedges to offset market fluctuation, SMBC assesses the effectiveness of such hedges by classifying the hedged items (such as deposits and loans) and the hedging instruments (such as interest rate swaps) by their maturity. As for the portfolio hedges to fix cash flows, SMBC assesses the effectiveness of such hedges by verifying the correlation between the hedged items and the hedging instruments.
As for the individual hedges, SMBC also assesses the effectiveness of such individual hedges at March 31, 2008. At March 31, 2007, SMBC basically applied deferred hedge accounting, but applied fair value hedge accounting to hedging transactions for reducing the market volatility of bonds classified as other securities that were held for the purpose of Asset and Liability Management.
As a result of the application of JICPA Industry Audit Committee Report No. 24, SMBC discontinued the application of hedge accounting or applied fair value hedge accounting to a portion of the hedging instruments using "macro hedge," which had been applied in order to manage interest rate risk arising from large-volume transactions in loans, deposits and other interest-earning assets and interest-bearing liabilities as a whole using derivatives pursuant to "Temporary Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 15). The deferred hedge losses and gains related to such a portion of hedging instruments are charged to "Interest income" or "Interest expenses" over a 12-year period (maximum) according to their maturity from the fiscal year ended March 31, 2004. Gross amounts of deferred hedge losses and gains on "macro hedge" (before deducting tax effect) at March 31, 2008 were ¥17,608 million (\$176 million) and ¥13,358 million (\$133 million), respectively. The respective amounts at March 31, 2007 were ¥41,522 million and ¥29,583 million.

(b) Hedging against currency fluctuations
SMBC applies deferred hedge accounting stipulated in “Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry” (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 non-arbitrary and 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 special 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).

- (16) Consumption taxes
National and local consumption taxes of SMFG and its consolidated domestic subsidiaries are accounted for using the tax-excluded method.
- (17) Valuation of consolidated subsidiaries’ assets and liabilities
Assets and liabilities of consolidated subsidiaries including the portion attributable to the minority stockholders are valued for consolidation at fair value when SMFG acquires control.

(18) Goodwill
Goodwill on Sumitomo Mitsui Finance and Leasing Company, Limited is amortized using the straight-line method over 20 years. Goodwill on SMBC Friend Securities Co., Ltd. and SMBC Leasing Company, Limited is amortized using the straight-line method over 20 years and 5 years, respectively. Goodwill on other companies is charged or credited to income directly when incurred or benefited.

(19) Statements of cash flows
For the purposes of presenting the consolidated statements of cash flows, cash and cash equivalents represent cash and due from banks.

- (20) New accounting standards
- (a) From the fiscal year ended March 31, 2008, SMFG has applied Article 30-2 of the “Accounting Practices for Tax Effect Accounting on Consolidated Financial Statements” (JICPA Accounting Practice Committee Report No. 6, issued on March 29, 2007) to sales of investments such as shares of subsidiaries within the group companies. As a result, net income for the fiscal year ended March 31, 2008 decreased by ¥18,939 million (\$189 million) compared with the former method.
- (b) Provisions on the scope of securities stipulated by regulations such as the “Accounting Standards for Financial Instruments” (ASBJ Statement No. 10) and the “Accounting Practices for Financial Instruments” (JICPA Accounting Practice Committee Report No. 14) were partially revised on June 15 and July 4, 2007, respectively, and became effective from the fiscal year ending on and after the implementation day of the Financial Instruments and Exchange Law. SMFG, accordingly, has applied the revised accounting standards and practices from the fiscal year ended March 31, 2008.

3. Trading Assets

Trading assets at March 31, 2008 and 2007 consisted of the following:

| March 31 | Millions of yen | | Millions of U.S. dollars |
|---|-------------------|-------------------|--------------------------|
| | 2008 | 2007 | 2008 |
| Trading securities | ¥ 230,442 | ¥ 53,288 | \$ 2,300 |
| Derivatives of trading securities | 3,043 | 373 | 31 |
| Derivatives of securities related to trading transactions | 10,440 | 2,344 | 104 |
| Trading-related financial derivatives | 2,995,314 | 2,125,214 | 29,896 |
| Other trading assets | 884,370 | 1,096,664 | 8,827 |
| | ¥4,123,611 | ¥3,277,885 | \$41,158 |

4. Securities

Securities at March 31, 2008 and 2007 consisted of the following:

| March 31 | Millions of yen | | Millions of U.S. dollars |
|---------------------------------------|--------------------|--------------------|--------------------------|
| | 2008 | 2007 | 2008 |
| Japanese government bonds*1 | ¥ 9,339,978 | ¥ 7,640,069 | \$ 93,223 |
| Japanese local government bonds | 439,228 | 571,103 | 4,384 |
| Japanese corporate bonds | 3,880,773 | 4,066,497 | 38,734 |
| Japanese stocks*1, 2 | 3,749,762 | 4,747,601 | 37,426 |
| Other*2 | 6,107,758 | 3,512,228 | 60,962 |
| | ¥23,517,501 | ¥20,537,500 | \$234,729 |

*1 Unsecured loaned securities for which borrowers have the right to sell or pledge in the amount of ¥81,071 million (\$809 million) and ¥2,188 million are included in Japanese government bonds and Japanese stocks at March 31, 2008 and 2007, respectively.

SMBC has the right to sell or pledge, some of the unsecured borrowed securities, securities under resale agreements and securities borrowed with cash collateral. Of them, ¥1,758,728 million (\$17,554 million) of securities are pledged, and ¥504,363 million (\$5,034 million) of securities are held in hand at March 31, 2008. The respective amounts at March 31, 2007 were ¥2,088,859 million and ¥154,192 million.

*2 Japanese stocks and other include investments in unconsolidated subsidiaries and affiliates of ¥494,129 million (\$4,932 million) and ¥430,090 million at March 31, 2008 and 2007, respectively.

5. Loans and Bills Discounted

(1) Loans and bills discounted at March 31, 2008 and 2007 consisted of the following:

| March 31 | Millions of yen | | Millions of U.S. dollars |
|------------------------|--------------------|--------------------|--------------------------|
| | 2008 | 2007 | 2008 |
| Bills discounted | ¥ 360,859 | ¥ 454,164 | \$ 3,602 |
| Loans on notes | 3,241,541 | 3,781,841 | 32,354 |
| Loans on deeds | 50,169,292 | 46,485,666 | 500,741 |
| Overdrafts | 8,373,180 | 7,967,649 | 83,573 |
| | ¥62,144,874 | ¥58,689,322 | \$620,270 |

(2) Loans and bills discounted included the following "Risk-monitored loans" stipulated in the Banking Law:

| March 31 | Millions of yen | | Millions of U.S. dollars |
|---|-------------------|-------------------|--------------------------|
| | 2008 | 2007 | 2008 |
| Risk-monitored loans: | | | |
| Bankrupt loans*1 | ¥ 73,472 | ¥ 60,715 | \$ 733 |
| Non-accrual loans*2 | 607,226 | 507,289 | 6,061 |
| Past due loans (3 months or more)*3 | 26,625 | 22,018 | 266 |
| Restructured loans*4 | 385,336 | 477,362 | 3,846 |
| | ¥1,092,661 | ¥1,067,386 | \$10,906 |

*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)."

- (3) 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, 2008 and 2007 was ¥807,712 million (\$8,062 million) and ¥915,318 million, respectively.
- (4) 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, 2008 and 2007 was ¥40,694,898 million (\$406,177 million) and ¥40,947,052 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, 2008 and 2007 was ¥34,502,051 million (\$344,366 million) and ¥34,769,824 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, 2008 and 2007 consisted of the following:

| March 31 | Millions of yen | | Millions of U.S. dollars |
|----------------------------|-------------------|-------------------|--------------------------|
| | 2008 | 2007 | 2008 |
| Prepaid expenses..... | ¥ 39,901 | ¥ 38,293 | \$ 398 |
| Accrued income..... | 296,130 | 280,115 | 2,956 |
| Deferred assets..... | 1,423,253 | 725,893 | 14,205 |
| Financial derivatives..... | 1,492,890 | 702,211 | 14,901 |
| Other..... | 1,699,412 | 1,603,435 | 16,962 |
| | ¥4,951,587 | ¥3,349,949 | \$49,422 |

7. Tangible Fixed Assets

Tangible fixed assets at March 31, 2008 and 2007 consisted of the following:

| March 31 | Millions of yen | | Millions of U.S. dollars |
|----------------------------------|-----------------|-----------------|--------------------------|
| | 2008 | 2007 | 2008 |
| Buildings..... | ¥235,729 | ¥226,593 | \$2,353 |
| Land*..... | 463,225 | 476,059 | 4,623 |
| Construction in progress..... | 3,755 | 703 | 37 |
| Other tangible fixed assets..... | 117,700 | 114,211 | 1,175 |
| Total..... | ¥820,411 | ¥817,567 | \$8,188 |
| Accumulated depreciation..... | ¥557,958 | ¥555,288 | \$5,569 |

* Includes land revaluation excess referred to in Note 17.

8. Intangible Fixed Assets

Intangible fixed assets at March 31, 2008 and 2007 consisted of the following:

| March 31 | Millions of yen | | Millions of U.S. dollars |
|------------------------------------|-----------------|-----------------|--------------------------|
| | 2008 | 2007 | 2008 |
| Software..... | ¥141,419 | ¥123,151 | \$1,412 |
| Goodwill..... | 178,645 | 100,850 | 1,783 |
| Other intangible fixed assets..... | 12,460 | 10,894 | 124 |
| | ¥332,525 | ¥234,896 | \$3,319 |

9. Lease Assets

Lease assets at March 31, 2008 and 2007 were as follows:

| March 31 | Millions of yen | | Millions of U.S. dollars |
|--------------------------------|-----------------|-------------|-----------------------------|
| | 2008 | 2007 | 2008 |
| Equipment and others | ¥ 3,781,960 | ¥ 2,593,445 | \$ 37,748 |
| Accumulated depreciation | (2,356,863) | (1,592,098) | (23,524) |
| | ¥ 1,425,097 | ¥ 1,001,346 | \$ 14,224 |

10. Assets Pledged as Collateral

Assets pledged as collateral at March 31, 2008 and 2007 consisted of the following:

| March 31 | Millions of yen | | Millions of U.S. dollars |
|--|-----------------|-----------|-----------------------------|
| | 2008 | 2007 | 2008 |
| Assets pledged as collateral: | | | |
| Cash and due from banks, and Deposits with banks | ¥ 158,679 | ¥ 104,328 | \$ 1,584 |
| Trading assets | 673,261 | 202,292 | 6,720 |
| Securities | 8,334,432 | 3,043,253 | 83,186 |
| Loans and bills discounted | 952,137 | 934,423 | 9,503 |
| Other assets (installment account receivable, etc.) | 3,008 | 1,946 | 30 |
| Liabilities corresponding to assets pledged as collateral: | | | |
| Deposits | 25,381 | 20,588 | 253 |
| Call money and bills sold | 1,135,000 | 1,335,000 | 11,328 |
| Payables under repurchase agreements | 1,714,479 | 128,695 | 17,112 |
| Payables under securities lending transactions | 5,379,076 | 1,250,450 | 53,689 |
| Trading liabilities | 150,283 | 84,532 | 1,500 |
| Borrowed money | 1,447,744 | 1,112,257 | 14,450 |
| Other liabilities | 14,499 | 23,207 | 145 |
| Acceptances and guarantees | 140,917 | 167,153 | 1,406 |

In addition to the assets presented above, the following assets were pledged as collateral for cash settlements, variation margins of futures markets and certain other purposes at March 31, 2008 and 2007:

| March 31 | Millions of yen | | Millions of U.S. dollars |
|--|-----------------|-----------|-----------------------------|
| | 2008 | 2007 | 2008 |
| Cash and due from banks, and Deposits with banks | ¥ 7,745 | ¥ 6,761 | \$ 77 |
| Trading assets | 601,560 | 500,158 | 6,004 |
| Securities | 3,344,984 | 3,946,194 | 33,386 |
| Commercial paper and other debt purchased | 427 | — | 4 |
| Loans and bills discounted | 888,532 | 535,770 | 8,868 |

At March 31, 2008, other assets included surety deposits of ¥85,979 million (\$858 million) and initial margins of futures markets of ¥11,546 million (\$115 million). At March 31, 2007, other assets included surety deposits and intangibles of ¥94,129 million and variation margins of futures markets of ¥3,140 million.

11. Deposits

Deposits at March 31, 2008 and 2007 consisted of the following:

| March 31 | Millions of yen | | Millions of U.S. dollars |
|---|--------------------|--------------------|--------------------------|
| | 2008 | 2007 | 2008 |
| Current deposits..... | ¥ 6,070,443 | ¥ 6,631,965 | \$ 60,589 |
| Ordinary deposits..... | 33,876,958 | 33,667,482 | 338,127 |
| Savings deposits..... | 867,515 | 933,026 | 8,659 |
| Deposits at notice..... | 4,668,292 | 5,364,306 | 46,594 |
| Time deposits..... | 23,133,834 | 22,279,749 | 230,900 |
| Negotiable certificates of deposit..... | 3,078,149 | 2,589,217 | 30,723 |
| Other deposits..... | 4,073,580 | 3,279,695 | 40,659 |
| | ¥75,768,773 | ¥74,745,441 | \$756,251 |

12. Trading Liabilities

Trading liabilities at March 31, 2008 and 2007 consisted of the following:

| March 31 | Millions of yen | | Millions of U.S. dollars |
|--|-------------------|-------------------|--------------------------|
| | 2008 | 2007 | 2008 |
| Trading securities sold for short sales..... | ¥ 20,046 | ¥ 16,415 | \$ 200 |
| Derivatives of trading securities..... | 3,881 | 288 | 39 |
| Derivatives of securities related to trading transactions..... | 10,196 | 1,975 | 102 |
| Trading-related financial derivatives..... | 2,637,192 | 1,924,294 | 26,322 |
| | ¥2,671,316 | ¥1,942,973 | \$26,663 |

13. Borrowed Money

Borrowed money at March 31, 2008 and 2007 consisted of the following:

| March 31 | Millions of yen | | Millions of U.S. dollars | Average interest rate* ¹ | Due |
|--------------------------------------|-------------------|-------------------|--------------------------|-------------------------------------|---------------------|
| | 2008 | 2007 | 2008 | 2008 | |
| Bills rediscounted..... | ¥ — | ¥ — | \$ — | —% | — |
| Other borrowings* ² | 4,279,034 | 3,214,137 | 42,709 | 1.36 | Jan. 2008–Perpetual |
| | ¥4,279,034 | ¥3,214,137 | \$42,709 | 1.36% | |

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

*² Includes subordinated debt of ¥523,500 million (\$5,225 million) and ¥559,500 million at March 31, 2008 and 2007, respectively.

The repayment schedule over the next five years on borrowed money at March 31, 2008 was as follows:

| March 31 | Millions of yen | Millions of U.S. dollars |
|------------------------------------|-----------------|--------------------------|
| | 2008 | 2008 |
| Within 1 year..... | ¥2,716,753 | \$2,711 |
| After 1 year through 2 years..... | 345,299 | 3,446 |
| After 2 years through 3 years..... | 297,834 | 2,973 |
| After 3 years through 4 years..... | 179,362 | 1,790 |
| After 4 years through 5 years..... | 183,480 | 1,831 |

14. Bonds

Bonds at March 31, 2008 and 2007 consisted of the following:

| March 31 | | | | | | |
|---|---|-------------------------------|------------------------|--------------------------|------------------------------------|---------------------|
| Issuer | Description | Millions of yen* ¹ | | Millions of U.S. dollars | Interest rate* ² (%) | Due |
| | | 2008 | 2007 | 2008 | | |
| SMBC: | | | | | | |
| | Straight bonds, payable in Yen | ¥1,484,978 | ¥1,692,060 | \$14,822 | 0.52–2.60 | April 2008-May 2025 |
| | | [389,700] | [405,500] | | | |
| | Straight bonds, payable in Euroyen..... | 26,900 | 38,900 | 268 | 0.10–5.48686 | Mar. 2012-Feb. 2037 |
| | Subordinated bonds, payable in Yen | 599,873 | 519,880 | 5,987 | 1.71–2.62 | Jun. 2010-Dec. 2017 |
| | Subordinated bonds, payable in Euroyen..... | 813,500 | 731,300 | 8,120 | 0.92–2.99875 | May 2012-Perpetual |
| | Subordinated bonds, payable in U.S. dollars | 297,415 | 350,461 | 2,969 | 5.625–8.15 | Nov. 2011-Perpetual |
| | | (\$2,968,509 thousand) | (\$2,967,747 thousand) | | | |
| | Subordinated bonds, payable in British pound sterling ... | 2,402 | 2,782 | 24 | 6.98 | Perpetual |
| | | (£12,000 thousand) | (£12,000 thousand) | | | |
| | Subordinated bonds, payable in Euro..... | 109,889 | 109,261 | 1,097 | 4.375 | Perpetual |
| | | (€694,888 thousand) | (€694,207 thousand) | | | |
| | Subordinated bonds, payable in Euro..... | 197,436 | 196,341 | 1,971 | 4.375 | Oct. 2014 |
| | | (€1,248,489 thousand) | (€1,247,482 thousand) | | | |
| Other consolidated subsidiaries: | | | | | | |
| | Straight bonds, payable in Yen | 173,044 | 174,504 | 1,727 | 0.26–3.19375 | Apr. 2008-Jul. 2017 |
| | | [80,000] | [64,902] | | | |
| | Straight bonds, payable in U.S. dollars | 1,141 | 2,382 | 11 | 7.00 | May 2009 |
| | | (\$10,000 thousand) | (\$20,000 thousand) | | | |
| | | | [1,191] | | | |
| | Straight bonds, payable in British pound sterling | 1,811 | 1,866 | 18 | 3.95 | Oct. 2008 |
| | | (£8,000 thousand) | (£8,000 thousand) | | | |
| | | [1,811] | | | | |
| | Subordinated bonds, payable in Yen | 160,725 | 155,694 | 1,604 | 1.45-4.95 | Sep. 2008-Perpetual |
| | | [5,000] | [500] | | | |
| | Subordinated bonds, payable in U.S. dollars | 100,190 | 118,090 | 1,000 | 8.50 | Jun. 2009 |
| | | (\$1,000,000 thousand) | (\$1,000,000 thousand) | | | |
| | Short-term bonds..... | 769,100 | 439,600 | 7,676 | 0.695–1.20 | Apr. 2008-Jul. 2008 |
| | | [769,100] | [439,600] | | | |
| | | ¥4,738,408 | ¥4,533,125 | \$47,294 | | |

*¹ 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.

*² Interest rates indicate nominal interest rates which are applied at the consolidated balance sheet dates. Therefore, they may differ from actual interest rates.

The redemption schedule over the next five years on bonds at March 31, 2008 was as follows:

| March 31 | Millions of yen | Millions of U.S. dollars |
|-------------------------------------|-----------------|--------------------------|
| | 2008 | 2008 |
| Within 1 year..... | ¥1,245,611 | \$12,432 |
| After 1 year through 2 years | 553,484 | 5,524 |
| After 2 years through 3 years | 317,052 | 3,165 |
| After 3 years through 4 years | 273,004 | 2,725 |
| After 4 years through 5 years | 341,942 | 3,413 |

15. Other Liabilities

Other liabilities at March 31, 2008 and 2007 consisted of the following:

| March 31 | Millions of yen | | Millions of U.S. dollars |
|-----------------------------|-----------------|------------|--------------------------|
| | 2008 | 2007 | 2008 |
| Accrued expenses..... | ¥ 235,326 | ¥ 169,803 | \$ 2,349 |
| Unearned income | 192,974 | 180,374 | 1,926 |
| Income taxes payable | 56,772 | 56,292 | 567 |
| Financial derivatives | 1,404,616 | 868,169 | 14,019 |
| Other | 2,026,738 | 1,707,075 | 20,229 |
| | ¥3,916,427 | ¥2,981,714 | \$39,090 |

16. Reserve Under Special Laws

Reserve under special laws at March 31, 2008 and 2007 consisted of the following:

| March 31 | Millions of yen | | Millions of U.S. dollars |
|--|-----------------|----------------|--------------------------|
| | 2008 | 2007 | 2008 |
| Reserve for contingent liabilities from financial instruments transactions | ¥1,118 | ¥ — | \$11 |
| Reserve for contingent liabilities from financial futures transactions | — | 18 | — |
| Reserve for contingent liabilities from securities transactions..... | — | 1,118 | — |
| | ¥1,118 | ¥ 1,137 | \$11 |

17. 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 “Net assets”.

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 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 “Net assets.”

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 (stipulated 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.

18. 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. SMFG

Preferred Capital USD 1 Limited and SMFG Preferred Capital GBP 1 Limited, subsidiaries of SMFG, issued noncumulative perpetual preferred securities, totaling \$1,650 million and £500 million, respectively, in December 2006. SMFG Preferred Capital JPY 1 Limited, subsidiaries of SMFG, issued noncumulative perpetual preferred securities, totaling ¥135,000 million in February 2008. These subsidiaries are consolidated and the preferred securities are accounted for as minority interests.

* See Note 38.

19. Capital Stock

Capital stock consists of common stock and preferred stock. Common stock and preferred stock at March 31, 2008 and 2007 were as follows:

| March 31 | Number of shares | | | |
|-------------------------------|------------------|--------------|------------|--------------|
| | 2008 | | 2007 | |
| | Authorized | Issued | Authorized | Issued |
| Common stock | 15,000,000 | 7,733,653.77 | 15,000,000 | 7,733,653.77 |
| Preferred stock (Type 1)..... | — | — | 35,000 | — |
| Preferred stock (Type 2)..... | — | — | 100,000 | — |
| Preferred stock (Type 3)..... | — | — | 695,000 | — |
| Preferred stock (Type 4)..... | 50,100 | 50,100 | 135,000 | 50,100 |
| Preferred stock (Type 5)..... | 167,000 | — | 250,000 | — |
| Preferred stock (Type 6)..... | 70,001 | 70,001 | 300,000 | 70,001 |
| Preferred stock (Type 7)..... | 167,000 | — | — | — |
| Preferred stock (Type 8)..... | 115,000 | — | — | — |
| Preferred stock (Type 9)..... | 115,000 | — | — | — |
| Total | 15,684,101 | 7,853,754.77 | 16,515,000 | 7,853,754.77 |

* See Note 27

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.

In the event that SMFG pays dividends, SMFG shall pay to holders of shares of its preferred stock, in preference to the holders of its common stock, cash dividends in the amounts as described below. If preferred interim dividends stipulated in the Articles of Incorporation of SMFG were paid during the relevant fiscal year, the amount of such preferred interim dividends shall be subtracted from such amount of annual preferred dividends. Preferred stock (Type 4) bears an annual noncumulative dividend of ¥135,000 per share and, in the event SMFG pays an interim dividend, holders are entitled to receive ¥67,500 in preference to common shareholders.

Preferred stock (Type 6) bears an annual noncumulative dividend of ¥88,500 per share and, in the event SMFG pays an interim dividend, holders are entitled to receive ¥44,250 in preference to common shareholders. Holders of preferred stock are not entitled to any further dividends in excess of the amount as described above.

In the event of SMFG's voluntary or involuntary liquidation, holders of its preferred stock will be entitled, equally in rank as among themselves and in preference over shares of its common stock,

to receive out of SMFG's residual assets upon liquidation a distribution of ¥3,000,000 per share for Type 4 and Type 6 preferred stock. Holders of preferred stock are not entitled to any further dividends or other participation or distribution of SMFG's residual assets upon SMFG's liquidation.

SMFG may, subject to the requirements provided in the Company Law, purchase any shares of the preferred stock then outstanding at any time and retire such preferred stock out of distributable amounts of SMFG. SMFG may also, subject to the requirements provided in the Company Law, redeem all or some of preferred stock (Type 6) out of distributable amounts of SMFG at any time on and after March 31, 2011 at a price of ¥3,000,000 per share.

Preferred stock (Type 4) is convertible to common stock at any time through February 7, 2028. Such preferred stock is convertible at a conversion price, which is ¥318,800 as of March 31, 2008, subject to anti-dilution adjustment, and to downward reset if the market price of SMFG's common stock at the time of conversion is less than the then-applicable conversion price. The reset is subject to a floor price, which is ¥105,100 as of March 31, 2008 and is subject to anti-dilution adjustment. Preferred stock (Type 4) outstanding on the last day of the applicable conversion period will be mandatorily converted into shares of its common stock on the immediately following day.

Preferred stock (Type 6) is non-convertible.

20. Fees and Commissions

Fees and commissions for the fiscal years ended March 31, 2008 and 2007 consisted of the following:

| Year ended March 31 | Millions of yen | | Millions of U.S. dollars |
|-----------------------------------|-----------------|-----------------|-----------------------------|
| | 2008 | 2007 | 2008 |
| Fees and commissions (income): | | | |
| Deposits and loans | ¥ 73,822 | ¥ 65,698 | \$ 737 |
| Remittances and transfers | 133,645 | 132,836 | 1,334 |
| Securities-related business | 35,118 | 48,650 | 351 |
| Agency | 16,028 | 16,581 | 160 |
| Safe deposits | 7,144 | 7,322 | 71 |
| Guarantees | 47,117 | 45,961 | 470 |
| Credit card business..... | 128,575 | 117,197 | 1,283 |
| Investment trusts | 72,376 | 77,971 | 723 |
| Other | 190,455 | 193,778 | 1,901 |
| | ¥704,283 | ¥705,998 | \$7,030 |
| Fees and commissions (expenses): | | | |
| Remittances and transfers | ¥ 31,612 | ¥ 27,200 | \$ 315 |
| Other | 60,677 | 69,612 | 606 |
| | ¥ 92,289 | ¥ 96,812 | \$ 921 |

21. Trading Income

Trading income for the fiscal years ended March 31, 2008 and 2007 consisted of the following:

| Year ended March 31 | Millions of yen | | Millions of U.S. dollars |
|--|-----------------|-----------------|-----------------------------|
| | 2008 | 2007 | 2008 |
| Trading profits: | | | |
| Gains on trading securities | ¥ 21,406 | ¥ 15,109 | \$ 214 |
| Gains on securities related to trading transactions | 2,934 | — | 29 |
| Gains on trading-related financial derivatives | 438,365 | 109,208 | 4,375 |
| Other | 6,865 | 3,244 | 69 |
| | ¥469,571 | ¥127,561 | \$4,687 |
| Trading losses: | | | |
| Losses on securities related to trading transactions | ¥ — | ¥ 1,936 | \$ — |
| | ¥ — | ¥ 1,936 | \$ — |

22. Other Operating Income

Other operating income for the fiscal years ended March 31, 2008 and 2007 consisted of the following:

| Year ended March 31 | Millions of yen | | Millions of U.S. dollars |
|---|-------------------|-------------------|-----------------------------|
| | 2008 | 2007 | 2008 |
| Gains on sale of bonds | ¥ 108,350 | ¥ 28,180 | \$ 1,081 |
| Gains on redemption of bonds | 88 | 1,119 | 1 |
| Lease-related income..... | 893,448 | 744,881 | 8,918 |
| Gains on foreign exchange transactions..... | — | 56,800 | — |
| Gains on financial derivatives | 1,099 | — | 11 |
| Other | 209,648 | 172,649 | 2,092 |
| | ¥1,212,635 | ¥1,003,632 | \$12,103 |

23. Other Operating Expenses

Other operating expenses for the fiscal years ended March 31, 2008 and 2007 consisted of the following:

| Year ended March 31 | Millions of yen | | Millions of U.S. dollars |
|---|-------------------|-------------------|-----------------------------|
| | 2008 | 2007 | 2008 |
| Losses on sale of bonds | ¥ 29,380 | ¥ 139,302 | \$ 293 |
| Losses on redemption of bonds..... | 35,860 | 3,534 | 358 |
| Losses on devaluation of bonds..... | 67,045 | — | 669 |
| Bond issuance costs | 756 | 799 | 8 |
| Lease-related expenses..... | 794,468 | 674,662 | 7,930 |
| Losses on foreign exchange transactions | 254,927 | — | 2,544 |
| Losses on financial derivatives..... | — | 22,809 | — |
| Other | 209,651 | 163,262 | 2,093 |
| | ¥1,392,089 | ¥1,004,370 | \$13,895 |

24. Other Income

Other income for the fiscal years ended March 31, 2008 and 2007 consisted of the following:

| Year ended March 31 | Millions of yen | | Millions of U.S. dollars |
|--|-----------------|-----------------|-----------------------------|
| | 2008 | 2007 | 2008 |
| Gains on sale of stocks and other securities | ¥ 61,509 | ¥ 62,793 | \$ 614 |
| Gains on money held in trust | 250 | 0 | 2 |
| Gains on disposal of fixed assets..... | 10,988 | 4,730 | 110 |
| Collection of written-off claims | 1,355 | 1,236 | 14 |
| Gains on change in equity due to mergers of subsidiaries..... | 103,133 | — | 1,029 |
| Gains on return of securities from retirement benefits trust | — | 36,330 | — |
| Gains on sale of a subsidiary's shares and change in equity of the subsidiary..... | — | 4,226 | — |
| Other | 26,108 | 18,700 | 261 |
| | ¥203,346 | ¥128,017 | \$2,030 |

25. Other Expenses

Other expenses for the fiscal years ended March 31, 2008 and 2007 consisted of the following:

| Year ended March 31 | Millions of yen | | Millions of U.S. dollars |
|---|-----------------|-----------------|-----------------------------|
| | 2008 | 2007 | 2008 |
| Write-off of loans | ¥141,750 | ¥ 81,415 | \$1,415 |
| Losses on sale of stocks and other securities..... | 5,737 | 1,499 | 57 |
| Losses on devaluation of stocks and other securities..... | 62,835 | 16,562 | 627 |
| Losses on money held in trust | 23 | — | 0 |
| Losses on sale of delinquent loans | 35,300 | 39,302 | 352 |
| Equity in losses of affiliates..... | 41,760 | 104,170 | 417 |
| Losses on disposal of fixed assets | 12,538 | 7,798 | 125 |
| Losses on impairment of fixed assets* | 5,161 | 30,548 | 52 |
| Other | 35,355 | 33,876 | 353 |
| | ¥340,463 | ¥315,175 | \$3,398 |

* Losses on impairment of fixed assets consisted of the following:

| Year ended March 31 | Area | Purpose of use 2008 | Type | Millions of yen | | Millions of U.S. dollars |
|-------------------------------|------|------------------------|-------------------------|-----------------|---------|-----------------------------|
| | | | | 2008 | 2007 | 2008 |
| Tokyo metropolitan area | | Branches (4 branches) | Land and premises, etc. | ¥ 41 | ¥25,799 | \$ 0 |
| | | Idle assets (27 items) | | 1,196 | 1,782 | 12 |
| | | Other (2 items) | | 69 | — | 1 |
| Kinki area..... | | Branches (5 branches) | Land and premises, etc. | 298 | 839 | 3 |
| | | Idle assets (18 items) | | 3,086 | 443 | 31 |
| Other..... | | Branches (9 branches) | Land and premises, etc. | 17 | — | 0 |
| | | Idle assets (13 items) | | 451 | 1,683 | 5 |

At the consolidated subsidiary SMBC, every branch, which continuously manages and determines income and expenses, is the smallest unit of the asset group for recognition and measurement of impairment loss. Assets such as corporate headquarters facilities, training facilities, data and system centers, and health and recreational facilities which do not produce cash flows that can be attributed to individual assets are treated as common-use assets. As for idle assets, impairment loss is measured individually. At other consolidated subsidiaries, a branch is generally the smallest asset grouping unit.

SMBC and other subsidiaries reduced the carrying amounts of

long-lived assets, of which investments are not expected to be fully recovered—SMBC reduced the carrying amounts of idle assets and other consolidated subsidiaries reduced the carrying amounts of long-lived assets of their branches and idle assets—to their recoverable amounts, and recognized the losses as “losses on impairment of fixed assets,” which is included in “Other expenses.” The recoverable amount is calculated using net realizable value which is basically determined by subtracting the expected disposal cost from the appraisal value based on the Real Estate Appraisal Standard.

26. Income Taxes

(1) Significant components of deferred tax assets and liabilities at March 31, 2008 and 2007 were as follows:

| March 31 | Millions of yen | | Millions of U.S. dollars |
|--|-----------------|------------|-----------------------------|
| | 2008 | 2007 | 2008 |
| Deferred tax assets: | | | |
| Net operating loss carryforwards | ¥ 863,604 | ¥1,170,595 | \$ 8,620 |
| Write-off of securities..... | 332,355 | 284,084 | 3,317 |
| Reserve for possible loan losses | 212,043 | 191,150 | 2,117 |
| Write-off of loans | 104,729 | 101,611 | 1,045 |
| Reserve for employee retirement benefits..... | 66,012 | 75,582 | 659 |
| Deferred gain or loss on hedges | 51,455 | 60,247 | 514 |
| Depreciation..... | 8,730 | 9,256 | 87 |
| Other | 127,474 | 120,304 | 1,272 |
| Subtotal | 1,766,405 | 2,012,833 | 17,631 |
| Valuation allowance | (491,685) | (457,174) | (4,908) |
| Total deferred tax assets..... | 1,274,720 | 1,555,659 | 12,723 |
| Deferred tax liabilities: | | | |
| Net unrealized gains on other securities..... | (191,661) | (569,723) | (1,913) |
| Leveraged lease..... | (62,256) | (60,724) | (621) |
| Gains on securities contributed to employee retirement benefits trust... | (42,263) | (42,408) | (422) |
| Securities returned from employee retirement benefits trust | (20,282) | (20,312) | (202) |
| Undistributed earnings of subsidiaries..... | (12,506) | (10,600) | (125) |
| Other | (12,268) | (15,619) | (123) |
| Total deferred tax liabilities..... | (341,238) | (719,388) | (3,406) |
| Net deferred tax assets..... | ¥ 933,481 | ¥ 836,270 | \$ 9,317 |

(2) SMFG and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes, which, in the aggregate, would result in an effective statutory tax rate of approximately 40.69% for the years ended March 31, 2008

and 2007. A reconciliation of the effective income tax rate reflected in the accompanying consolidated statements of income to the statutory tax rate for the years ended March 31, 2008 and 2007 was as follows:

| | 2008 | 2007 |
|-------------------------------------|---------------|---------------|
| Statutory tax rate | 40.69% | 40.69% |
| Valuation allowance | 2.10 | (6.94) |
| Equity in losses of affiliates..... | 1.83 | 5.25 |
| Gains on changes in equity..... | (4.52) | — |
| Unrealized gains..... | 3.04 | — |
| Other | (1.54) | (1.00) |
| Effective income tax rate | <u>41.60%</u> | <u>38.00%</u> |

27. Changes in Net Assets

(1) Type and number of shares issued and treasury shares are as follows:

| Year ended March 31, 2008 | Number of shares | | | March 31, 2008 |
|--|---------------------|----------------------|----------------------|---------------------|
| | March 31, 2007 | Increase | Decrease | |
| Shares issued | | | | |
| Common stock | 7,733,653.77 | — | — | 7,733,653.77 |
| Preferred stock (1st series Type 4) | 4,175 | — | — | 4,175 |
| Preferred stock (2nd series Type 4) | 4,175 | — | — | 4,175 |
| Preferred stock (3rd series Type 4) | 4,175 | — | — | 4,175 |
| Preferred stock (4th series Type 4) | 4,175 | — | — | 4,175 |
| Preferred stock (5th series Type 4) | 4,175 | — | — | 4,175 |
| Preferred stock (6th series Type 4) | 4,175 | — | — | 4,175 |
| Preferred stock (7th series Type 4) | 4,175 | — | — | 4,175 |
| Preferred stock (8th series Type 4) | 4,175 | — | — | 4,175 |
| Preferred stock (9th series Type 4) | 4,175 | — | — | 4,175 |
| Preferred stock (10th series Type 4) | 4,175 | — | — | 4,175 |
| Preferred stock (11th series Type 4) | 4,175 | — | — | 4,175 |
| Preferred stock (12th series Type 4) | 4,175 | — | — | 4,175 |
| Preferred stock (1st series Type 6) | 70,001 | — | — | 70,001 |
| Total | <u>7,853,754.77</u> | — | — | <u>7,853,754.77</u> |
| Treasury shares | | | | |
| Common stock | 168,630.95 | 895.01 ^{*1} | 528.55 ^{*2} | 168,997.41 |
| Total | <u>168,630.95</u> | <u>895.01</u> | <u>528.55</u> | <u>168,997.41</u> |

*1 Increase in number of treasury common shares:

- 895.01 shares due to purchase of fractional shares

*2 Decrease in number of treasury common shares:

- 234.55 shares due to sale of fractional shares and delivery of shares in connection with exercising of stock options
- 294 shares due to sale of shares of SMFG's common stock owned by subsidiaries

| Year ended March 31, 2007 | Number of shares | | | March 31, 2007 |
|--|---------------------|--------------------------|------------------------|---------------------|
| | March 31, 2006 | Increase | Decrease | |
| Shares issued | | | | |
| Common stock | 7,424,172.77 | 309,481 ^{*1} | — | 7,733,653.77 |
| Preferred stock (Type 1) | 35,000 | — | 35,000 ^{*2} | — |
| Preferred stock (Type 2) | 100,000 | — | 100,000 ^{*3} | — |
| Preferred stock (Type 3) | 695,000 | — | 695,000 ^{*4} | — |
| Preferred stock (1st series Type 4) | 4,175 | — | — | 4,175 |
| Preferred stock (2nd series Type 4) | 4,175 | — | — | 4,175 |
| Preferred stock (3rd series Type 4) | 4,175 | — | — | 4,175 |
| Preferred stock (4th series Type 4) | 4,175 | — | — | 4,175 |
| Preferred stock (5th series Type 4) | 4,175 | — | — | 4,175 |
| Preferred stock (6th series Type 4) | 4,175 | — | — | 4,175 |
| Preferred stock (7th series Type 4) | 4,175 | — | — | 4,175 |
| Preferred stock (8th series Type 4) | 4,175 | — | — | 4,175 |
| Preferred stock (9th series Type 4) | 4,175 | — | — | 4,175 |
| Preferred stock (10th series Type 4) | 4,175 | — | — | 4,175 |
| Preferred stock (11th series Type 4) | 4,175 | — | — | 4,175 |
| Preferred stock (12th series Type 4) | 4,175 | — | — | 4,175 |
| Preferred stock (1st series Type 6) | 70,001 | — | — | 70,001 |
| Total | <u>8,374,273.77</u> | <u>309,481</u> | <u>830,000</u> | <u>7,853,754.77</u> |
| Treasury shares | | | | |
| Common stock | 6,307.15 | 170,936.41 ^{*5} | 8,612.61 ^{*5} | 168,630.95 |
| Preferred stock (Type 1) | — | 35,000 ^{*2} | 35,000 ^{*2} | — |
| Preferred stock (Type 2) | — | 100,000 ^{*3} | 100,000 ^{*3} | — |
| Preferred stock (Type 3) | — | 695,000 ^{*4} | 695,000 ^{*4} | — |
| Total | <u>6,307.15</u> | <u>1,000,936.41</u> | <u>838,612.61</u> | <u>168,630.95</u> |

^{*1} Increase in number of common shares issued:

- 249,015 shares due to issuance of new shares related to the share exchange with SMBC Friend Securities Co., Ltd. on September 1, 2006
- 60,466 shares due to exercising of rights to request acquisition of common shares with respect to preferred stock (Type 3) on September 29, 2006

^{*2} Increase in number of treasury shares of preferred stock (Type 1):

- 35,000 shares due to acquisition of own shares on May 17, 2006 pursuant to the resolution of the ordinary general meeting of shareholders held on June 29, 2005

Decrease in number of shares issued and treasury shares of preferred stock (Type 1):

- 35,000 shares due to retirement of treasury shares on May 17, 2006

^{*3} Increase in number of treasury shares of preferred stock (Type 2):

- 100,000 shares due to acquisition of own shares on May 17 and September 6, 2006 pursuant to the resolution of the ordinary general meetings of shareholders held on June 29, 2005 and June 29, 2006

Decrease in number of shares issued and treasury shares of preferred stock (Type 2):

- 100,000 shares due to retirement of treasury shares on May 17 and September 6, 2006

^{*4} Increase in number of treasury shares of preferred stock (Type 3):

- 645,000 shares due to acquisition of own shares on September 29 and October 11, 2006 pursuant to the resolution of the ordinary general meeting of shareholders held on June 29, 2006

- 50,000 shares due to acquisition of own shares on September 29, 2006 as a result of exercising of rights to request acquisition of common shares

Decrease in number of shares issued and treasury shares of preferred stock (Type 3):

- 695,000 shares due to retirement of treasury shares on September 29 and October 11, 2006

^{*5} Increase in number of treasury common shares:

- 60,466 shares due to acquisition of own shares on October 17, 2006 pursuant to the resolution of the ordinary general meeting of shareholders held on June 29, 2006

- 1,265.41 shares due to purchase of fractional shares

- 109,205 shares owned by consolidated subsidiaries and affiliates in connection with the share exchange with SMBC Friend Securities Co., Ltd.

Decrease in number of treasury common shares:

- 182.61 shares due to sale of fractional shares and delivery of shares in connection with exercising of stock options

- 8,430 shares due to sale of shares of SMFG's common stock owned by subsidiaries and affiliates

(2) Information on stock acquisition rights is as follows:

| Year ended March 31, 2008 | Detail of stock acquisition rights | Type of shares | Number of shares | | | Millions of yen | | Millions of U.S. dollars |
|---------------------------------|------------------------------------|----------------|------------------|----------|----------|-----------------|----------------|--------------------------|
| | | | March 31, 2007 | Increase | Decrease | March 31, 2008 | March 31, 2008 | March 31, 2008 |
| SMFG | Stock options | — | — | — | — | — | ¥— | \$— |
| Consolidated subsidiaries | — | — | — | — | — | — | 43 | 0 |
| Total | | | | | | | ¥43 | \$ 0 |

| Year ended March 31, 2007 | Detail of stock acquisition rights | Type of shares | Number of shares | | | Millions of yen | |
|---------------------------------|------------------------------------|----------------|------------------|----------|----------|-----------------|----------------|
| | | | March 31, 2006 | Increase | Decrease | March 31, 2007 | March 31, 2007 |
| SMFG | Stock options | — | — | — | — | — | ¥— |
| Consolidated subsidiaries | — | — | — | — | — | — | 14 |
| Total | | | | | | | ¥14 |

(3) Information on dividends is as follows:

(a) Dividends paid in the fiscal year ended March 31, 2007

| Type of shares | Millions of yen, except per share amount | | | |
|--|--|--------------------------|----------------|----------------|
| | Aggregate amount of dividends | Cash dividends per share | Record date | Effective date |
| Common stock | ¥22,253 | ¥ 3,000 | March 31, 2006 | June 29, 2006 |
| Preferred stock (Type 1) | 367 | 10,500 | March 31, 2006 | June 29, 2006 |
| Preferred stock (Type 2) | 2,850 | 28,500 | March 31, 2006 | June 29, 2006 |
| Preferred stock (Type 3) | 9,521 | 13,700 | March 31, 2006 | June 29, 2006 |
| Preferred stock (1st series Type 4) | 563 | 135,000 | March 31, 2006 | June 29, 2006 |
| Preferred stock (2nd series Type 4) | 563 | 135,000 | March 31, 2006 | June 29, 2006 |
| Preferred stock (3rd series Type 4) | 563 | 135,000 | March 31, 2006 | June 29, 2006 |
| Preferred stock (4th series Type 4) | 563 | 135,000 | March 31, 2006 | June 29, 2006 |
| Preferred stock (5th series Type 4) | 563 | 135,000 | March 31, 2006 | June 29, 2006 |
| Preferred stock (6th series Type 4) | 563 | 135,000 | March 31, 2006 | June 29, 2006 |
| Preferred stock (7th series Type 4) | 563 | 135,000 | March 31, 2006 | June 29, 2006 |
| Preferred stock (8th series Type 4) | 563 | 135,000 | March 31, 2006 | June 29, 2006 |
| Preferred stock (9th series Type 4) | 563 | 135,000 | March 31, 2006 | June 29, 2006 |
| Preferred stock (10th series Type 4) | 563 | 135,000 | March 31, 2006 | June 29, 2006 |
| Preferred stock (11th series Type 4) | 563 | 135,000 | March 31, 2006 | June 29, 2006 |
| Preferred stock (12th series Type 4) | 563 | 135,000 | March 31, 2006 | June 29, 2006 |
| Preferred stock (1st series Type 6) | 6,195 | 88,500 | March 31, 2006 | June 29, 2006 |

Date of resolution: Ordinary general meeting of shareholders held on June 29, 2006

(b) Dividends paid in the fiscal year ended March 31, 2008

| Type of shares | Millions of yen, except per share amount | | | |
|--|--|--------------------------|----------------|----------------|
| | Aggregate amount of dividends | Cash dividends per share | Record date | Effective date |
| Common stock | ¥53,660 | ¥ 7,000 | March 31, 2007 | June 28, 2007 |
| Preferred stock (1st series Type 4) | 563 | 135,000 | March 31, 2007 | June 28, 2007 |
| Preferred stock (2nd series Type 4) | 563 | 135,000 | March 31, 2007 | June 28, 2007 |
| Preferred stock (3rd series Type 4) | 563 | 135,000 | March 31, 2007 | June 28, 2007 |
| Preferred stock (4th series Type 4) | 563 | 135,000 | March 31, 2007 | June 28, 2007 |
| Preferred stock (5th series Type 4) | 563 | 135,000 | March 31, 2007 | June 28, 2007 |
| Preferred stock (6th series Type 4) | 563 | 135,000 | March 31, 2007 | June 28, 2007 |
| Preferred stock (7th series Type 4) | 563 | 135,000 | March 31, 2007 | June 28, 2007 |
| Preferred stock (8th series Type 4) | 563 | 135,000 | March 31, 2007 | June 28, 2007 |
| Preferred stock (9th series Type 4) | 563 | 135,000 | March 31, 2007 | June 28, 2007 |
| Preferred stock (10th series Type 4) | 563 | 135,000 | March 31, 2007 | June 28, 2007 |
| Preferred stock (11th series Type 4) | 563 | 135,000 | March 31, 2007 | June 28, 2007 |
| Preferred stock (12th series Type 4) | 563 | 135,000 | March 31, 2007 | June 28, 2007 |
| Preferred stock (1st series Type 6) | 6,195 | 88,500 | March 31, 2007 | June 28, 2007 |

Date of resolution: Ordinary general meeting of shareholders held on June 28, 2007

Millions of yen, except per share amount

| Type of shares | Aggregate amount of dividends | Cash dividends per share | Record date | Effective date |
|---|-------------------------------|--------------------------|--------------------|------------------|
| Common stock..... | ¥38,326 | ¥ 5,000 | September 30, 2007 | December 7, 2007 |
| Preferred stock (1st series Type 4)..... | 281 | 67,500 | September 30, 2007 | December 7, 2007 |
| Preferred stock (2nd series Type 4)..... | 281 | 67,500 | September 30, 2007 | December 7, 2007 |
| Preferred stock (3rd series Type 4)..... | 281 | 67,500 | September 30, 2007 | December 7, 2007 |
| Preferred stock (4th series Type 4)..... | 281 | 67,500 | September 30, 2007 | December 7, 2007 |
| Preferred stock (5th series Type 4)..... | 281 | 67,500 | September 30, 2007 | December 7, 2007 |
| Preferred stock (6th series Type 4)..... | 281 | 67,500 | September 30, 2007 | December 7, 2007 |
| Preferred stock (7th series Type 4)..... | 281 | 67,500 | September 30, 2007 | December 7, 2007 |
| Preferred stock (8th series Type 4)..... | 281 | 67,500 | September 30, 2007 | December 7, 2007 |
| Preferred stock (9th series Type 4)..... | 281 | 67,500 | September 30, 2007 | December 7, 2007 |
| Preferred stock (10th series Type 4)..... | 281 | 67,500 | September 30, 2007 | December 7, 2007 |
| Preferred stock (11th series Type 4)..... | 281 | 67,500 | September 30, 2007 | December 7, 2007 |
| Preferred stock (12th series Type 4)..... | 281 | 67,500 | September 30, 2007 | December 7, 2007 |
| Preferred stock (1st series Type 6)..... | 3,097 | 44,250 | September 30, 2007 | December 7, 2007 |

Date of resolution: Meeting of the Board of Directors held on November 19, 2007

(c) Dividends to be paid in the fiscal year ending March 31, 2009

Millions of yen, except per share amount

| Type of shares | Aggregate amount of dividends | Source of dividends | Cash dividends per share | Record date | Effective date |
|---|-------------------------------|---------------------|--------------------------|----------------|----------------|
| Common stock..... | ¥53,655 | Retained earnings | ¥ 7,000 | March 31, 2008 | June 27, 2008 |
| Preferred stock (1st series Type 4)..... | 281 | Retained earnings | 67,500 | March 31, 2008 | June 27, 2008 |
| Preferred stock (2nd series Type 4)..... | 281 | Retained earnings | 67,500 | March 31, 2008 | June 27, 2008 |
| Preferred stock (3rd series Type 4)..... | 281 | Retained earnings | 67,500 | March 31, 2008 | June 27, 2008 |
| Preferred stock (4th series Type 4)..... | 281 | Retained earnings | 67,500 | March 31, 2008 | June 27, 2008 |
| Preferred stock (5th series Type 4)..... | 281 | Retained earnings | 67,500 | March 31, 2008 | June 27, 2008 |
| Preferred stock (6th series Type 4)..... | 281 | Retained earnings | 67,500 | March 31, 2008 | June 27, 2008 |
| Preferred stock (7th series Type 4)..... | 281 | Retained earnings | 67,500 | March 31, 2008 | June 27, 2008 |
| Preferred stock (8th series Type 4)..... | 281 | Retained earnings | 67,500 | March 31, 2008 | June 27, 2008 |
| Preferred stock (9th series Type 4)..... | 281 | Retained earnings | 67,500 | March 31, 2008 | June 27, 2008 |
| Preferred stock (10th series Type 4)..... | 281 | Retained earnings | 67,500 | March 31, 2008 | June 27, 2008 |
| Preferred stock (11th series Type 4)..... | 281 | Retained earnings | 67,500 | March 31, 2008 | June 27, 2008 |
| Preferred stock (12th series Type 4)..... | 281 | Retained earnings | 67,500 | March 31, 2008 | June 27, 2008 |
| Preferred stock (1st series Type 6)..... | 3,097 | Retained earnings | 44,250 | March 31, 2008 | June 27, 2008 |

Date of resolution: Ordinary general meeting of shareholders held on June 27, 2008

28. Cash Flows

(1) Fiscal year ended March 31, 2008

(a) QUOQ Inc. and two other companies became consolidated subsidiaries of SMFG due to increases in the voting rights in the fiscal year ended March 31, 2008. Their major assets and liabilities are as follows:

| | Millions of yen | Millions of U.S. dollars |
|--|-----------------|--------------------------|
| Assets..... | ¥1,504,288 | \$15,014 |
| Other assets..... | 548,428 | 5,474 |
| Customers' liabilities for acceptances and guarantees..... | 891,593 | 8,899 |
| Liabilities..... | ¥1,471,831 | \$14,690 |
| Borrowed money..... | 436,628 | 4,358 |
| Acceptances and guarantees..... | 891,593 | 8,899 |

(b) The major assets and liabilities which were acquired due to a merger between SMBC Leasing Company, Limited and Sumisho Lease Co., Ltd. are as follows:

| | Millions of yen | Millions of U.S. dollars |
|----------------------------------|-----------------|--------------------------|
| Assets | ¥1,392,490 | \$13,898 |
| Lease assets | 632,224 | 6,310 |
| Loans and bills discounted | 329,069 | 3,284 |
| Liabilities | ¥1,249,703 | \$12,473 |
| Borrowed money | 571,741 | 5,707 |
| Short-term bonds | 393,000 | 3,923 |

(c) SMBC Auto Leasing Company, Limited and one other company were excluded from the scope of consolidation due to a merger with Sumisho Auto Leasing Corporation in the fiscal year ended March 31, 2008. Their major assets and liabilities are as follows:

| | Millions of yen | Millions of U.S. dollars |
|------------------------|-----------------|--------------------------|
| Assets | ¥305,751 | \$3,052 |
| Lease assets | 221,725 | 2,213 |
| Liabilities | ¥289,379 | \$2,888 |
| Borrowed money | 144,561 | 1,443 |
| Short-term bonds | 106,000 | 1,058 |

(2) Fiscal year ended March 31, 2007

Capital surplus increased by ¥221,365 million due to the fact that SMFG made SMBC Friend Securities into a wholly-owned subsidiary through a share exchange and delivered common stocks in the fiscal year ended March 31, 2007.

29. 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. A consolidated subsidiary in Japan adopts the defined-contribution pension plan. Certain domestic consolidated subsidiaries have a general type of employee pension plans.

They may grant additional benefits in cases where certain requirements are met when employees retire.

Some overseas consolidated subsidiaries adopt defined-benefit pension plans and defined-contribution pension plans. SMBC and some consolidated subsidiaries in Japan contributed some of their marketable equity securities to employee retirement benefits trust.

(2) Projected benefit obligation

| March 31 | | Millions of yen | | Millions of U.S. dollars |
|---|-----------------------|-----------------|-------------|--------------------------|
| | | 2008 | 2007 | 2008 |
| Projected benefit obligation | (A) | ¥ (919,082) | ¥ (910,139) | \$ (9,174) |
| Plan assets | (B) | 975,920 | 1,186,060 | 9,741 |
| Unfunded projected benefit obligation | (C)=(A)+(B) | 56,838 | 275,921 | 567 |
| Unrecognized net actuarial gain or loss | (D) | 153,949 | (83,905) | 1,537 |
| Unrecognized prior service cost | (E) | (37,118) | (48,257) | (370) |
| Net amount recorded on the consolidated balance sheet | (F)=(C)+(D)+(E) | 173,669 | 143,757 | 1,734 |
| Prepaid pension cost | (G) | 212,370 | 178,182 | 2,120 |
| Reserve for employee retirement benefits | (F)–(G) | ¥ (38,701) | ¥ (34,424) | \$ (386) |

Notes: 1. Some consolidated subsidiaries adopt the simple method in calculating the projected benefit obligation.

2. Plan assets related to the general type of the welfare pension plan at March 31, 2007 amounted to ¥19,648 million, 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 |
|---|-----------------|-----------|--------------------------|
| | 2008 | 2007 | 2008 |
| Service cost..... | ¥ 19,947 | ¥ 20,082 | \$ 199 |
| Interest cost on projected benefit obligation | 22,414 | 22,325 | 224 |
| Expected return on plan assets | (32,407) | (30,184) | (323) |
| Amortization of unrecognized net actuarial gain or loss | 4,546 | 3,305 | 45 |
| Amortization of unrecognized prior service cost..... | (11,182) | (11,175) | (112) |
| Other (nonrecurring additional retirement allowance paid and other) | 2,544 | 3,254 | 26 |
| Pension expenses | ¥ 5,863 | ¥ 7,607 | \$ 59 |
| Gains on return of employee retirement benefits trust | — | (36,330) | — |
| Total | ¥ 5,863 | ¥(28,722) | \$ 59 |

Notes: 1. Pension expenses of consolidated subsidiaries which adopt the simple method are included in "Service cost."

2. Premium paid to defined-contribution pension is included in "Other."

(4) Assumptions

The principal assumptions used in determining benefit obligation and pension expenses at or for the fiscal years ended March 31, 2008 and 2007 were as follows:

| Year ended March 31 | 2008 | 2007 |
|--|--------------|--------------|
| Discount rate..... | 1.4% to 2.5% | 1.4% to 2.5% |
| Expected rate of return on plan assets | 0% to 4.5% | 0% to 4.5% |

Estimated amounts of retirement benefits are allocated to each period by the straight-line method.

Unrecognized prior service cost is amortized using the straight-line method within the employees' average remaining service period at incurrence, over mainly 9 years for the fiscal years ended March 31, 2008 and 2007.

Unrecognized net actuarial gain or loss is amortized using the straight-line method within the employees' average remaining service period, commencing from the next fiscal year of incurrence, over mainly 9 years for the fiscal years ended March 31, 2008 and 2007.

30. 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, 2008 and 2007 was as follows:

(a) Lessee side

| March 31 | Millions of yen | | | | | | Millions of U.S. dollars | | |
|----------------|------------------|--------------------------|----------------|------------------|--------------------------|----------------|--------------------------|--------------------------|----------------|
| | 2008 | | | 2007 | | | 2008 | | |
| | Acquisition cost | Accumulated depreciation | Net book value | Acquisition cost | Accumulated depreciation | Net book value | Acquisition cost | Accumulated depreciation | Net book value |
| Equipment..... | ¥14,741 | ¥6,544 | ¥8,196 | ¥11,843 | ¥5,188 | ¥6,654 | \$147 | \$65 | \$82 |
| Other | 483 | 313 | 170 | 721 | 423 | 298 | 5 | 3 | 2 |
| Total..... | ¥15,224 | ¥6,858 | ¥8,366 | ¥12,564 | ¥5,612 | ¥6,952 | \$152 | \$68 | \$84 |

Future minimum lease payments excluding interest at March 31, 2008 and 2007 were as follows:

| March 31 | Millions of yen | | Millions of U.S. dollars |
|---------------------------|-----------------|--------|--------------------------|
| | 2008 | 2007 | 2008 |
| Due within one year | ¥4,007 | ¥3,006 | \$40 |
| Due after one year..... | 4,791 | 4,205 | 48 |
| | ¥8,798 | ¥7,212 | \$88 |

Total lease expenses for the years ended March 31, 2008 and 2007 were ¥3,914 million (\$39 million) and ¥3,046 million, respectively. Assumed depreciation for the years ended March 31, 2008 and 2007 amounted to ¥3,702 million (\$37 million) and ¥2,690 million, respectively. Assumed depreciation is calculated using the straight-line method over the lease term of the respective assets without residual 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, 2008 and 2007 amounted to ¥177 million (\$2 million) and ¥179 million, respectively.

(b) Lessor side

| March 31 | Millions of yen | | | | | | Millions of U.S. dollars | | |
|---------------|------------------|--------------------------|----------------|------------------|--------------------------|----------------|--------------------------|--------------------------|----------------|
| | 2008 | | | 2007 | | | 2008 | | |
| | Acquisition cost | Accumulated depreciation | Net book value | Acquisition cost | Accumulated depreciation | Net book value | Acquisition cost | Accumulated depreciation | Net book value |
| Equipment.... | ¥3,111,499 | ¥2,021,324 | ¥1,090,174 | ¥1,812,599 | ¥1,186,663 | ¥625,936 | \$31,056 | \$20,175 | \$10,881 |
| Other..... | 557,804 | 322,065 | 235,739 | 692,551 | 384,134 | 308,416 | 5,567 | 3,214 | 2,353 |
| Total..... | ¥3,669,303 | ¥2,343,389 | ¥1,325,914 | ¥2,505,150 | ¥1,570,797 | ¥934,353 | \$36,623 | \$23,389 | \$13,234 |

Future lease payments receivable excluding interest at March 31, 2008 and 2007 were as follows:

| March 31 | Millions of yen | | Millions of U.S. dollars |
|---------------------------|-----------------|----------|--------------------------|
| | 2008 | 2007 | 2008 |
| Due within one year | ¥ 446,616 | ¥307,152 | \$ 4,458 |
| Due after one year..... | 928,716 | 629,981 | 9,269 |
| | ¥1,375,333 | ¥937,133 | \$13,727 |

At March 31, 2008 and 2007, future lease payments receivable shown above included subleases of ¥6,693 million (\$67 million) and ¥5,057 million (due within one year: ¥3,331 million (\$33 million) and ¥2,214 million) on the lessor side, respectively. The amount on the lessee side was almost the same and was included in the future minimum lease payments shown in (a).

Total lease income for the years ended March 31, 2008 and 2007 was ¥478,069 million (\$4,772 million) and ¥403,316 million, respectively. Depreciation for the years ended March

31, 2008 and 2007 amounted to ¥392,325 million (\$3,916 million) and ¥324,614 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, 2008 and 2007 amounted to ¥68,576 million (\$684 million) and ¥52,856 million, respectively.

(2) Operating leases

(a) Lessee side

Future minimum lease payments at March 31, 2008 and 2007 were as follows:

| March 31 | Millions of yen | | Millions of U.S. dollars |
|---------------------------|-----------------|---------|--------------------------|
| | 2008 | 2007 | 2008 |
| Due within one year | ¥14,287 | ¥14,164 | \$143 |
| Due after one year..... | 63,723 | 55,124 | 636 |
| | ¥78,010 | ¥69,288 | \$779 |

(b) Lessor side

Future lease payments receivable at March 31, 2008 and 2007 were as follows:

| March 31 | Millions of yen | | Millions of U.S. dollars |
|---------------------------|-----------------|---------|--------------------------|
| | 2008 | 2007 | 2008 |
| Due within one year | ¥12,848 | ¥18,861 | \$128 |
| Due after one year..... | 42,130 | 53,625 | 421 |
| | ¥54,978 | ¥72,487 | \$549 |

Future lease payments receivable at March 31, 2008 and 2007 amounting to ¥36,396 million (\$363 million) and ¥47,816 million, respectively, on the lessor side referred to in (1) and (2) above were pledged as collateral for borrowings.

31. Market Value of Marketable Securities and Money Held in Trust

(1) Securities

The amounts shown in the following tables include trading securities and short-term 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 |
|---|-----------------|------------|--------------------------|
| | 2008 | 2007 | 2008 |
| Consolidated balance sheet amount..... | ¥1,114,812 | ¥1,149,952 | \$11,127 |
| Valuation gains included in the earnings for the fiscal year..... | 313 | 438 | 3 |

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

| March 31 | Millions of yen | | | | |
|--------------------------------------|-----------------------------------|--------------|-------------------------------|------------------|-------------------|
| | Consolidated balance sheet amount | Market value | Net unrealized gains (losses) | Unrealized gains | Unrealized losses |
| Japanese government bonds..... | ¥ 614,281 | ¥ 625,028 | ¥10,747 | ¥12,035 | ¥1,287 |
| Japanese local government bonds..... | 97,311 | 98,903 | 1,591 | 1,591 | — |
| Japanese corporate bonds..... | 390,070 | 394,679 | 4,608 | 4,752 | 143 |
| Other..... | 9,178 | 8,985 | (192) | — | 192 |
| Total..... | ¥1,110,841 | ¥1,127,597 | ¥16,755 | ¥18,379 | ¥1,623 |

| March 31 | Millions of yen | | | | |
|--------------------------------------|-----------------------------------|--------------|-------------------------------|------------------|-------------------|
| | Consolidated balance sheet amount | Market value | Net unrealized gains (losses) | Unrealized gains | Unrealized losses |
| Japanese government bonds..... | ¥ 629,762 | ¥ 621,717 | ¥ (8,045) | ¥ 20 | ¥ 8,065 |
| Japanese local government bonds..... | 97,102 | 95,307 | (1,794) | — | 1,794 |
| Japanese corporate bonds..... | 380,142 | 376,735 | (3,406) | — | 3,406 |
| Other..... | 5,445 | 5,626 | 180 | 180 | — |
| Total..... | ¥1,112,452 | ¥1,099,387 | ¥(13,065) | ¥200 | ¥13,266 |

| March 31 | Millions of U.S. dollars | | | | |
|--------------------------------------|-----------------------------------|--------------|-------------------------------|------------------|-------------------|
| | Consolidated balance sheet amount | Market value | Net unrealized gains (losses) | Unrealized gains | Unrealized losses |
| Japanese government bonds..... | \$ 6,131 | \$ 6,238 | \$107 | \$120 | \$13 |
| Japanese local government bonds..... | 971 | 987 | 16 | 16 | — |
| Japanese corporate bonds..... | 3,893 | 3,939 | 46 | 47 | 1 |
| Other..... | 92 | 90 | (2) | — | 2 |
| Total..... | \$11,087 | \$11,254 | \$167 | \$183 | \$16 |

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

(c) Other securities with market value

| Millions of yen | | | | | |
|---------------------------------------|--------------------|-----------------------------------|-------------------------------|-------------------|-------------------|
| 2008 | | | | | |
| March 31 | Acquisition cost | Consolidated balance sheet amount | Net unrealized gains (losses) | Unrealized gains | Unrealized losses |
| Stocks | ¥ 1,954,723 | ¥ 2,890,952 | ¥936,228 | ¥ 999,414 | ¥ 63,186 |
| Bonds | 9,864,246 | 9,731,353 | (132,892) | 18,645 | 151,537 |
| Japanese government bonds | 8,858,202 | 8,725,687 | (132,515) | 16,924 | 149,439 |
| Japanese local government bonds | 342,677 | 341,916 | (760) | 308 | 1,069 |
| Japanese corporate bonds | 663,366 | 663,750 | 383 | 1,412 | 1,028 |
| Other..... | 5,295,371 | 5,237,455 | (57,915) | 24,469 | 82,385 |
| Total..... | <u>¥17,114,341</u> | <u>¥17,859,762</u> | <u>¥745,420</u> | <u>¥1,042,530</u> | <u>¥297,109</u> |
| Millions of yen | | | | | |
| 2007 | | | | | |
| March 31 | Acquisition cost | Consolidated balance sheet amount | Net unrealized gains (losses) | Unrealized gains | Unrealized losses |
| Stocks | ¥ 1,953,767 | ¥ 3,926,414 | ¥1,972,647 | ¥1,987,337 | ¥ 14,689 |
| Bonds | 8,481,507 | 8,324,140 | (157,367) | 1,805 | 159,173 |
| Japanese government bonds | 7,150,792 | 7,010,306 | (140,485) | 1,182 | 141,668 |
| Japanese local government bonds | 482,555 | 474,001 | (8,554) | 119 | 8,674 |
| Japanese corporate bonds | 848,158 | 839,831 | (8,327) | 503 | 8,830 |
| Other..... | 2,754,061 | 2,763,949 | 9,888 | 42,977 | 33,089 |
| Total..... | <u>¥13,189,336</u> | <u>¥15,014,504</u> | <u>¥1,825,168</u> | <u>¥2,032,120</u> | <u>¥206,952</u> |
| Millions of U.S. dollars | | | | | |
| 2008 | | | | | |
| March 31 | Acquisition cost | Consolidated balance sheet amount | Net unrealized gains (losses) | Unrealized gains | Unrealized losses |
| Stocks | \$ 19,510 | \$ 28,854 | \$9,344 | \$ 9,975 | \$ 631 |
| Bonds | 98,456 | 97,130 | (1,326) | 186 | 1,512 |
| Japanese government bonds | 88,415 | 87,092 | (1,323) | 169 | 1,492 |
| Japanese local government bonds | 3,420 | 3,413 | (7) | 3 | 10 |
| Japanese corporate bonds | 6,621 | 6,625 | 4 | 14 | 10 |
| Other..... | 52,853 | 52,275 | (578) | 244 | 822 |
| Total..... | <u>\$170,819</u> | <u>\$178,259</u> | <u>\$7,440</u> | <u>\$10,405</u> | <u>\$2,965</u> |

Notes: 1. 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

2. Other securities with market value are considered as impaired if the market value declines materially below the acquisition cost and such decline is not considered as recoverable. In such a case, the market value is recognized as the consolidated balance sheet amount and the amount of the write-down is accounted for as a valuation loss for the fiscal year. Valuation losses for the fiscal years ended March 31, 2008 and 2007 were ¥96,455 million (\$963 million) and ¥7,296 million, respectively.

The rule for determining "material decline" is as follows and is based on the classification of the 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, 2008 and 2007

There are no corresponding transactions.

(e) Other securities sold during the year

| Year ended March 31 | Millions of yen | | Millions of U.S. dollars |
|-----------------------|-----------------|-------------|--------------------------|
| | 2008 | 2007 | 2008 |
| Sales amount | ¥35,013,724 | ¥21,543,637 | \$349,473 |
| Gains on sales | 169,352 | 87,911 | 1,690 |
| Losses on sales | 33,521 | 141,143 | 335 |

(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 |
| | 2008 | 2007 | 2008 |
| Bonds classified as held-to-maturity | | | |
| Unlisted foreign securities | ¥ 7 | ¥ 17 | \$ 0 |
| Other | 11,672 | 5,422 | 116 |
| Other securities | | | |
| Unlisted stocks (excluding OTC stocks) | 377,123 | 402,141 | 3,764 |
| Unlisted bonds | 2,826,953 | 2,846,521 | 28,216 |
| Unlisted foreign securities | 724,557 | 595,286 | 7,232 |
| Other | 567,374 | 476,942 | 5,663 |

(g) Change of classification of securities

There are no corresponding transactions.

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

| | | Millions of yen | | | |
|---------------------------------|--|-----------------|------------------------------|--------------------------------|----------------|
| | | 2008 | | | |
| March 31 | | Within 1 year | After 1 year through 5 years | After 5 years through 10 years | After 10 years |
| Bonds | | ¥2,572,065 | ¥ 7,672,897 | ¥1,675,020 | ¥1,739,846 |
| Japanese government bonds | | 1,919,514 | 5,205,946 | 521,200 | 1,693,316 |
| Japanese local government bonds | | 142,310 | 142,937 | 153,582 | 398 |
| Japanese corporate bonds | | 510,240 | 2,324,013 | 1,000,238 | 46,131 |
| Other | | 825,298 | 3,847,580 | 580,263 | 562,258 |
| Total | | ¥3,397,364 | ¥11,520,477 | ¥2,255,284 | ¥2,302,105 |

| | | Millions of yen | | | |
|---------------------------------|--|-----------------|------------------------------|--------------------------------|----------------|
| | | 2007 | | | |
| March 31 | | Within 1 year | After 1 year through 5 years | After 5 years through 10 years | After 10 years |
| Bonds | | ¥3,564,060 | ¥4,284,559 | ¥2,346,081 | ¥2,082,953 |
| Japanese government bonds | | 2,824,945 | 1,872,346 | 956,640 | 1,986,136 |
| Japanese local government bonds | | 101,824 | 161,564 | 307,293 | 421 |
| Japanese corporate bonds | | 637,290 | 2,250,648 | 1,082,146 | 96,396 |
| Other | | 665,251 | 495,728 | 701,134 | 956,785 |
| Total | | ¥4,229,311 | ¥4,780,288 | ¥3,047,215 | ¥3,039,739 |

| | | Millions of U.S. dollars | | | |
|---------------------------------|--|--------------------------|------------------------------|--------------------------------|----------------|
| | | 2008 | | | |
| March 31 | | Within 1 year | After 1 year through 5 years | After 5 years through 10 years | After 10 years |
| Bonds | | \$25,672 | \$ 76,583 | \$16,718 | \$17,365 |
| Japanese government bonds | | 19,159 | 51,961 | 5,202 | 16,901 |
| Japanese local government bonds | | 1,420 | 1,426 | 1,533 | 4 |
| Japanese corporate bonds | | 5,093 | 23,196 | 9,983 | 460 |
| Other | | 8,237 | 38,403 | 5,792 | 5,612 |
| Total | | \$33,909 | \$114,986 | \$22,510 | \$22,977 |

(2) Money held in trust

(a) Money held in trust classified as trading purposes

| March 31 | Millions of yen | | Millions of U.S. dollars |
|--|-----------------|------|--------------------------|
| | 2008 | 2007 | 2008 |
| Consolidated balance sheet amount | ¥1,488 | — | \$15 |
| Valuation gains included in the earnings for the fiscal year | 3 | — | 0 |

(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 |
|-----------------------------------|-----------------|--------|--------------------------|
| | 2008 | 2007 | 2008 |
| Acquisition cost | ¥5,870 | ¥2,602 | \$58 |
| Consolidated balance sheet amount | 5,841 | 2,924 | 58 |
| Net unrealized gains (losses) | (29) | 322 | (0) |
| Unrealized gains | — | 322 | — |
| Unrealized losses | 29 | — | 0 |

Note: Consolidated balance sheet amount is calculated using market prices at the fiscal year-end.

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

| March 31 | Millions of yen | | Millions of |
|---|-----------------|------------|--------------|
| | 2008 | 2007 | U.S. dollars |
| Net unrealized gains..... | ¥745,330 | ¥1,825,564 | \$7,439 |
| Other securities..... | 745,359 | 1,825,242 | 7,439 |
| Other money held in trust..... | (29) | 322 | (0) |
| (-) Deferred tax liabilities..... | 192,478 | 567,845 | 1,921 |
| Net unrealized gains on other securities (before following adjustment)..... | 552,851 | 1,257,719 | 5,518 |
| (-) Minority interests..... | 1,632 | 8,589 | 16 |
| (+) SMFG's interest in net unrealized gains on valuation of other securities held by affiliates accounted for by the equity method..... | (570) | 13,004 | (6) |
| Net unrealized gains on other securities..... | ¥550,648 | ¥1,262,135 | \$5,496 |

Note: Net unrealized gains include foreign currency translation adjustments on non-marketable securities denominated in foreign currency.

32. Derivative Transactions

(1) Interest rate derivatives

| March 31 | Millions of yen | | | |
|---|-----------------|-------------|-----------------|-----------------------------|
| | 2008 | | Market value | Valuation gains (losses) |
| | Contract amount | | | |
| | Total | Over 1 year | | |
| Transactions listed on exchange | | | | |
| Interest rate futures: | | | | |
| Sold..... | ¥ 28,529,253 | ¥ 1,219,498 | ¥ (79,013) | ¥ (79,013) |
| Bought..... | 31,429,238 | 2,102,835 | 84,575 | 84,575 |
| Interest rate options: | | | | |
| Sold..... | 411,164 | — | (49) | (49) |
| Bought..... | 411,164 | — | 51 | 51 |
| Over-the-counter transactions | | | | |
| Forward rate agreements: | | | | |
| Sold..... | — | — | — | — |
| Bought..... | 5,487,572 | 189,577 | 31 | 31 |
| Interest rate swaps: | | | | |
| Receivable fixed rate/payable floating rate..... | 431,702,347 | 306,921,182 | 171,368 | 171,368 |
| Receivable floating rate/payable fixed rate..... | 204,294,602 | 148,030,995 | 1,948,325 | 1,948,325 |
| Receivable floating rate/payable floating rate..... | 204,725,780 | 143,672,565 | (1,770,092) | (1,770,092) |
| Receivable floating rate/payable floating rate..... | 22,565,295 | 15,101,309 | (1,749) | (1,749) |
| Interest rate swaptions: | | | | |
| Sold..... | 3,948,380 | 2,108,111 | (62,141) | (62,141) |
| Bought..... | 3,332,135 | 2,261,063 | 66,519 | 66,519 |
| Caps: | | | | |
| Sold..... | 31,659,913 | 20,654,248 | (13,437) | (13,437) |
| Bought..... | 15,801,704 | 9,592,055 | 7,195 | 7,195 |
| Floors: | | | | |
| Sold..... | 3,612,695 | 1,156,798 | (10,171) | (10,171) |
| Bought..... | 5,876,742 | 2,307,702 | 2,566 | 2,566 |
| Other: | | | | |
| Sold..... | 2,366,908 | 1,161,375 | (23,224) | (23,224) |
| Bought..... | 4,965,301 | 3,143,768 | 59,900 | 59,900 |
| Total..... | / | / | ¥ 204,169 | ¥ 204,169 |

| March 31 | Millions of yen | | | |
|--|-----------------|-------------|--------------|--------------------------|
| | 2007 | | Market value | Valuation gains (losses) |
| | Contract amount | | | |
| | Total | Over 1 year | | |
| Transactions listed on exchange | | | | |
| Interest rate futures: | | | | |
| Sold | ¥ 60,107,669 | ¥ 3,490,131 | ¥ 4,557 | ¥ 4,557 |
| Bought..... | 58,921,496 | 3,573,504 | (3,229) | (3,229) |
| Interest rate options: | | | | |
| Sold | 118,090 | — | (20) | (20) |
| Bought..... | — | — | — | — |
| Over-the-counter transactions | | | | |
| Forward rate agreements: | | | | |
| Sold | 400,000 | — | 278 | 278 |
| Bought..... | 11,162,242 | 125,008 | (35) | (35) |
| Interest rate swaps: | | | | |
| Receivable fixed rate/payable floating rate..... | 445,985,618 | 333,381,100 | 57,891 | 57,891 |
| Receivable floating rate/payable fixed rate..... | 213,209,584 | 162,321,475 | (292,629) | (292,629) |
| Receivable floating rate/payable floating rate | 212,837,074 | 156,710,751 | 342,402 | 342,402 |
| Receivable floating rate/payable floating rate | 19,815,084 | 14,229,818 | 13,821 | 13,821 |
| Interest rate swaptions: | | | | |
| Sold | 3,163,737 | 1,550,186 | (40,755) | (40,755) |
| Bought..... | 3,380,799 | 2,002,072 | 61,695 | 61,695 |
| Caps: | | | | |
| Sold | 21,500,368 | 14,937,062 | (27,574) | (27,574) |
| Bought..... | 12,022,208 | 8,260,827 | 16,947 | 16,947 |
| Floors: | | | | |
| Sold | 842,962 | 709,538 | (2,931) | (2,931) |
| Bought..... | 3,569,523 | 2,042,491 | 1,342 | 1,342 |
| Other: | | | | |
| Sold | 1,950,131 | 1,368,826 | (11,465) | (11,465) |
| Bought..... | 4,049,334 | 2,440,410 | 27,040 | 27,040 |
| Total..... | / | / | ¥ 83,740 | ¥ 83,740 |

| March 31 | Millions of U.S. dollars | | | |
|--|--------------------------|-------------|--------------|--------------------------|
| | 2008 | | Market value | Valuation gains (losses) |
| | Contract amount | | | |
| | Total | Over 1 year | | |
| Transactions listed on exchange | | | | |
| Interest rate futures: | | | | |
| Sold | \$ 284,752 | \$ 12,172 | \$ (789) | \$ (789) |
| Bought..... | 313,696 | 20,988 | 844 | 844 |
| Interest rate options: | | | | |
| Sold | 4,104 | — | (0) | (0) |
| Bought..... | 4,104 | — | 1 | 1 |
| Over-the-counter transactions | | | | |
| Forward rate agreements: | | | | |
| Sold | — | — | — | — |
| Bought..... | 54,772 | 1,892 | 0 | 0 |
| Interest rate swaps: | | | | |
| Receivable fixed rate/payable floating rate..... | 4,308,837 | 3,063,391 | 1,710 | 1,710 |
| Receivable floating rate/payable fixed rate..... | 2,039,072 | 1,477,503 | 19,446 | 19,446 |
| Receivable floating rate/payable fixed rate..... | 2,043,375 | 1,434,001 | (17,667) | (17,667) |
| Receivable floating rate/payable floating rate | 225,225 | 150,727 | (17) | (17) |
| Interest rate swaptions: | | | | |
| Sold | 39,409 | 21,041 | (620) | (620) |
| Bought..... | 33,258 | 22,568 | 664 | 664 |
| Caps: | | | | |
| Sold | 315,999 | 206,151 | (134) | (134) |
| Bought..... | 157,717 | 95,739 | 72 | 72 |
| Floors: | | | | |
| Sold | 36,058 | 11,546 | (102) | (102) |
| Bought..... | 58,656 | 23,033 | 26 | 26 |
| Other: | | | | |
| Sold | 23,624 | 11,592 | (232) | (232) |
| Bought..... | 49,559 | 31,378 | 598 | 598 |
| Total..... | / | / | \$ 2,038 | \$ 2,038 |

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

(2) Currency derivatives

| March 31 | Millions of yen | | | |
|--------------------------------------|-----------------|-------------|--------------|--------------------------|
| | 2008 | | | |
| | Contract amount | | Market value | Valuation gains (losses) |
| Total | Over 1 year | | | |
| Over-the-counter transactions | | | | |
| Currency swaps | ¥22,379,597 | ¥13,103,269 | ¥ (43,029) | ¥ 160,284 |
| Currency swaptions: | | | | |
| Sold | 829,741 | 824,731 | (10,592) | (10,592) |
| Bought..... | 930,422 | 908,013 | 27,161 | 27,161 |
| Forward foreign exchange | 56,377,725 | 5,755,015 | 140,241 | 140,241 |
| Currency options: | | | | |
| Sold | 6,126,597 | 2,706,432 | (289,853) | (289,853) |
| Bought..... | 5,963,302 | 2,662,166 | 315,610 | 315,610 |
| Total..... | / | / | ¥ 139,537 | ¥ 342,851 |

| March 31 | Millions of yen | | | |
|--------------------------------------|-----------------|-------------|--------------|--------------------------|
| | 2007 | | | |
| | Contract amount | | Market value | Valuation gains (losses) |
| Total | Over 1 year | | | |
| Over-the-counter transactions | | | | |
| Currency swaps | ¥20,642,376 | ¥12,660,922 | ¥ 42,405 | ¥ 55,918 |
| Currency swaptions: | | | | |
| Sold | 866,633 | 863,798 | 3,489 | 3,487 |
| Bought..... | 896,229 | 890,206 | 4,146 | 4,149 |
| Forward foreign exchange | 61,066,579 | 5,056,679 | (104,438) | (104,438) |
| Currency options: | | | | |
| Sold | 4,501,193 | 2,381,131 | (159,703) | (159,703) |
| Bought..... | 4,344,112 | 2,195,492 | 98,237 | 98,237 |
| Total..... | / | / | ¥(115,862) | ¥(102,349) |

| March 31 | Millions of U.S. dollars | | | |
|--------------------------------------|--------------------------|------------|--------------|--------------------------|
| | 2008 | | | |
| | Contract amount | | Market value | Valuation gains (losses) |
| Total | Over 1 year | | | |
| Over-the-counter transactions | | | | |
| Currency swaps | \$ 223,372 | \$ 130,784 | \$ (429) | \$ 1,600 |
| Currency swaptions: | | | | |
| Sold | 8,282 | 8,232 | (106) | (106) |
| Bought..... | 9,287 | 9,063 | 271 | 271 |
| Forward foreign exchange | 562,708 | 57,441 | 1,400 | 1,400 |
| Currency options: | | | | |
| Sold | 61,150 | 27,013 | (2,893) | (2,893) |
| Bought..... | 59,520 | 26,571 | 3,150 | 3,150 |
| Total..... | / | / | \$ 1,393 | \$ 3,422 |

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

- (a) Derivative transactions to which the deferred hedge accounting method is applied;
 - (b) Those that are allotted to financial assets/liabilities denominated in foreign currencies and whose market values are already reflected to the consolidated balance sheets; and
 - (c) Those that are allotted to financial assets/liabilities denominated in foreign currencies, and the financial assets/liabilities are eliminated in the process of consolidation.
2. Market value is calculated using discounted present value and option pricing models.

(3) Equity derivatives

| March 31 | Millions of yen | | | |
|--|-----------------|---------|--------------|--------------------------|
| | 2008 | | | |
| | Contract amount | | Market value | Valuation gains (losses) |
| Total | Over 1 year | | | |
| Transactions listed on exchange | | | | |
| Equity price index futures: | | | | |
| Sold | ¥ 86,574 | ¥ — | ¥ 64 | ¥ 64 |
| Bought..... | 41,498 | — | 151 | 151 |
| Over-the-counter transactions | | | | |
| Equity options: | | | | |
| Sold | 260,068 | 260,068 | (32,730) | (32,730) |
| Bought..... | 260,068 | 260,068 | 32,730 | 32,730 |
| Total..... | / | / | ¥ 216 | ¥ 216 |

| March 31 | Millions of yen | | | |
|--|-----------------|---------|--------------|--------------------------|
| | 2007 | | | |
| | Contract amount | | Market value | Valuation gains (losses) |
| Total | Over 1 year | | | |
| Transactions listed on exchange | | | | |
| Equity price index futures: | | | | |
| Sold | ¥ 13,146 | ¥ — | ¥(150) | ¥(150) |
| Bought..... | 19,646 | — | 403 | 403 |
| Over-the-counter transactions | | | | |
| Equity options: | | | | |
| Sold | 17,000 | 17,000 | 587 | 587 |
| Bought..... | 252,092 | 105,043 | (587) | (587) |
| Total..... | / | / | ¥ 252 | ¥ 252 |

| March 31 | Millions of U.S. dollars | | | |
|--|--------------------------|-------|--------------|--------------------------|
| | 2008 | | | |
| | Contract amount | | Market value | Valuation gains (losses) |
| Total | Over 1 year | | | |
| Transactions listed on exchange | | | | |
| Equity price index futures: | | | | |
| Sold | \$ 864 | \$ — | \$ 1 | \$ 1 |
| Bought..... | 414 | — | 1 | 1 |
| Over-the-counter transactions | | | | |
| Equity options: | | | | |
| Sold | 2,596 | 2,596 | (327) | (327) |
| Bought..... | 2,596 | 2,596 | 327 | 327 |
| Total..... | / | / | \$ 2 | \$ 2 |

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

(4) Bond derivatives

| March 31 | Millions of yen | | | |
|--|-----------------|--------|--------------|--------------------------|
| | 2008 | | | |
| | Contract amount | | Market value | Valuation gains (losses) |
| Total | Over 1 year | | | |
| Transactions listed on exchange | | | | |
| Bond futures: | | | | |
| Sold | ¥1,659,033 | ¥ — | ¥ 173 | ¥ 173 |
| Bought..... | 1,635,163 | — | (762) | (762) |
| Bond futures options: | | | | |
| Sold | — | — | — | — |
| Bought..... | 14,500 | — | 65 | 65 |
| Over-the-counter transactions | | | | |
| Forward bond agreements: | | | | |
| Sold | — | — | — | — |
| Bought..... | 59,577 | 57,239 | 1,246 | 1,246 |
| Bond options: | | | | |
| Sold | 240,000 | — | (425) | (425) |
| Bought..... | 240,000 | — | 975 | 975 |
| Total..... | / | / | ¥1,272 | ¥1,272 |

| March 31 | Millions of yen | | | |
|--|-----------------|--------|--------------|--------------------------|
| | 2007 | | | |
| | Contract amount | | Market value | Valuation gains (losses) |
| Total | Over 1 year | | | |
| Transactions listed on exchange | | | | |
| Bond futures: | | | | |
| Sold | ¥667,769 | ¥ — | ¥1,895 | ¥1,895 |
| Bought..... | 655,089 | — | (1,680) | (1,680) |
| Over-the-counter transactions | | | | |
| Forward bond agreements: | | | | |
| Sold | — | — | — | — |
| Bought..... | 69,970 | 65,498 | 1,575 | 1,575 |
| Total..... | / | / | ¥1,791 | ¥1,791 |

| March 31 | Millions of U.S. dollars | | | |
|--|--------------------------|------|--------------|--------------------------|
| | 2008 | | | |
| | Contract amount | | Market value | Valuation gains (losses) |
| Total | Over 1 year | | | |
| Transactions listed on exchange | | | | |
| Bond futures: | | | | |
| Sold | \$16,559 | \$ — | \$ 2 | \$ 2 |
| Bought..... | 16,321 | — | (8) | (8) |
| Bond futures options: | | | | |
| Sold | — | — | — | — |
| Bought..... | 145 | — | 1 | 1 |
| Over-the-counter transactions | | | | |
| Forward bond agreements: | | | | |
| Sold | — | — | — | — |
| Bought..... | 595 | 571 | 12 | 12 |
| Bond options: | | | | |
| Sold | 2,395 | — | (4) | (4) |
| Bought..... | 2,395 | — | 10 | 10 |
| Total..... | / | / | \$13 | \$13 |

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

(5) Commodity derivatives

| March 31 | Millions of yen | | | |
|---|-----------------|---------|--------------|--------------------------|
| | 2008 | | | |
| | Contract amount | | Market value | Valuation gains (losses) |
| Total | Over 1 year | | | |
| Transactions listed on exchange | | | | |
| Commodity futures: | | | | |
| Sold | ¥ — | ¥ — | ¥ — | ¥ — |
| Bought..... | 208 | — | 2 | 2 |
| Over-the-counter transactions | | | | |
| Commodity swaps: | | | | |
| Receivable fixed price/payable floating price | 296,505 | 267,523 | (137,666) | (137,666) |
| Receivable floating price/payable fixed price | 220,340 | 193,772 | 213,001 | 213,001 |
| Commodity options: | | | | |
| Sold | 18,211 | 7,165 | (2,011) | (2,011) |
| Bought..... | 38,455 | 26,786 | 6,595 | 6,595 |
| Total | / | / | ¥ 79,921 | ¥ 79,921 |

| March 31 | Millions of yen | | | |
|---|-----------------|---------|--------------|--------------------------|
| | 2007 | | | |
| | Contract amount | | Market value | Valuation gains (losses) |
| Total | Over 1 year | | | |
| Transactions listed on exchange | | | | |
| Commodity futures: | | | | |
| Sold | ¥ 237 | ¥ — | ¥ (3) | ¥ (3) |
| Bought..... | 359 | — | 6 | 6 |
| Commodity futures options: | | | | |
| Sold | 949 | — | (43) | (43) |
| Bought..... | 949 | — | 43 | 43 |
| Over-the-counter transactions | | | | |
| Commodity swaps: | | | | |
| Receivable fixed price/payable floating price | 359,881 | 311,948 | (69,212) | (69,212) |
| Receivable floating price/payable fixed price | 259,581 | 209,132 | 157,000 | 157,000 |
| Receivable fixed price/payable fixed price | 17,821 | — | 29 | 29 |
| Commodity options: | | | | |
| Sold | 7,624 | 7,058 | (945) | (945) |
| Bought..... | 38,356 | 30,957 | 6,304 | 6,304 |
| Total..... | / | / | ¥ 93,180 | ¥ 93,180 |

| March 31 | Millions of U.S. dollars | | | |
|---|--------------------------|-------|--------------|--------------------------|
| | 2008 | | | |
| | Contract amount | | Market value | Valuation gains (losses) |
| Total | Over 1 year | | | |
| Transactions listed on exchange | | | | |
| Commodity futures: | | | | |
| Sold | \$ — | \$ — | \$ — | \$ — |
| Bought..... | 2 | — | 0 | 0 |
| Over-the-counter transactions | | | | |
| Commodity swaps: | | | | |
| Receivable fixed price/payable floating price | 2,959 | 2,670 | (1,374) | (1,374) |
| Receivable floating price/payable fixed price | 2,199 | 1,934 | 2,126 | 2,126 |
| Commodity options: | | | | |
| Sold | 182 | 72 | (20) | (20) |
| Bought..... | 384 | 267 | 66 | 66 |
| Total | / | / | \$ 798 | \$ 798 |

- Notes: 1. The above transactions are valued at market value and the valuation gains (losses) are accounted for in the consolidated statements of income. Derivative transactions to which the deferred hedge accounting method is applied are not included in the amounts above.
2. Market value of transactions listed on exchange is calculated using the closing prices on the New York Mercantile Exchange and others. Market value of OTC transactions 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 | | | |
|--------------------------------------|-----------------|------------|--------------|--------------------------|
| | 2008 | | | |
| | Contract amount | | Market value | Valuation gains (losses) |
| Total | Over 1 year | | | |
| Over-the-counter transactions | | | | |
| Credit default options: | | | | |
| Sold | ¥1,421,367 | ¥1,302,732 | ¥(39,531) | ¥(39,531) |
| Bought..... | 1,912,377 | 1,710,521 | 77,378 | 77,378 |
| Other: | | | | |
| Sold | 10 | — | (2) | (2) |
| Bought..... | 10 | — | 2 | 2 |
| Total..... | / | / | ¥ 37,846 | ¥ 37,846 |

| March 31 | Millions of yen | | | |
|--------------------------------------|-----------------|------------|--------------|--------------------------|
| | 2007 | | | |
| | Contract amount | | Market value | Valuation gains (losses) |
| Total | Over 1 year | | | |
| Over-the-counter transactions | | | | |
| Credit default options: | | | | |
| Sold | ¥1,322,651 | ¥1,295,611 | ¥2,628 | ¥2,628 |
| Bought..... | 1,514,279 | 1,509,279 | (1,816) | (1,816) |
| Other: | | | | |
| Sold | 40 | — | (3) | (3) |
| Bought..... | 40 | — | 3 | 3 |
| Total..... | / | / | ¥ 812 | ¥ 812 |

| March 31 | Millions of U.S. dollars | | | |
|--------------------------------------|--------------------------|----------|--------------|--------------------------|
| | 2008 | | | |
| | Contract amount | | Market value | Valuation gains (losses) |
| Total | Over 1 year | | | |
| Over-the-counter transactions | | | | |
| Credit default options: | | | | |
| Sold | \$14,187 | \$13,003 | \$(395) | \$(395) |
| Bought..... | 19,088 | 17,073 | 773 | 773 |
| Other: | | | | |
| Sold | 0 | — | (0) | (0) |
| Bought..... | 0 | — | 0 | 0 |
| Total..... | / | / | \$ 378 | \$ 378 |

- Notes: 1. The above transactions are valued at market value and the valuation gains (losses) are accounted for in the consolidated statements of income. Derivative transactions to which the deferred hedge accounting method is applied are not included in the amounts above.
2. Market value is calculated using discounted present value and option pricing models.
3. "Sold" represents transactions in which the credit risk is accepted; "Bought" represents transactions in which the credit risk is transferred.

33. Stock Options

SMFG applied the “Accounting Standard for Share-based Payment” and the related guidance from the fiscal year beginning on April 1, 2006. These accounting standards require companies to recognize compensation expense for stock acquisition rights based on the fair value at the grant date and over the vesting periods for stock acquisition rights newly granted on and after May 1, 2006. Share-based compensation expense of ¥29 million (\$0 million) and ¥14 million are accounted for as general and administrative expenses in the fiscal year ended March 31, 2008 and 2007, respectively.

Outline of stock options and changes are as follows:

(1) SMFG

(a) Outline of stock options

| | |
|------------------------------|---|
| Date of resolution | June 27, 2002 |
| Title and number of grantees | Directors and employees of SMFG and SMBC: 677 |
| Number of stock options | Common shares: 1,620 |
| Grant date | August 30, 2002 |
| Condition for vesting | N.A. |
| Requisite service period | N.A. |
| Exercise period | June 28, 2004 to June 27, 2012 |

(b) Stock options granted and changes

| | |
|--------------------------|---------------|
| Number of stock options | |
| Date of resolution | June 27, 2002 |
| Before vested | |
| Previous fiscal year-end | — |
| Granted | — |
| Forfeited | — |
| Vested | — |
| Outstanding | — |
| After vested | |
| Previous fiscal year-end | 1,116 |
| Vested | — |
| Exercised | 35 |
| Forfeited | — |
| Exercisable | 1,081 |

Price information (Yen)

| | |
|------------------------------|---------------|
| Date of resolution | June 27, 2002 |
| Exercise price | ¥ 669,775 |
| Average exercise price | 1,188,285 |
| Fair value at the grant date | — |

(2) A consolidated subsidiary, Kansai Urban Banking Corporation

(a) Outline of stock options

| Date of resolution | June 28, 2001 | June 27, 2002 | June 27, 2003 | June 29, 2004 | June 29, 2005 |
|------------------------------|--------------------------------------|---|--------------------------------------|---|--------------------------------------|
| Title and number of grantees | Directors and employees 45 | Directors and employees 44 | Directors and employees 65 | Directors and employees 174 | Directors and employees 183 |
| Number of stock options | Common shares 238,000 | Common shares 234,000 | Common shares 306,000 | Common shares 399,000 | Common shares 464,000 |
| Grant date | July 31, 2001 | July 31, 2002 | July 31, 2003 | July 30, 2004 | July 29, 2005 |
| Condition for vesting | N.A. | N.A. | N.A. | N.A. | N.A. |
| Requisite service period | N.A. | N.A. | N.A. | N.A. | N.A. |
| Exercise period | June 29, 2003 to June 28, 2011 | June 28, 2004 to June 27, 2012 | June 28, 2005 to June 27, 2013 | June 30, 2006 to June 29, 2014 | June 30, 2007 to June 29, 2015 |
| Date of resolution | June 29, 2006 | June 29, 2006 | June 28, 2007 | June 28, 2007 | |
| Title and number of grantees | Directors 9 | Officers not doubling as directors 14 Employees 46 | Directors 10 | Officers not doubling as directors 14 Employees 48 | |
| Number of stock options | Common shares 162,000 | Common shares 115,000 | Common shares 174,000 | Common shares 112,000 | |
| Grant date | July 31, 2006 | July 31, 2006 | July 31, 2007 | July 31, 2007 | |
| Condition for vesting | N.A. | N.A. | N.A. | N.A. | |
| Requisite service period | N.A. | N.A. | N.A. | N.A. | |
| Exercise period | June 30, 2008 to June 29, 2016 | June 30, 2008 to June 29, 2016 | June 29, 2009 to June 28, 2017 | June 29, 2009 to June 28, 2017 | |

(b) Stock options granted and changes

Number of stock options

| Date of resolution | June 28, 2001 | June 27, 2002 | June 27, 2003 | June 29, 2004 | June 29, 2005 |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
| Before vested | | | | | |
| Previous fiscal year-end | — | — | — | — | 464,000 |
| Granted | — | — | — | — | — |
| Forfeited | — | — | — | — | — |
| Vested | — | — | — | — | 464,000 |
| Outstanding | — | — | — | — | — |
| After vested | | | | | |
| Previous fiscal year-end | 174,000 | 174,000 | 256,000 | 363,000 | — |
| Vested | — | — | — | — | 464,000 |
| Exercised | 52,000 | 16,000 | 26,000 | 33,000 | 13,000 |
| Forfeited | — | — | — | — | — |
| Exercisable | 122,000 | 158,000 | 230,000 | 330,000 | 451,000 |

| Date of resolution | June 29, 2006 | June 29, 2006 | June 28, 2007 | June 28, 2007 |
|--------------------------------|---------------|---------------|---------------|---------------|
| Before vested | | | | |
| Previous fiscal year-end | 162,000 | 115,000 | — | — |
| Granted | — | — | 174,000 | 112,000 |
| Forfeited | — | — | — | — |
| Vested | — | — | — | — |
| Outstanding | 162,000 | 115,000 | 174,000 | 112,000 |
| After vested | | | | |
| Previous fiscal year-end | — | — | — | — |
| Vested | — | — | — | — |
| Exercised | — | — | — | — |
| Forfeited | — | — | — | — |
| Exercisable | — | — | — | — |

Price information (Yen)

| Date of resolution | June 28, 2001 | June 27, 2002 | June 27, 2003 | June 29, 2004 | June 29, 2005 |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Exercise price | ¥155 | ¥131 | ¥179 | ¥202 | ¥313 |
| Average exercise price | ¥415 | ¥358 | ¥360 | ¥380 | ¥335 |
| Fair value at the grant date | — | — | — | — | — |

| Date of resolution | June 29, 2006 | June 29, 2006 | June 28, 2007 | June 28, 2007 |
|------------------------------------|---------------|---------------|---------------|---------------|
| Exercise price | ¥490 | ¥490 | ¥461 | ¥461 |
| Average exercise price | — | — | — | — |
| Fair value at the grant date | ¥138 | ¥138 | ¥ 96 | ¥ 96 |

(c) Valuation technique used for valuating fair value of stock options

Stock options granted in the fiscal year ended March 31, 2008 were valued using the Black-Scholes option pricing model and the principal parameters were as follows:

| Date of resolution | June 28, 2007 |
|---|---------------|
| Expected volatility ^{*1} | 36.91% |
| Average expected life ^{*2} | 5 years |
| Expected dividends ^{*3} | ¥5 per share |
| Risk-free interest rate ^{*4} | 1.39% |

^{*1} Calculated based on the actual stock prices during the five years from June 2002 to June 2007.

^{*2} The average expected life could not be estimated rationally due to an insufficient amount of data. Therefore, it was estimated assuming that the options were exercised at the midpoint of the exercise period.

^{*3} The actual dividends on common stock for the fiscal year ended March 31, 2007.

^{*4} Japanese government bond yield corresponding to the average expected life.

(d) Method of estimating number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

34. Segment Information

(1) Business segment information

| Year ended March 31 | Millions of yen | | | | | |
|--|------------------|------------------|----------------|--------------|--------------|--------------|
| | 2008 | | | | | |
| | Banking business | Leasing business | Other business | Total | Elimination | Consolidated |
| I. Ordinary income | | | | | | |
| (1) External customers | ¥ 3,185,057 | ¥ 945,193 | ¥ 493,293 | ¥ 4,623,545 | ¥ — | ¥ 4,623,545 |
| (2) Intersegment | 58,113 | 20,644 | 249,030 | 327,788 | (327,788) | — |
| Total | 3,243,171 | 965,837 | 742,324 | 4,951,333 | (327,788) | 4,623,545 |
| Ordinary expenses | 2,501,702 | 921,338 | 669,064 | 4,092,105 | (299,720) | 3,792,384 |
| Ordinary profit | ¥ 741,469 | ¥ 44,499 | ¥ 73,259 | ¥ 859,228 | ¥ (28,067) | ¥ 831,160 |
| II. Assets, depreciation, losses on impairment of fixed assets and capital expenditure | | | | | | |
| Assets | ¥107,336,930 | ¥3,020,106 | ¥6,707,715 | ¥117,064,752 | ¥(5,108,833) | ¥111,955,918 |
| Depreciation | 61,223 | 399,910 | 25,972 | 487,106 | 16 | 487,122 |
| Losses on impairment of fixed assets | 4,740 | 109 | 310 | 5,161 | — | 5,161 |
| Capital expenditure | 99,277 | 458,002 | 36,007 | 593,286 | 3 | 593,290 |

| Year ended March 31 | Millions of yen | | | | | |
|--|------------------|------------------|----------------|--------------|--------------|--------------|
| | 2007 | | | | | |
| | Banking business | Leasing business | Other business | Total | Elimination | Consolidated |
| I. Ordinary income | | | | | | |
| (1) External customers | ¥ 2,689,086 | ¥ 783,119 | ¥ 429,052 | ¥ 3,901,259 | ¥ — | ¥ 3,901,259 |
| (2) Intersegment | 53,714 | 20,831 | 220,369 | 294,914 | (294,914) | — |
| Total | 2,742,800 | 803,951 | 649,421 | 4,196,173 | (294,914) | 3,901,259 |
| Ordinary expenses | 1,993,893 | 759,103 | 609,781 | 3,362,779 | (260,130) | 3,102,649 |
| Ordinary profit | ¥ 748,907 | ¥ 44,847 | ¥ 39,640 | ¥ 833,394 | ¥ (34,784) | ¥ 798,610 |
| II. Assets, depreciation, losses on impairment of fixed assets and capital expenditure | | | | | | |
| Assets | ¥97,525,686 | ¥2,241,572 | ¥5,663,614 | ¥105,430,874 | ¥(4,572,564) | ¥100,858,309 |
| Depreciation | 59,908 | 336,712 | 17,630 | 414,251 | 16 | 414,268 |
| Losses on impairment of fixed assets | 4,661 | — | 25,887 | 30,548 | — | 30,548 |
| Capital expenditure | 216,612 | 390,455 | 27,565 | 634,633 | 13 | 634,647 |

| Year ended March 31 | Millions of U.S. dollars | | | | | |
|--|--------------------------|------------------|----------------|-------------|-------------|--------------|
| | 2008 | | | | | |
| | Banking business | Leasing business | Other business | Total | Elimination | Consolidated |
| I. Ordinary income | | | | | | |
| (1) External customers | \$ 31,791 | \$ 9,434 | \$ 4,923 | \$ 46,148 | \$ — | \$ 46,148 |
| (2) Intersegment | 580 | 206 | 2,486 | 3,272 | (3,272) | — |
| Total | 32,371 | 9,640 | 7,409 | 49,420 | (3,272) | 46,148 |
| Ordinary expenses | 24,970 | 9,196 | 6,678 | 40,844 | (2,992) | 37,852 |
| Ordinary profit | \$ 7,401 | \$ 444 | \$ 731 | \$ 8,576 | \$ (280) | \$ 8,296 |
| II. Assets, depreciation, losses on impairment of fixed assets and capital expenditure | | | | | | |
| Assets | \$1,071,334 | \$30,144 | \$66,950 | \$1,168,428 | \$ (50,991) | \$1,117,436 |
| Depreciation | 611 | 3,992 | 259 | 4,862 | 0 | 4,862 |
| Losses on impairment of fixed assets | 47 | 1 | 3 | 52 | — | 52 |
| Capital expenditure | 991 | 4,571 | 359 | 5,922 | 0 | 5,922 |

- Notes: 1. The business segmentation is classified based on SMFG's internal management purpose. Ordinary income and ordinary profit are presented as counterparts of sales and operating profit of companies in other industries.
2. "Other business" includes securities, credit card, investment banking, loans, venture capital, system development and information processing.
3. Assets in Elimination include unallocated corporate assets of ¥4,101,536 million (\$40,938 million) and ¥4,012,414 million at March 31, 2008 and 2007, respectively, which mainly consist of investments in subsidiaries and affiliates.
4. Ordinary income represents total income excluding gains on disposal of fixed assets, collection of written-off claims, gains on change in equity due to mergers of subsidiaries, gains on return of securities from employee retirement benefits trust and others.
Ordinary expenses represent total expenses excluding losses on disposal of fixed assets, losses on impairment of fixed assets and others.
5. As mentioned in Note 2. (11), formerly, deposits which were derecognized as liabilities were expensed when they were actually reimbursed. However, from the fiscal year ended March 31, 2008, such reserve is provided in the estimated amount based on the historical reimbursement experience in accordance with the "Treatment for Auditing of Reserve under Special Taxation Measures Law, Reserve under Special Laws and Reserve for Retirement Benefits to Directors and Corporate Auditors" (JICPA Audit and Assurance Practice Committee Report No. 42) of April 13, 2007. As a result, Ordinary profit of "Banking business" for the year ended March 31, 2008 decreased by ¥10,417 million (\$104 million) each as compared with the former method.

(2) Geographic segment information

| Millions of yen | | | | | | | |
|--------------------------|--------------|--------------|------------------------|------------------|---------------|---------------|---------------|
| 2008 | | | | | | | |
| Year ended March 31 | Japan | The Americas | Europe and Middle East | Asia and Oceania | Total | Elimination | Consolidated |
| I. Ordinary income | | | | | | | |
| (1) External customers.. | ¥ 3,911,887 | ¥ 280,556 | ¥ 249,321 | ¥ 181,780 | ¥ 4,623,545 | ¥ — | ¥ 4,623,545 |
| (2) Intersegment | 121,804 | 59,437 | 11,000 | 39,046 | 231,289 | (231,289) | — |
| Total | 4,033,692 | 339,994 | 260,321 | 220,826 | 4,854,834 | (231,289) | 4,623,545 |
| Ordinary expenses | 3,359,217 | 240,378 | 249,869 | 156,831 | 4,006,298 | (213,913) | 3,792,384 |
| Ordinary profit | ¥ 674,474 | ¥ 99,615 | ¥ 10,451 | ¥ 63,994 | ¥ 848,536 | ¥ (17,375) | ¥ 831,160 |
| II. Assets | ¥ 96,694,481 | ¥ 7,590,359 | ¥ 4,875,150 | ¥ 5,501,957 | ¥ 114,661,949 | ¥ (2,706,030) | ¥ 111,955,918 |

| Millions of yen | | | | | | | |
|--------------------------|--------------|--------------|------------------------|------------------|---------------|---------------|---------------|
| 2007 | | | | | | | |
| Year ended March 31 | Japan | The Americas | Europe and Middle East | Asia and Oceania | Total | Elimination | Consolidated |
| I. Ordinary income | | | | | | | |
| (1) External customers.. | ¥ 3,238,374 | ¥ 247,208 | ¥ 203,585 | ¥ 212,090 | ¥ 3,901,259 | ¥ — | ¥ 3,901,259 |
| (2) Intersegment | 98,720 | 46,833 | 9,974 | 59,802 | 215,330 | (215,330) | — |
| Total | 3,337,094 | 294,042 | 213,559 | 271,892 | 4,116,589 | (215,330) | 3,901,259 |
| Ordinary expenses | 2,686,461 | 222,992 | 177,377 | 202,955 | 3,289,786 | (187,137) | 3,102,649 |
| Ordinary profit | ¥ 650,633 | ¥ 71,049 | ¥ 36,182 | ¥ 68,937 | ¥ 826,802 | ¥ (28,192) | ¥ 798,610 |
| II. Assets | ¥ 89,301,196 | ¥ 5,775,716 | ¥ 3,190,553 | ¥ 4,514,648 | ¥ 102,782,115 | ¥ (1,923,805) | ¥ 100,858,309 |

| Millions of U.S. dollars | | | | | | | |
|--------------------------|------------|--------------|------------------------|------------------|--------------|-------------|--------------|
| 2008 | | | | | | | |
| Year ended March 31 | Japan | The Americas | Europe and Middle East | Asia and Oceania | Total | Elimination | Consolidated |
| I. Ordinary income | | | | | | | |
| (1) External customers.. | \$ 39,045 | \$ 2,801 | \$ 2,488 | \$ 1,814 | \$ 46,148 | \$ — | \$ 46,148 |
| (2) Intersegment | 1,215 | 593 | 110 | 390 | 2,308 | (2,308) | — |
| Total | 40,260 | 3,394 | 2,598 | 2,204 | 48,456 | (2,308) | 46,148 |
| Ordinary expenses | 33,528 | 2,400 | 2,494 | 1,565 | 39,987 | (2,135) | 37,852 |
| Ordinary profit | \$ 6,732 | \$ 994 | \$ 104 | \$ 639 | \$ 8,469 | \$ (173) | \$ 8,296 |
| II. Assets | \$ 965,111 | \$ 75,760 | \$ 48,659 | \$ 54,915 | \$ 1,144,445 | \$ (27,009) | \$ 1,117,436 |

- Notes: 1. The geographic segmentation is classified based on the degrees of the 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 and the Middle East includes the United Kingdom, Germany, France and others; Asia and Oceania includes Hong Kong, Singapore, Australia and others except Japan.
3. Assets in Elimination include unallocated corporate assets of ¥4,101,536 million (\$40,938 million) and ¥4,012,414 million at March 31, 2008 and 2007, respectively, which mainly consist of investments in subsidiaries and affiliates.
4. Ordinary income represents total income excluding gains on disposal of fixed assets, collection of written-off claims, gains on change in equity due to mergers of subsidiaries, gains on return of securities from employee retirement benefits trust and others.
- Ordinary expenses represent total expenses excluding losses on disposal of fixed assets, losses on impairment of fixed assets and others.
5. As mentioned in Note 2. (11), formerly, deposits which were derecognized as liabilities were expensed when they were actually reimbursed. However, from the fiscal year ended March 31, 2008, such reserve is provided in the estimated amount based on the historical reimbursement experience in accordance with the "Treatment for Auditing of Reserve under Special Taxation Measures Law, Reserve under Special Laws and Reserve for Retirement Benefits to Directors and Corporate Auditors" (JICPA Audit and Assurance Practice Committee Report No. 42) of April 13, 2007. As a result, Ordinary profit of "Japan" for the year ended March 31, 2008 decreased by ¥10,417 million (\$104 million) each as compared with the former method.

(3) Ordinary income from overseas operations

| Year ended March 31 | Millions of yen | | Millions of U.S. dollars |
|---|-----------------|-----------|--------------------------|
| | 2008 | 2007 | 2008 |
| Consolidated ordinary income from overseas operations (A) | ¥ 711,657 | ¥ 662,884 | \$ 7,103 |
| Consolidated ordinary income (B)..... | 4,623,545 | 3,901,259 | 46,148 |
| (A) / (B)..... | 15.4% | 17.0% | 15.4% |

Notes: 1. Consolidated ordinary income from overseas operations is presented as a counterpart of overseas sales of companies in other industries.
 2. The above table shows ordinary income from transactions of overseas branches of domestic consolidated banking subsidiaries 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.

35. Special Purpose Entities

SMBC, a consolidated subsidiary of SMFG, provides loans, credit lines and liquidity lines to fourteen special purpose entities (“SPEs”) for their fund needs and issuing of commercial papers. The SPEs are engaged in purchases of monetary claims such as receivables from SMBC customers, and incorporated under the laws of the Cayman Islands or as intermediate corporations with limited liabilities.

The combined assets and liabilities of the fourteen SPEs as of their

most recent closing dates were ¥3,219,524 million (\$32,134 million) and ¥3,219,835 million (\$32,137 million), respectively. SMBC has no voting rights in the SPEs and sends no directors or employees.

The amounts of principal transactions with these SPEs in the year ended March 31, 2008 are as follows:

| As of and year ended March 31 | Millions of yen | |
|----------------------------------|-----------------|--|
| | 2008 | |
| | Balances | Income |
| Loans and bills discounted | ¥1,803,952 | Interest on loans and discounts..... ¥25,194 |
| Credit lines..... | 905,533 | Fees and commissions |
| Liquidity lines | 326,074 | — |

| As of and year ended March 31 | Millions of U.S. dollars | |
|----------------------------------|--------------------------|--|
| | 2008 | |
| | Balances | Income |
| Loans and bills discounted | \$18,005 | Interest on loans and discounts..... \$251 |
| Credit lines..... | 9,038 | Fees and commissions |
| Liquidity lines | 3,255 | — |

36. Business Combinations

Fiscal year ended March 31, 2008

<A merger of leasing companies and a merger of auto leasing companies>

SMFG, SMBC Leasing Company, Limited (“SMBC Leasing”) and SMBC Auto Leasing Company, Limited (“SMBC Auto Leasing”) reached a final agreement with Sumitomo Corporation, Sumisho Lease Co., Ltd. (“Sumisho Lease”) and Sumisho Auto Leasing Corporation (“Sumisho Auto Lease”) on July 30, 2007 concerning strategic joint businesses in leasing and auto leasing business and mergers of two businesses (a merger between SMBC Leasing and

Sumisho Lease, and a merger between SMBC Auto Leasing and Sumisho Auto Lease). They also concluded “Basic Agreement Concerning the Joint Business” and “Merger Agreement” with respect to the two businesses. In accordance with the merger agreements, SMBC Leasing and Sumisho Lease merged on October 1, 2007, and SMBC Auto Leasing and Sumisho Auto Lease also merged on the same day.

<Purchase method>

A merger of leasing companies

1. Outline of the business combination of leasing companies

(1) Name and business of the acquired company
 Sumisho Lease (Leasing business)

(2) Reason for the business combination
 SMBC Leasing and Sumisho Lease have merged with the aim of achieving the highest leasing volume in Japan by leveraging the blue-chip customer bases of both the SMFG Group and the Sumitomo Corporation Group, and to create a high quality leasing company that can respond accurately and timely to market needs which are becoming

increasingly sophisticated, by combining and blending the finance know-how of SMBC Leasing as a subsidiary of a bank and the product and distribution know-how of Sumisho Lease as a subsidiary of a trading company, thereby promoting diversification and differentiation of products and providing more value-added products going beyond traditional approaches.

- (3) Date of the business combination
October 1, 2007
- (4) Legal form of business combination
The merger was a merger procedure by absorption with Sumisho Lease as the surviving company and SMBC Leasing was dissolved.
(Name of the merged company: Sumitomo Mitsui Finance and Leasing Company, Limited)
- (5) Name of a controlling entity after the business combination
Sumitomo Mitsui Financial Group, Inc.
- (6) Percentage share of voting rights SMFG has acquired
55%

2. Period of the acquired company's financial results included in the consolidated financial statements
From October 1, 2007 to March 31, 2008

3. Acquisition cost of the acquired company

| | Millions of yen | Millions of U.S. dollars |
|---|-----------------|--------------------------|
| 45% of the fair value of SMBC Leasing's common stock..... | ¥ 140,648 | \$1,404 |
| 45% of the fair value of SMBC Leasing's preferred stock | 24,750 | 247 |
| Acquisition cost | ¥ 165,398 | \$1,651 |

4. Merger ratio, calculation method, number of shares delivered and valuation

- (1) Merger ratio
- Common stock
Sumisho Lease 1 : SMBC Leasing 1.4859*
- Preferred stock
Sumisho Lease 1 : SMBC Leasing 5.7050*

* The amounts are rounded down to the nearest ten-thousandth.

- (2) Basis for calculation of the merger ratio
In order to ensure the fairness and reasonableness of the merger ratio (hereinafter referred to as the "merger ratio"), SMBC Leasing and Sumisho Lease conducted negotiation and discussion based on the analysis of the merger ratio provided by each financial advisor, Daiwa Securities SMBC Co. Ltd., appointed by SMBC Leasing, and Nomura Securities Co., Ltd., appointed by Sumisho Lease, respectively.
- (3) Number of shares delivered and value
52,422,762 shares of common stock of Sumisho Lease were allocated for 31,375,000 shares (30,000,000 shares of common stock and 1,375,000 shares of preferred stock) of SMBC Leasing (44,578,289 shares of Sumisho Lease's common stock for SMBC Leasing's common stock and 7,844,473 shares of Sumisho Lease's common stock for SMBC Leasing's preferred stock). Total estimated value amounted to ¥367,552 million (\$3,669 million).

5. Goodwill, reason for recognizing goodwill, amortization method and amortization period

- (1) Amount of goodwill
¥88,090 million (\$879 million)
- (2) Reason for recognizing goodwill
SMFG accounted for the difference between the acquisition cost and the increased amount of interests in Sumisho Lease as goodwill.
- (3) Method and term to amortize goodwill
Straight-line method over 20 years

6. Amounts of assets and liabilities acquired on the day of the business combination

(1) Assets

| | Millions of yen | Millions of U.S. dollars |
|----------------------------------|-----------------|--------------------------|
| Total assets | ¥ 1,392,490 | \$ 13,898 |
| Lease assets | 632,224 | 6,310 |
| Loans and bills discounted | 329,069 | 3,284 |

(2) Liabilities

| | Millions of yen | Millions of U.S. dollars |
|-------------------------|-----------------|--------------------------|
| Total liabilities | ¥ 1,249,703 | \$ 12,473 |
| Borrowed money | 571,741 | 5,707 |
| Short-term bonds | 393,000 | 3,923 |

7. Approximate amounts of impact on the consolidated statement of income for the fiscal year ended March 31, 2008, assuming that the business combinations had been completed on the commencement date of the fiscal year.

- (1) The difference between the pro-forma ordinary income and other income information assuming that the business combinations had been completed on the commencement date of the fiscal year and the actual ordinary income and other income information which is recorded in the consolidated statement of income is as follows.

| | Millions of yen | Millions of U.S. dollars |
|-----------------------|-----------------|--------------------------|
| Ordinary income | ¥ 277,442 | \$ 2,769 |
| Ordinary profit | 35,319 | 353 |
| Net income | 30,938 | 309 |

(2) Calculation method of the pro-forma amounts and material assumptions

The pro-forma amounts are calculated retroactively to the commencement date of the fiscal year based on the amounts stated in Sumisho Lease's statement of income for the period from April 1, 2007 to September 30, 2007. However, such amounts do not indicate the results of operations in case the business combinations are actually completed on the commencement date of the fiscal year.

The pro-forma information mentioned above has not been audited by KPMG AZSA & Co.

<Business combination of consolidated subsidiary>

A merger of auto leasing companies

1. Outline of the business combination of auto leasing companies

(1) Name and business of the companies

Acquiring company: Sumisho Auto Lease (Auto leasing business)

Acquired company: SMBC Auto Leasing (Auto leasing business)

(2) Reason for the business combination

Sumisho Auto Lease and SMBC Auto Leasing have merged to survive and thrive in the auto leasing industry that is becoming increasingly competitive and to establish a structure to capture the number one market share by capitalizing on the high-quality customer bases of both the Sumitomo Corporation Group and the SMFG Group and combining the high-value-added services of Sumisho Auto

Lease based on its value chain and business network of SMBC Auto Leasing. Another aim of the merger is to achieve better customer satisfaction by combining and blending the product and distribution know-how of Sumisho Auto Lease as a subsidiary of a trading company, and the finance know-how of SMBC Auto Leasing as a subsidiary of a bank, thereby pursuing various services.

(3) Date of the business combination

October 1, 2007

(4) Legal form of business combination

The merger was a merger procedure by absorption with Sumisho Auto Leasing as the surviving company, and SMBC Auto Leasing was dissolved. (Name of the merged company: Sumitomo Mitsui Auto Service Company, Limited)

2. Outline of accounting method

SMFG will apply the accounting procedures stipulated by Article 20 of the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7).

3. Name of the business segment, in which the subsidiary was included, in the segment information
Leasing business

4. Consolidated statement of income for the fiscal year included the following earnings of SMBC Auto Leasing: (approximate amounts)

| | Millions of yen | Millions of U.S. dollars |
|-----------------------|-----------------|--------------------------|
| Ordinary income | ¥69,752 | \$696 |
| Ordinary profit | 2,237 | 22 |
| Net income | 1,254 | 13 |

5. Status after the business combination

SMBC Auto Leasing and its subsidiaries are excluded from the scope of consolidation, and Sumitomo Mitsui Auto Service Company, Limited and its subsidiaries have become affiliated companies accounted for by the equity method.

Fiscal year ended March 31, 2007

<Transactions under common control>

1. Outline of the transactions

- (1) Name and business of combined entity
SMBC Friend Securities Co., Ltd. ("SMBC Friend Securities")
Securities business
- (2) Form of reorganization
Exchange of shares
- (3) Name of the entity after the reorganization
Sumitomo Mitsui Financial Group, Inc. ("SMFG")

- (4) Outline and purpose of the transaction
In accordance with the stabilization of the Japanese financial system, Japanese households' portfolios have shown clear signs of a shift from savings to investment, and their investment needs are expected to become further diversified. At the same time, we believe that new types of asset management services will become popular among individual investors who improve their financial knowledge and have an increased interest in portfolio

management based on asset allocation concepts.

In view of these trends, SMFG will further strengthen cooperation among group companies by making SMBC Friend Securities a wholly-owned subsidiary, establishing a new business model distinct from the conventional one by combining banking and securities businesses and maximizing synergies between them. With such initiatives, SMFG will try to make every effort to enhance the enterprise value of the whole group.

2. Accounting method

SMFG applied the following accounting treatments stipulated by the Accounting Standard for Business Combinations to the consolidated and nonconsolidated financial statements:

"Chapter 3 Accounting Standard for Business Combinations, Article 4 Accounting treatment for the transactions under common control, Paragraph 2 Transactions with minority shareholders."

3. Additional acquisition of subsidiary's shares

- (1) Acquisition cost

| | Millions of yen |
|--|-----------------|
| Common shares | ¥221,365 |
| Expenses for acquiring the common shares | 160 |
| Acquisition cost | ¥221,525 |

- (2) Share exchange ratio, its basis for determination, number of shares delivered and its values

- (a) Type of shares and share exchange ratio
Common shares
SMFG 1: SMBC Friend Securities 0.0008
- (b) Basis for determination of share exchange ratio
SMFG appointed Goldman Sachs (Japan) Ltd. as its financial advisor and SMBC Friend Securities appointed Merrill Lynch Japan Securities Co., Ltd. as its financial advisor. SMFG and SMBC Friend Securities comprehensively considered numerous factors including results of the analyses provided by their respective financial advisors, and discussed and agreed to the above.
- (c) Number of shares delivered and values
249,015 shares
¥221,525 million

- (3) Goodwill, reason for recognizing goodwill, amortization method and amortization term
- (a) Amount of goodwill
¥99,995 million
- (b) Reason for recognizing goodwill
SMFG accounted for the difference between the acquisition cost of additional shares of common stock of SMBC Friend Securities, and the decrease in minority interests, as goodwill.
- (c) Method and term to amortize goodwill
Straight-line method over 20 years

37. Per Share Data

| March 31 | Yen | | U.S. dollars |
|----------------------------|-------------|-------------|--------------|
| | 2008 | 2007 | 2008 |
| Net assets per share | ¥424,546.01 | ¥469,228.59 | \$4,237.41 |

| Year ended March 31 | Yen | | U.S. dollars |
|--------------------------------------|------------|------------|--------------|
| | 2008 | 2007 | 2008 |
| Net income per share | ¥59,298.24 | ¥57,085.83 | \$591.86 |
| Net income per share (diluted) | 56,657.41 | 51,494.17 | 565.50 |

Notes: 1. The ASBJ revised "Guidance on Accounting Standard for Earnings per Share" (ASBJ Guidance No. 4, issued on September 25, 2002) on January 31, 2006, and the revised Guidance was applicable from the fiscal year ending on or after May 1, 2006, the implementation date of the Company Law. Effective April 1, 2006, SMFG applied the revised Guidance and calculated net assets per share by including net deferred gains (losses) on hedges. This accounting change decreased net assets per share at March 31, 2007 by ¥11,596.71 compared with the former method.

2. Net income per share and net income per share (diluted) are calculated based on the following:

| Year ended March 31 | Millions of yen, except number of shares | | Millions of U.S. dollars |
|--|---|----------|-----------------------------|
| | 2008 | 2007 | 2008 |
| Net income per share | | | |
| Net income | ¥ 461,536 | ¥441,351 | \$4,607 |
| Amount not attributable to common stockholders | 12,958 | 12,958 | 129 |
| Dividends on preferred stock | 12,958 | 12,958 | 129 |
| Net income attributable to common stock | 448,577 | 428,392 | 4,477 |
| Average number of common stock during the year (in thousands) | 7,564 | 7,504 | / |
| Net income per share (diluted) | | | |
| Adjustment for net income | 6,751 | 6,748 | 67 |
| Dividends on preferred stock | 6,763 | 6,763 | 68 |
| Stock acquisition rights issued by subsidiaries and affiliates | (11) | (14) | (0) |
| Increase in number of common stock (in thousands) | 471 | 945 | / |
| Preferred stock | 471 | 945 | / |
| Stock acquisition rights | 0 | 0 | / |

3. Net assets per share is calculated based on the following:

| March 31 | Millions of yen, except number of shares | | Millions of U.S. dollars |
|--|---|-------------|-----------------------------|
| | 2008 | 2007 | 2008 |
| Net assets | ¥ 5,224,076 | ¥ 5,331,279 | \$52,142 |
| Amounts excluded from Net assets | 2,012,532 | 1,781,555 | 20,087 |
| Preferred stock | 360,303 | 360,303 | 3,596 |
| Dividends on preferred stock | 6,479 | 12,958 | 65 |
| Stock acquisition rights | 43 | 14 | 0 |
| Minority interests | 1,645,705 | 1,408,279 | 16,426 |
| Net assets attributable to common stock at the fiscal year-end | 3,211,544 | 3,549,724 | 32,055 |
| Number of common stock at the fiscal year-end used for the calculation of Net assets per share (in thousands) | 7,564 | 7,565 | / |

38. Subsequent Events

- (1) The following appropriation of retained earnings of SMFG at March 31, 2008 was approved by the ordinary general meeting of shareholders held on June 27, 2008:

| | Millions of yen | Millions of U.S. dollars |
|---|-----------------|--------------------------|
| Cash dividends, ¥7,000 per share on common stock..... | ¥53,655 | \$ 536 |
| ¥67,500 per share on preferred stock (1st to 12th series Type 4)..... | 3,381 | 34 |
| ¥44,250 per share on preferred stock (1st series Type 6) | 3,097 | 31 |

- (2) SMFG resolved at the meeting of the Board of Directors held on April 28, 2008 to authorize the redemption in full of the preferred securities issued by its overseas special purpose subsidiary. The outline of the preferred securities to be redeemed is as follows.

| | |
|---------------------------------|---|
| Issuer | SB Treasury Company L.L.C. |
| Type of securities issued | Non-cumulative perpetual preferred securities |
| Total redemption amount..... | \$1,800 million |
| Scheduled redemption date | June 30, 2008 |
| Reason for redemption | Optional redemption |

- (3) SMFG resolved at the meeting of the Board of Directors held on April 28, 2008 to issue preferred securities through overseas special purpose subsidiaries and establish wholly-owned subsidiaries in Cayman Island. The preferred securities issued on May 12, 2008 were as follows.

| | |
|-------------------------|---|
| Issuer..... | SMFG Preferred Capital USD 2 Limited |
| | An overseas special purpose subsidiary established in the Cayman Islands, the voting rights of which are wholly owned by SMFG |
| Type of securities..... | U.S. Dollar denominated Non-cumulative Perpetual Preferred Securities |
| | The preferred securities are not convertible or exchangeable into common stock of SMFG. |
| Total issue amount | \$1,800 million |
| Dividends..... | 8.75% per annum (fixed rate) |
| Issue price..... | \$1,000 per preferred security |
| Use of proceeds..... | To be ultimately provided to SMBC, a banking subsidiary of SMFG, as perpetual subordinated loans |
| Ranking | The preferred securities rank, as to liquidation preferences, effectively pari passu with preferred stock of SMFG |
| Method of offering..... | Offered in euro market. Also, offered in the U.S. market through private placement to qualified institutional investors. |
| Listing | Singapore Exchange Securities Trading Limited |
| Issue date..... | May 12, 2008 |

- (4) Fractional shares will be eliminated when the electronic share certificate system is introduced at the same time as the January 2009 implementation of the "Law for Partial Amendment of the Laws Related to Transfer of Bonds, etc., to Streamline Settlement with respect to Transactions of Stock, etc." (Law No. 88 of 2004). In order to eliminate the fractional shares, SMFG resolved to execute a 100 for 1 common stock split and adopt a unit share system, under which the number of shares constituting one unit

will be 100, at the meeting of the Board of Directors held on May 16, 2008, subject to the approval of the amendment of the articles of incorporation at the 6th ordinary general meeting of shareholders and the general meeting of holders of class shares with respect to each class of shares that will be held on June 27, 2008. If the stock split had been implemented on April 1, 2006, per share information for the fiscal years ended March 31, 2008 and 2007 would be as follows.

| Year ended March 31 | Yen | | U.S. dollars |
|-------------------------------------|-----------|-----------|--------------|
| | 2008 | 2007 | 2008 |
| Net assets per share | ¥4,245.46 | ¥4,692.29 | \$42.37 |
| Net income per share | 592.98 | 570.86 | 5.92 |
| Net income per share (diluted)..... | 566.57 | 514.94 | 5.65 |

39. Parent Company

(1) Nonconsolidated Balance Sheets

Sumitomo Mitsui Financial Group, Inc.

| March 31 | Millions of yen | | Millions of U.S. dollars (Note 1) |
|--|-------------------|-------------------|--------------------------------------|
| | 2008 | 2007 | 2008 |
| Assets | | | |
| Current assets | ¥ 68,956 | ¥ 109,364 | \$ 688 |
| Cash and due from banks | 53,735 | 37,073 | 536 |
| Prepaid expenses | 21 | 21 | 0 |
| Deferred tax assets | 359 | 265 | 4 |
| Accrued income | 56 | 23 | 1 |
| Accrued income tax refunds | 14,267 | 71,377 | 142 |
| Other current assets | 515 | 603 | 5 |
| Fixed assets | 3,952,260 | 3,850,079 | 39,448 |
| Tangible fixed assets | 4 | 7 | 0 |
| Buildings | 0 | 0 | 0 |
| Equipment | 4 | 6 | 0 |
| Intangible fixed assets | 9 | 20 | 0 |
| Software | 9 | 20 | 0 |
| Investments and other assets | 3,952,246 | 3,850,052 | 39,448 |
| Investments in securities | — | 20 | — |
| Investments in subsidiaries and affiliates | 3,950,642 | 3,847,716 | 39,432 |
| Deferred tax assets | 1,603 | 2,315 | 16 |
| Total assets | ¥4,021,217 | ¥3,959,444 | \$40,136 |
| Liabilities and net assets | | | |
| Liabilities | | | |
| Current liabilities | ¥1,052,242 | ¥ 961,372 | \$ 10,503 |
| Short-term borrowings | 1,049,030 | 959,030 | 10,470 |
| Accounts payable | 223 | 108 | 2 |
| Accrued expenses | 173 | 48 | 2 |
| Income taxes payable | 1,539 | 964 | 16 |
| Business office taxes payable | 4 | 4 | 0 |
| Reserve for employee bonuses | 81 | 83 | 1 |
| Reserve for executive bonuses | 74 | — | 1 |
| Other current liabilities | 1,114 | 1,132 | 11 |
| Fixed liabilities | 225 | 174 | 2 |
| Reserve for executive retirement benefits | 225 | 174 | 2 |
| Total liabilities | 1,052,468 | 961,546 | 10,505 |
| Net assets | | | |
| Stockholders' equity | | | |
| Capital stock | 1,420,877 | 1,420,877 | 14,182 |
| Capital surplus | 930,386 | 930,469 | 9,286 |
| Capital reserve | 642,355 | 642,355 | 6,411 |
| Other capital surplus | 288,031 | 288,113 | 2,875 |
| Retained earnings | 700,679 | 729,129 | 6,993 |
| Other retained earnings | 700,679 | 729,129 | 6,993 |
| Voluntary reserve | 30,420 | 30,420 | 303 |
| Retained earnings brought forward | 670,259 | 698,709 | 6,690 |
| Treasury stock | (83,194) | (82,578) | (830) |
| Total stockholders' equity | 2,968,749 | 2,997,898 | 29,631 |
| Total net assets | 2,968,749 | 2,997,898 | 29,631 |
| Total liabilities and net assets | ¥4,021,217 | ¥3,959,444 | \$40,136 |

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

| Year ended March 31 | Millions of yen | | Millions of U.S. dollars (Note 1) |
|---|-----------------|-----------------|--------------------------------------|
| | 2008 | 2007 | 2008 |
| Operating income | ¥111,637 | ¥376,479 | \$1,114 |
| Dividends on investments in subsidiaries and affiliates | 89,693 | 366,680 | 895 |
| Fees and commissions received from subsidiaries | 21,944 | 9,798 | 219 |
| Operating expenses | 6,246 | 3,641 | 62 |
| General and administrative expenses | 6,246 | 3,641 | 62 |
| Operating profit | 105,391 | 372,838 | 1,052 |
| Non-operating income | 466 | 234 | 5 |
| Interest income on deposits | 298 | 213 | 3 |
| Fees and commissions income..... | 14 | 20 | 0 |
| Other non-operating income | 153 | 0 | 2 |
| Non-operating expenses | 16,794 | 8,594 | 168 |
| Interest on borrowings | 11,012 | 4,311 | 110 |
| Amortization of organization costs | — | 301 | — |
| Fees and commissions expenses..... | 1,263 | 3,978 | 13 |
| Losses on devaluation of stocks of affiliate..... | 4,518 | — | 45 |
| Other non-operating expenses | — | 3 | — |
| Ordinary profit | 89,063 | 364,477 | 889 |
| Income before income taxes | 89,063 | 364,477 | 889 |
| Income taxes: | | | |
| current | 5,470 | 2,918 | 55 |
| deferred..... | 618 | (1,975) | 6 |
| Net income | ¥ 82,975 | ¥363,535 | \$ 828 |

| Per share data: | Yen | | U.S. dollars (Note 1) |
|---------------------------|-----------|------------|-----------------------|
| | 2008 | 2007 | 2008 |
| Net income..... | ¥9,134.13 | ¥46,326.41 | \$91.17 |
| Net income — diluted..... | 9,133.76 | 41,973.46 | 91.16 |

(3) Nonconsolidated Statements of Changes in Net Assets
Sumitomo Mitsui Financial Group, Inc.

| Year ended March 31, 2008 | Millions of yen | | | | | | | | | |
|-----------------------------|----------------------|-----------------|-----------------------|-----------------------|-----------------------------------|-------------------------|-----------|----------------|----------------------------|------------------|
| | Stockholders' equity | | | | | | | | | |
| | Capital surplus | | | | Retained earnings | | | | | |
| | Capital stock | Capital reserve | Other capital surplus | Total capital surplus | Other retained earnings | | | Treasury stock | Total stockholders' equity | Total net assets |
| Voluntary reserve | | | | | Retained earnings brought forward | Total retained earnings | | | | |
| Balance at March 31, 2007 | ¥1,420,877 | ¥642,355 | ¥288,113 | ¥930,469 | ¥30,420 | ¥ 698,709 | ¥ 729,129 | ¥(82,578) | ¥2,997,898 | ¥2,997,898 |
| Changes in the year | | | | | | | | | | |
| Cash dividends | | | | | | (111,425) | (111,425) | | (111,425) | (111,425) |
| Net income | | | | | | 82,975 | 82,975 | | 82,975 | 82,975 |
| Acquisition of own shares | | | | | | | | (901) | (901) | (901) |
| Disposal of treasury shares | | | (82) | (82) | | | | 285 | 202 | 202 |
| Net changes in the year | — | — | (82) | (82) | — | (28,450) | (28,450) | (616) | (29,149) | (29,149) |
| Balance at March 31, 2008 | ¥1,420,877 | ¥642,355 | ¥288,031 | ¥930,386 | ¥30,420 | ¥ 670,259 | ¥ 700,679 | ¥(83,194) | ¥2,968,749 | ¥2,968,749 |

| Year ended March 31, 2007 | Millions of yen | | | | | | | | | |
|--|----------------------|-----------------|-----------------------|-----------------------|-----------------------------------|-------------------------|----------|----------------|----------------------------|------------------|
| | Stockholders' equity | | | | | | | | | |
| | Capital surplus | | | | Retained earnings | | | | | |
| | Capital stock | Capital reserve | Other capital surplus | Total capital surplus | Other retained earnings | | | Treasury stock | Total stockholders' equity | Total net assets |
| Voluntary reserve | | | | | Retained earnings brought forward | Total retained earnings | | | | |
| Balance at March 31, 2006 | ¥1,420,877 | ¥1,420,989 | ¥ 684,406 | ¥ 2,105,396 | ¥30,420 | ¥383,126 | ¥413,546 | ¥ (4,393) | ¥3,935,426 | ¥ 3,935,426 |
| Changes in the year | | | | | | | | | | |
| Transfer of capital reserve to other capital surplus ... | | (1,000,000) | 1,000,000 | — | | | | | — | — |
| Increase due to exchange of shares | | 221,365 | | 221,365 | | | | | 221,365 | 221,365 |
| Cash dividends | | | | | | (47,951) | (47,951) | | (47,951) | (47,951) |
| Net income | | | | | | 363,535 | 363,535 | | 363,535 | 363,535 |
| Acquisition of own shares | | | | | | | | (1,474,644) | (1,474,644) | (1,474,644) |
| Disposal of treasury shares | | | (15) | (15) | | | | 182 | 167 | 167 |
| Retirement of treasury shares | | | (1,396,277) | (1,396,277) | | | | 1,396,277 | — | — |
| Net changes in the year | — | (778,634) | (396,292) | (1,174,927) | — | 315,583 | 315,583 | (78,184) | (937,527) | (937,527) |
| Balance at March 31, 2007 | ¥1,420,877 | ¥ 642,355 | ¥ 288,113 | ¥ 930,469 | ¥30,420 | ¥698,709 | ¥729,129 | ¥ (82,578) | ¥2,997,898 | ¥ 2,997,898 |

| Year ended March 31, 2008 | Millions of U.S. dollars (Note 1) | | | | | | | | | |
|-----------------------------|-----------------------------------|-----------------|-----------------------|-----------------------|-----------------------------------|-------------------------|----------|----------------|----------------------------|------------------|
| | Stockholders' equity | | | | | | | | | |
| | Capital surplus | | | | Retained earnings | | | | | |
| | Capital stock | Capital reserve | Other capital surplus | Total capital surplus | Other retained earnings | | | Treasury stock | Total stockholders' equity | Total net assets |
| Voluntary reserve | | | | | Retained earnings brought forward | Total retained earnings | | | | |
| Balance at March 31, 2007 | \$14,182 | \$6,411 | \$2,876 | \$9,287 | \$303 | \$ 6,974 | \$ 7,277 | \$(824) | \$29,922 | \$29,922 |
| Changes in the year | | | | | | | | | | |
| Cash dividends | | | | | | (1,112) | (1,112) | | (1,112) | (1,112) |
| Net income | | | | | | 828 | 828 | | 828 | 828 |
| Acquisition of own shares | | | | | | | | (9) | (9) | (9) |
| Disposal of treasury shares | | | (1) | (1) | | | | 3 | 2 | 2 |
| Net changes in the year | — | — | (1) | (1) | — | (284) | (284) | (6) | (291) | (291) |
| Balance at March 31, 2008 | \$14,182 | \$6,411 | \$2,875 | \$9,286 | \$303 | \$ 6,690 | \$ 6,993 | \$(830) | \$29,631 | \$29,631 |

Independent Auditors' Report

To the Board of Directors of
Sumitomo Mitsui Financial Group, Inc.

We have audited the accompanying consolidated balance sheets of Sumitomo Mitsui Financial Group, Inc. ("SMFG") and consolidated subsidiaries as of March 31, 2008 and 2007, and the related consolidated statements of income, changes in net assets and cash flows for the years then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of SMFG's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of SMFG and subsidiaries as of March 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

As discussed in Note 38 to the consolidated financial statements,

1. SMFG resolved at the meeting of the Board of Directors held on April 28, 2008 to authorize the redemption in full of the preferred securities issued by an overseas special purpose subsidiary.
2. SMFG resolved at the meeting of the Board of Directors held on April 28, 2008 to establish overseas special purpose subsidiaries and to issue preferred securities through the subsidiaries on May 12, 2008.

The consolidated financial statements as of and for the year ended March 31, 2008 have been translated into United States dollars solely for convenience of the readers. We have recomputed the translation, and in our opinion, the consolidated financial statements expressed in Japanese yen have been translated into United States dollars on the basis set forth in Note 1 to the consolidated financial statements.

KPMG A2BA & Co.

Tokyo, Japan
June 27, 2008

Supplemental Information

Consolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Banking Corporation and Subsidiaries

| March 31 | Millions of yen | | Millions of U.S. dollars |
|---|----------------------|---------------------|-----------------------------|
| | 2008 | 2007 | 2008 |
| Assets | | | |
| Cash and due from banks | ¥ 2,720,542 | ¥ 1,907,823 | \$ 27,154 |
| Deposits with banks | 2,226,977 | 2,046,199 | 22,227 |
| Call loans and bills bought | 570,802 | 1,102,078 | 5,697 |
| Receivables under resale agreements | 357,075 | 76,551 | 3,564 |
| Receivables under securities borrowing transactions | 1,940,170 | 2,276,894 | 19,365 |
| Commercial paper and other debt purchased | 1,091,663 | 960,591 | 10,896 |
| Trading assets | 4,081,480 | 3,262,341 | 40,737 |
| Money held in trust | 7,329 | 2,924 | 73 |
| Securities | 23,160,903 | 20,304,639 | 231,170 |
| Loans and bills discounted | 62,972,601 | 59,617,850 | 628,532 |
| Foreign exchanges | 893,567 | 881,436 | 8,919 |
| Other assets | 3,024,123 | 1,630,049 | 30,184 |
| Tangible fixed assets | 756,449 | 755,891 | 7,550 |
| Intangible fixed assets | 125,013 | 101,219 | 1,248 |
| Lease assets | 27,125 | 26,922 | 271 |
| Deferred tax assets | 920,834 | 804,627 | 9,191 |
| Customers' liabilities for acceptances and guarantees | 4,609,160 | 3,673,396 | 46,004 |
| Reserve for possible loan losses | (848,031) | (860,799) | (8,464) |
| Total assets | ¥ 108,637,791 | ¥ 98,570,638 | \$ 1,084,318 |

(Continued)

| March 31 | Millions of yen | | Millions of |
|--|---------------------|--------------------|--------------------|
| | 2008 | 2007 | U.S. dollars |
| Liabilities and net assets | | | |
| Liabilities | | | |
| Deposits | ¥ 75,892,384 | ¥74,826,561 | \$ 757,485 |
| Call money and bills sold | 2,653,142 | 2,286,698 | 26,481 |
| Payables under repurchase agreements | 1,828,672 | 140,654 | 18,252 |
| Payables under securities lending transactions | 5,732,042 | 1,516,342 | 57,212 |
| Trading liabilities | 2,671,554 | 1,941,142 | 26,665 |
| Borrowed money | 2,742,166 | 2,034,633 | 27,370 |
| Foreign exchanges | 301,123 | 323,890 | 3,005 |
| Short-term bonds | — | 3,500 | — |
| Bonds | 3,804,208 | 3,929,325 | 37,970 |
| Due to trust account | 80,796 | 65,062 | 806 |
| Other liabilities | 3,087,166 | 2,279,167 | 30,813 |
| Reserve for employee bonuses | 20,427 | 18,919 | 204 |
| Reserve for executive bonuses | 688 | — | 7 |
| Reserve for employee retirement benefits | 17,084 | 13,382 | 170 |
| Reserve for executive retirement benefits | 6,695 | 6,233 | 67 |
| Reserve for reimbursement of deposits | 10,417 | — | 104 |
| Other reserves | 0 | 18 | 0 |
| Deferred tax liabilities | 51,868 | 49,714 | 518 |
| Deferred tax liabilities for land revaluation | 47,446 | 49,536 | 474 |
| Acceptances and guarantees | 4,609,160 | 3,673,396 | 46,004 |
| Total liabilities | 103,557,043 | 93,158,180 | 1,033,607 |
| Net assets | | | |
| Capital stock | 664,986 | 664,986 | 6,637 |
| Capital surplus | 1,603,512 | 1,603,512 | 16,005 |
| Retained earnings | 861,508 | 581,619 | 8,599 |
| Total stockholders' equity | 3,130,008 | 2,850,119 | 31,241 |
| Net unrealized gains on other securities | 558,013 | 1,269,385 | 5,570 |
| Net deferred losses on hedges | (74,990) | (87,571) | (749) |
| Land revaluation excess | 34,844 | 37,526 | 348 |
| Foreign currency translation adjustments | (28,468) | (37,194) | (284) |
| Total valuation and translation adjustments | 489,398 | 1,182,145 | 4,885 |
| Stock acquisition rights | 43 | 14 | 0 |
| Minority interests | 1,461,297 | 1,380,179 | 14,585 |
| Total net assets | 5,080,747 | 5,412,458 | 50,711 |
| Total liabilities and net assets | ¥108,637,791 | ¥98,570,638 | \$1,084,318 |

Notes: 1. Amounts less than one million yen have been omitted.

2. For the convenience of the readers, the accompanying U.S. dollar financial statements have been translated from Japanese yen, as a matter of arithmetical computation only, at the rate of ¥100.19 to US\$1, the exchange rate prevailing at March 31, 2008.

Consolidated Statements of Income (Unaudited)

Sumitomo Mitsui Banking Corporation and Subsidiaries

| Year ended March 31 | Millions of yen | | Millions of U.S. dollars |
|---|------------------|------------------|-----------------------------|
| | 2008 | 2007 | 2008 |
| Income | | | |
| Interest income: | | | |
| Interest on loans and discounts | ¥1,564,343 | ¥1,377,189 | \$15,614 |
| Interest and dividends on securities | 333,692 | 369,548 | 3,331 |
| Interest on receivables under resale agreements | 7,044 | 7,098 | 70 |
| Interest on receivables under securities borrowing transactions | 7,032 | 4,857 | 70 |
| Interest on deposits with banks | 100,826 | 96,700 | 1,006 |
| Other interest income | 109,692 | 94,840 | 1,095 |
| Trust fees | 3,710 | 3,482 | 37 |
| Fees and commissions | 550,053 | 577,435 | 5,490 |
| Trading profits | 449,141 | 118,589 | 4,483 |
| Other operating income | 227,270 | 197,172 | 2,268 |
| Other income | 64,803 | 124,779 | 647 |
| Total income | 3,417,611 | 2,971,693 | 34,111 |
| Expenses | | | |
| Interest expenses: | | | |
| Interest on deposits | 547,205 | 500,904 | 5,462 |
| Interest on borrowings and rediscounts | 57,306 | 41,320 | 572 |
| Interest on payables under repurchase agreements | 7,384 | 18,353 | 74 |
| Interest on payables under securities lending transactions | 45,499 | 60,856 | 454 |
| Interest on bonds and short-term bonds | 89,279 | 88,353 | 891 |
| Other interest expenses | 166,975 | 86,996 | 1,667 |
| Fees and commissions | 117,869 | 111,413 | 1,176 |
| Trading losses | — | 1,936 | — |
| Other operating expenses | 461,276 | 236,292 | 4,604 |
| General and administrative expenses | 821,897 | 768,498 | 8,203 |
| Provision for reserve for possible loan losses | 56,364 | 19,940 | 563 |
| Other expenses | 320,546 | 286,105 | 3,199 |
| Total expenses | 2,691,606 | 2,220,971 | 26,865 |
| Income before income taxes and minority interests | 726,004 | 750,722 | 7,246 |
| Income taxes: | | | |
| Current | 40,791 | 47,601 | 407 |
| Deferred | 265,384 | 238,764 | 2,649 |
| Minority interests in net income | 68,007 | 62,561 | 678 |
| Net income | ¥ 351,820 | ¥ 401,795 | \$ 3,512 |
| | | | |
| Per share data: | | | |
| Net income | ¥6,132.91 | ¥7,072.09 | \$61.21 |
| Net income — diluted | 6,132.75 | 7,012.46 | 61.21 |

Notes: 1. Amounts less than one million yen have been omitted.

2. For the convenience of the readers, the accompanying U.S. dollar financial statements have been translated from Japanese yen, as a matter of arithmetical computation only, at the rate of ¥100.19 to US\$1, the exchange rate prevailing at March 31, 2008.

Nonconsolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Banking Corporation

| March 31 | Millions of yen | | Millions of U.S. dollars |
|--|---------------------|--------------------|-----------------------------|
| | 2008 | 2007 | 2008 |
| Assets | | | |
| Cash and due from banks..... | ¥ 2,526,553 | ¥ 1,734,199 | \$ 25,217 |
| Deposits with banks..... | 2,421,977 | 2,265,361 | 24,174 |
| Call loans and bills bought..... | 374,083 | 1,006,657 | 3,734 |
| Receivables under resale agreements..... | 328,544 | 39,725 | 3,279 |
| Receivables under securities borrowing transactions..... | 1,900,294 | 2,213,314 | 18,967 |
| Commercial paper and other debt purchased..... | 447,538 | 333,524 | 4,467 |
| Trading assets..... | 3,638,676 | 2,914,023 | 36,318 |
| Money held in trust..... | 7,329 | 2,924 | 73 |
| Securities..... | 22,758,241 | 20,060,873 | 227,151 |
| Loans and bills discounted..... | 56,957,813 | 53,756,440 | 568,498 |
| Foreign exchanges..... | 836,917 | 835,617 | 8,353 |
| Other assets..... | 2,196,999 | 1,442,066 | 21,928 |
| Tangible fixed assets..... | 676,072 | 678,581 | 6,748 |
| Intangible fixed assets..... | 106,469 | 87,615 | 1,063 |
| Deferred tax assets..... | 823,251 | 743,605 | 8,217 |
| Customers' liabilities for acceptances and guarantees..... | 4,665,062 | 4,177,816 | 46,562 |
| Reserve for possible loan losses..... | (620,004) | (677,573) | (6,188) |
| Reserve for possible losses on investments..... | (12,801) | (77,547) | (128) |
| Total assets | ¥100,033,020 | ¥91,537,228 | \$998,433 |
| Liabilities and net assets/stockholders' equity | | | |
| Liabilities | | | |
| Deposits..... | ¥ 69,382,834 | ¥68,809,338 | \$692,513 |
| Call money and bills sold..... | 2,656,142 | 2,291,128 | 26,511 |
| Payables under repurchase agreements..... | 1,825,481 | 104,640 | 18,220 |
| Payables under securities lending transactions..... | 5,732,042 | 1,516,342 | 57,212 |
| Trading liabilities..... | 2,307,304 | 1,578,730 | 23,029 |
| Borrowed money..... | 3,798,333 | 3,371,846 | 37,911 |
| Foreign exchanges..... | 301,958 | 329,695 | 3,014 |
| Bonds..... | 3,539,110 | 3,647,483 | 35,324 |
| Due to trust account..... | 80,796 | 65,062 | 807 |
| Other liabilities..... | 2,178,263 | 1,588,683 | 21,741 |
| Reserve for employee bonuses..... | 8,857 | 8,892 | 88 |
| Reserve for executive bonuses..... | 496 | — | 5 |
| Reserve for executive retirement benefits..... | 4,800 | 4,757 | 48 |
| Reserve for point service program..... | 1,870 | 990 | 19 |
| Reserve for reimbursement of deposits..... | 9,587 | — | 96 |
| Other reserves..... | 0 | 18 | 0 |
| Deferred tax liabilities for land revaluation..... | 46,827 | 48,917 | 467 |
| Acceptances and guarantees..... | 4,665,062 | 4,177,816 | 46,562 |
| Total liabilities | 96,539,771 | 87,544,344 | 963,567 |
| Net assets | | | |
| Capital stock..... | 664,986 | 664,986 | 6,637 |
| Capital surplus..... | 1,367,548 | 1,367,548 | 13,650 |
| Retained earnings..... | 894,839 | 761,028 | 8,931 |
| Total stockholders' equity | 2,927,374 | 2,793,563 | 29,218 |
| Net unrealized gains on other securities..... | 558,103 | 1,259,814 | 5,571 |
| Net deferred losses on hedges..... | (13,787) | (84,733) | (138) |
| Land revaluation excess..... | 21,558 | 24,240 | 215 |
| Total valuation and translation adjustments | 565,874 | 1,199,320 | 5,648 |
| Total net assets | 3,493,249 | 3,992,884 | 34,866 |
| Total liabilities and net assets | ¥100,033,020 | ¥91,537,228 | \$998,433 |

Notes: 1. Amounts less than one million yen have been omitted.

2. For the convenience of the readers, the accompanying U.S. dollar financial statements have been translated from Japanese yen, as a matter of arithmetical computation only, at the rate of ¥100.19 to US\$1, the exchange rate prevailing at March 31, 2008.

Nonconsolidated Statements of Income (Unaudited)

Sumitomo Mitsui Banking Corporation

| Year ended March 31 | Millions of yen | | Millions of U.S. dollars |
|---|------------------|------------------|-----------------------------|
| | 2008 | 2007 | 2008 |
| Income | | | |
| Interest income: | | | |
| Interest on loans and discounts | ¥1,346,282 | ¥1,166,967 | \$ 13,437 |
| Interest and dividends on securities | 322,287 | 369,039 | 3,217 |
| Interest on receivables under resale agreements..... | 3,762 | 4,064 | 38 |
| Interest on receivables under securities borrowing transactions | 6,955 | 4,827 | 69 |
| Interest on deposits with banks | 92,946 | 77,722 | 928 |
| Other interest income | 94,042 | 83,548 | 939 |
| Trust fees | 3,710 | 3,482 | 37 |
| Fees and commissions | 452,527 | 465,171 | 4,517 |
| Trading profits | 440,985 | 103,719 | 4,401 |
| Other operating income | 121,812 | 106,725 | 1,216 |
| Other income | 59,364 | 107,309 | 592 |
| Total income | 2,944,677 | 2,492,577 | 29,391 |
| Expenses | | | |
| Interest expenses: | | | |
| Interest on deposits | 474,314 | 430,045 | 4,734 |
| Interest on borrowings and rediscounts | 126,925 | 103,090 | 1,267 |
| Interest on payables under repurchase agreements | 6,189 | 16,523 | 62 |
| Interest on payables under securities lending transactions | 45,496 | 60,770 | 454 |
| Interest on bonds | 76,463 | 73,483 | 763 |
| Other interest expenses..... | 166,080 | 84,809 | 1,658 |
| Fees and commissions | 120,165 | 111,754 | 1,199 |
| Trading losses..... | — | 2,098 | — |
| Other operating expenses..... | 384,906 | 158,207 | 3,842 |
| General and administrative expenses..... | 659,992 | 609,816 | 6,587 |
| Provision for reserve for possible loan losses..... | — | 450 | — |
| Other expenses..... | 376,689 | 254,598 | 3,760 |
| Total expenses | 2,437,222 | 1,905,648 | 24,326 |
| Income before income taxes | 507,454 | 586,928 | 5,065 |
| Income taxes: | | | |
| Current..... | 16,031 | 16,507 | 160 |
| Deferred..... | 285,680 | 254,680 | 2,851 |
| Net income | ¥ 205,742 | ¥ 315,740 | \$ 2,054 |
| | | | |
| Per share data: | | | |
| Net income | ¥ 3,540.84 | ¥5,533.69 | \$ 35.34 |
| Net income — diluted..... | — | 5,487.21 | — |

Notes: 1. Amounts less than one million yen have been omitted.

2. For the convenience of the readers, the accompanying U.S. dollar financial statements have been translated from Japanese yen, as a matter of arithmetical computation only, at the rate of ¥100.19 to US\$1, the exchange rate prevailing at March 31, 2008.

Income Analysis (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Operating Income, Classified by Domestic and Overseas Operations

| Year ended March 31 | Millions of yen | | | | | | | |
|--|---------------------|---------------------|-------------|------------|---------------------|---------------------|-------------|------------|
| | 2008 | | | | 2007 | | | |
| | Domestic operations | Overseas operations | Elimination | Total | Domestic operations | Overseas operations | Elimination | Total |
| Interest income | ¥1,542,313 | ¥669,690 | ¥(66,551) | ¥2,145,451 | ¥1,441,457 | ¥593,892 | ¥(56,280) | ¥1,979,069 |
| Interest expenses..... | 529,520 | 457,127 | (51,591) | 935,056 | 432,558 | 409,364 | (31,450) | 810,471 |
| Net interest income..... | 1,012,792 | 212,562 | (14,960) | 1,210,394 | 1,008,898 | 184,528 | (24,829) | 1,168,597 |
| Trust fees..... | 3,752 | — | — | 3,752 | 3,508 | — | — | 3,508 |
| Fees and commissions (income) | 633,655 | 71,996 | (1,368) | 704,283 | 647,473 | 59,223 | (698) | 705,998 |
| Fees and commissions (expenses) | 82,800 | 10,537 | (1,047) | 92,289 | 89,805 | 7,353 | (345) | 96,812 |
| Net fees and commissions..... | 550,855 | 61,459 | (320) | 611,993 | 557,668 | 51,870 | (352) | 609,185 |
| Trading profits..... | 470,388 | 30,848 | (31,665) | 469,571 | 127,667 | 21,459 | (21,564) | 127,561 |
| Trading losses..... | 15,242 | 16,423 | (31,665) | — | 10,720 | 12,780 | (21,564) | 1,936 |
| Net trading income..... | 455,145 | 14,425 | — | 469,571 | 116,946 | 8,679 | — | 125,625 |
| Other operating income | 1,165,090 | 47,612 | (67) | 1,212,635 | 981,643 | 22,977 | (988) | 1,003,632 |
| Other operating expenses..... | 1,362,029 | 30,081 | (21) | 1,392,089 | 988,511 | 16,052 | (193) | 1,004,370 |
| Net other operating income (expenses)..... | (196,938) | 17,530 | (45) | (179,453) | (6,868) | 6,924 | (794) | (738) |

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

2. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest expenses" are shown after deduction of expenses (2008, ¥10 million; 2007, ¥5 million) related to the management of money held in trust.

3. Intersegment transactions are reported in the "Elimination" column.

Average Balance, Interest and Earnings Yield of Interest-Earning Assets and Interest-Bearing Liabilities

Domestic Operations

| Year ended March 31 | Millions of yen | | | | | |
|--|-----------------|------------|----------------|-----------------|------------|----------------|
| | 2008 | | | 2007 | | |
| | Average balance | Interest | Earnings yield | Average balance | Interest | Earnings yield |
| Interest-earning assets..... | ¥74,364,561 | ¥1,542,313 | 2.07% | ¥76,132,613 | ¥1,441,457 | 1.89% |
| Loans and bills discounted..... | 51,170,802 | 1,135,110 | 2.22 | 51,620,802 | 1,004,005 | 1.94 |
| Securities..... | 18,046,377 | 287,879 | 1.60 | 19,820,864 | 330,791 | 1.67 |
| Call loans and bills bought | 644,293 | 13,186 | 2.05 | 784,972 | 17,383 | 2.21 |
| Receivables under resale agreements.... | 67,129 | 382 | 0.57 | 41,945 | 94 | 0.23 |
| Receivables under securities borrowing transactions | 980,818 | 7,032 | 0.72 | 1,329,318 | 4,857 | 0.37 |
| Deposits with banks | 1,891,531 | 34,957 | 1.85 | 1,054,974 | 26,901 | 2.55 |
| Interest-bearing liabilities..... | ¥81,183,731 | ¥529,520 | 0.65% | ¥80,928,373 | ¥432,558 | 0.53% |
| Deposits | 65,494,311 | 244,013 | 0.37 | 65,159,829 | 177,510 | 0.27 |
| Negotiable certificates of deposit | 2,557,627 | 15,057 | 0.59 | 2,365,296 | 5,858 | 0.25 |
| Call money and bills sold..... | 2,087,888 | 10,853 | 0.52 | 2,908,959 | 4,286 | 0.15 |
| Payables under repurchase agreements... | 103,567 | 601 | 0.58 | 157,722 | 431 | 0.27 |
| Payables under securities lending transactions | 2,041,013 | 45,499 | 2.23 | 2,301,547 | 60,856 | 2.64 |
| Commercial paper..... | — | — | — | 712 | 1 | 0.24 |
| Borrowed money | 4,400,327 | 75,888 | 1.72 | 3,530,322 | 53,287 | 1.51 |
| Short-term bonds | 494,241 | 4,105 | 0.83 | 370,939 | 1,503 | 0.41 |
| Bonds | 3,726,666 | 73,497 | 1.97 | 3,784,043 | 68,789 | 1.82 |

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries.

2. In principle, average balances are calculated by using daily balances. However, some domestic consolidated subsidiaries use weekly, monthly or semiannual balances instead.

3. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2008, ¥804,987 million; 2007, ¥1,096,906 million).

4. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (2008, ¥2,771 million; 2007, ¥2,607 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2008, ¥2,771 million; 2007, ¥2,607 million) and corresponding interest (2008, ¥10 million; 2007, ¥5 million).

Overseas Operations

| Year ended March 31 | Millions of yen | | | | | |
|--|--------------------|-----------------|----------------|-----------------|----------|----------------|
| | 2008 | | | 2007 | | |
| | Average balance | Interest | Earnings yield | Average balance | Interest | Earnings yield |
| Interest-earning assets | ¥12,801,800 | ¥669,690 | 5.23% | ¥11,234,586 | ¥593,892 | 5.29% |
| Loans and bills discounted | 8,859,850 | 467,419 | 5.28 | 7,838,766 | 401,333 | 5.12 |
| Securities..... | 1,139,851 | 62,162 | 5.45 | 1,109,300 | 62,710 | 5.65 |
| Call loans and bills bought | 268,662 | 12,827 | 4.77 | 200,194 | 10,824 | 5.41 |
| Receivables under resale agreements.... | 278,935 | 6,661 | 2.39 | 145,659 | 7,003 | 4.81 |
| Receivables under securities borrowing transactions | — | — | — | — | — | — |
| Deposits with banks | 1,850,524 | 71,221 | 3.85 | 1,530,875 | 72,925 | 4.76 |
| Interest-bearing liabilities..... | ¥ 8,952,948 | ¥457,127 | 5.11% | ¥ 8,996,910 | ¥409,364 | 4.55% |
| Deposits | 7,101,518 | 256,776 | 3.62 | 6,985,307 | 282,707 | 4.05 |
| Negotiable certificates of deposit | 660,930 | 36,045 | 5.45 | 738,076 | 37,618 | 5.10 |
| Call money and bills sold..... | 314,091 | 12,675 | 4.04 | 325,729 | 14,520 | 4.46 |
| Payables under repurchase agreements... | 207,412 | 6,802 | 3.28 | 352,703 | 17,923 | 5.08 |
| Payables under securities lending transactions | — | — | — | — | — | — |
| Commercial paper | — | — | — | — | — | — |
| Borrowed money | 316,935 | 18,465 | 5.83 | 159,086 | 7,199 | 4.53 |
| Short-term bonds | — | — | — | — | — | — |
| Bonds | 268,000 | 17,447 | 6.51 | 348,240 | 20,930 | 6.01 |

- Notes: 1. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
2. In principle, average balances are calculated by using daily balances. However, some overseas consolidated subsidiaries use weekly, monthly or semiannual balances instead.
3. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2008, ¥75,496 million; 2007, ¥48,701 million).

Total of Domestic and Overseas Operations

| Year ended March 31 | Millions of yen | | | | | |
|--|--------------------|-------------------|----------------|-----------------|------------|----------------|
| | 2008 | | | 2007 | | |
| | Average balance | Interest | Earnings yield | Average balance | Interest | Earnings yield |
| Interest-earning assets | ¥86,343,910 | ¥2,145,451 | 2.48% | ¥86,851,328 | ¥1,979,069 | 2.28% |
| Loans and bills discounted | 59,129,159 | 1,557,823 | 2.63 | 58,785,489 | 1,375,851 | 2.34 |
| Securities..... | 19,485,192 | 333,255 | 1.71 | 21,188,587 | 369,770 | 1.75 |
| Call loans and bills bought | 912,955 | 26,014 | 2.85 | 985,167 | 28,208 | 2.86 |
| Receivables under resale agreements.... | 346,065 | 7,044 | 2.04 | 187,604 | 7,098 | 3.78 |
| Receivables under securities borrowing transactions | 980,818 | 7,032 | 0.72 | 1,329,318 | 4,857 | 0.37 |
| Deposits with banks | 3,523,849 | 101,120 | 2.87 | 2,487,172 | 96,763 | 3.89 |
| Interest-bearing liabilities..... | ¥89,014,453 | ¥ 935,056 | 1.05% | ¥89,150,368 | ¥ 810,471 | 0.91% |
| Deposits | 72,376,887 | 495,690 | 0.68 | 72,045,922 | 457,078 | 0.63 |
| Negotiable certificates of deposit | 3,218,557 | 51,103 | 1.59 | 3,103,373 | 43,476 | 1.40 |
| Call money and bills sold..... | 2,401,980 | 23,529 | 0.98 | 3,234,688 | 18,807 | 0.58 |
| Payables under repurchase agreements... | 310,979 | 7,404 | 2.38 | 510,425 | 18,354 | 3.60 |
| Payables under securities lending transactions | 2,041,013 | 45,499 | 2.23 | 2,301,547 | 60,856 | 2.64 |
| Commercial paper | — | — | — | 712 | 1 | 0.24 |
| Borrowed money | 3,815,693 | 47,862 | 1.25 | 3,015,247 | 32,175 | 1.07 |
| Short-term bonds | 494,241 | 4,105 | 0.83 | 370,939 | 1,503 | 0.41 |
| Bonds | 3,994,667 | 90,945 | 2.28 | 4,132,284 | 89,719 | 2.17 |

- Notes: 1. The figures above comprise totals for domestic and overseas operations after intersegment eliminations.
2. In principle, average balances are calculated by using daily balances. However, some consolidated subsidiaries use weekly, monthly or semiannual balances instead.
3. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2008, ¥881,666 million; 2007, ¥1,146,135 million).
4. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (2008, ¥2,771 million; 2007, ¥2,607 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2008, ¥2,771 million; 2007, ¥2,607 million) and corresponding interest (2008, ¥10 million; 2007, ¥5 million).

Fees and Commissions

| Year ended March 31 | Millions of yen | | | | | | | |
|---------------------------------------|---------------------|---------------------|-------------|----------|---------------------|---------------------|-------------|----------|
| | 2008 | | | | 2007 | | | |
| | Domestic operations | Overseas operations | Elimination | Total | Domestic operations | Overseas operations | Elimination | Total |
| Fees and commissions (income) | ¥633,655 | ¥71,996 | ¥(1,368) | ¥704,283 | ¥647,473 | ¥59,223 | ¥(698) | ¥705,998 |
| Deposits and loans | 24,604 | 49,217 | — | 73,822 | 25,034 | 40,664 | — | 65,698 |
| Remittances and transfers | 125,254 | 8,568 | (177) | 133,645 | 123,671 | 9,166 | (1) | 132,836 |
| Securities-related business | 35,060 | 58 | — | 35,118 | 48,378 | 271 | — | 48,650 |
| Agency | 16,028 | — | — | 16,028 | 16,581 | — | — | 16,581 |
| Safe deposits | 7,140 | 4 | — | 7,144 | 7,317 | 4 | 0 | 7,322 |
| Guarantees | 43,376 | 4,150 | (410) | 47,117 | 45,102 | 1,266 | (407) | 45,961 |
| Credit card | 128,575 | — | — | 128,575 | 117,197 | — | — | 117,197 |
| Fees and commissions (expenses) | ¥ 82,800 | ¥10,537 | ¥(1,047) | ¥ 92,289 | ¥ 89,805 | ¥ 7,353 | ¥(345) | ¥ 96,812 |
| Remittances and transfers | 26,683 | 5,103 | (174) | 31,612 | 25,135 | 2,262 | (198) | 27,200 |

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
2. Intersegment transactions are reported in "Elimination" column.

Trading Income

| Year ended March 31 | Millions of yen | | | | | | | |
|--|---------------------|---------------------|-------------|----------|---------------------|---------------------|-------------|----------|
| | 2008 | | | | 2007 | | | |
| | Domestic operations | Overseas operations | Elimination | Total | Domestic operations | Overseas operations | Elimination | Total |
| Trading profits | ¥470,388 | ¥ 30,848 | ¥(31,665) | ¥469,571 | ¥127,667 | ¥ 21,459 | ¥ (21,564) | ¥127,561 |
| Gains on trading securities | 21,082 | 324 | — | 21,406 | 15,071 | 37 | — | 15,109 |
| Gains on securities related to trading transactions | 2,705 | 228 | — | 2,934 | — | — | — | — |
| Gains on trading-related financial derivatives | 439,734 | 30,296 | (31,665) | 438,365 | 109,351 | 21,422 | (21,564) | 109,208 |
| Others | 6,865 | — | — | 6,865 | 3,244 | — | — | 3,244 |
| Trading losses | ¥ 15,242 | ¥ 16,423 | ¥(31,665) | ¥ — | ¥ 10,720 | ¥12,780 | ¥ (21,564) | ¥ 1,936 |
| Losses on trading securities | — | — | — | — | — | — | — | — |
| Losses on securities related to trading transactions | — | — | — | — | 1,928 | 7 | — | 1,936 |
| Losses on trading-related financial derivatives | 15,242 | 16,423 | (31,665) | — | 8,791 | 12,773 | (21,564) | — |
| Others | — | — | — | — | — | — | — | — |

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
2. Intersegment transactions are reported in the "Elimination" column.

Assets and Liabilities (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Deposits and Negotiable Certificates of Deposit

Year-End Balance

| March 31 | Millions of yen | |
|--|-----------------|-------------|
| | 2008 | 2007 |
| Domestic operations: | | |
| Liquid deposits | ¥40,874,881 | ¥41,266,689 |
| Fixed-term deposits | 21,905,957 | 21,273,509 |
| Others | 4,066,787 | 3,271,453 |
| Subtotal | 66,847,626 | 65,811,653 |
| Negotiable certificates of deposit | 2,261,006 | 1,883,747 |
| Total | ¥69,108,632 | ¥67,695,400 |
| Overseas operations: | | |
| Liquid deposits | ¥ 4,608,327 | ¥ 5,330,090 |
| Fixed-term deposits | 1,227,876 | 1,006,239 |
| Others | 6,793 | 8,241 |
| Subtotal | 5,842,997 | 6,344,570 |
| Negotiable certificates of deposit | 817,143 | 705,470 |
| Total | ¥ 6,660,140 | ¥ 7,050,041 |
| Grand total | ¥75,768,773 | ¥74,745,441 |

- Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
2. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice
3. Fixed-term deposits = Time deposits + Installment savings

Balance of Loan Portfolio, Classified by Industry

Year-End Balance

| March 31 | Millions of yen | | | |
|---|-----------------|---------|-------------|---------|
| | 2008 | | 2007 | |
| Domestic operations: | | | | |
| Manufacturing | ¥ 5,695,551 | 10.81% | ¥ 5,598,883 | 10.84% |
| Agriculture, forestry, fisheries and mining | 146,244 | 0.28 | 139,509 | 0.27 |
| Construction | 1,360,402 | 2.58 | 1,435,589 | 2.78 |
| Transportation, communications and public enterprises | 3,061,792 | 5.81 | 3,038,681 | 5.88 |
| Wholesale and retail | 5,343,724 | 10.14 | 5,507,322 | 10.66 |
| Finance and insurance | 4,469,767 | 8.48 | 4,189,606 | 8.11 |
| Real estate | 7,790,969 | 14.79 | 7,630,563 | 14.78 |
| Services | 5,924,091 | 11.24 | 6,238,878 | 12.08 |
| Municipalities | 846,982 | 1.61 | 648,704 | 1.26 |
| Others | 18,047,914 | 34.26 | 17,216,194 | 33.34 |
| Subtotal | ¥52,687,441 | 100.00% | ¥51,643,934 | 100.00% |
| Overseas operations: | | | | |
| Public sector | ¥ 32,848 | 0.35% | ¥ 35,783 | 0.51% |
| Financial institutions | 621,385 | 6.57 | 481,228 | 6.83 |
| Commerce and industry | 7,862,965 | 83.14 | 5,950,135 | 84.45 |
| Others | 940,234 | 9.94 | 578,240 | 8.21 |
| Subtotal | ¥ 9,457,433 | 100.00% | ¥ 7,045,387 | 100.00% |
| Total | ¥62,144,874 | — | ¥58,689,322 | — |

- Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
2. Japan offshore banking accounts are included in overseas operations' accounts.

Reserve for possible loan losses

| March 31 | Millions of yen | |
|---|-----------------|-----------|
| | 2008 | 2007 |
| General reserve | ¥ 593,714 | ¥ 683,589 |
| Specific reserve | 300,987 | 203,562 |
| Loan loss reserve for specific overseas countries | 0 | 1,941 |
| Reserve for possible loan losses | ¥ 894,702 | ¥ 889,093 |
| Amount of direct reduction | ¥ 518,594 | ¥ 490,123 |

Risk-Monitored Loans

| March 31 | Millions of yen | |
|---|-----------------|-------------|
| | 2008 | 2007 |
| Bankrupt loans | ¥ 73,472 | ¥ 60,715 |
| Non-accrual loans | 607,226 | 507,289 |
| Past due loans (3 months or more) | 26,625 | 22,018 |
| Restructured loans | 385,336 | 477,362 |
| Total | ¥ 1,092,661 | ¥ 1,067,386 |
| Amount of direct reduction | ¥ 433,447 | ¥ 430,335 |

Notes: Definition of risk-monitored loan categories

1. Bankrupt loans: Credits for which accrued interest is not accounted in revenue; credits extended to borrowers that are undergoing bankruptcy, corporate reorganization and rehabilitation proceedings or debtors receiving orders of disposition by suspension of business at bill clearinghouses
2. Non-accrual loans: Credits for which accrued interest is not accounted in revenue; credits, excluding loans to bankrupt borrowers and loans with grace for interest payment to assist in corporate reorganization or to support business
3. Past due loans (3 months or more): Loans with payment of principal or interest in arrears for more than 3 months, calculated from the day following the contractual due date, excluding borrowers in categories 1. and 2.
4. Restructured loans: Loans to borrowers in severe financial condition given certain favorable terms and conditions to assist in corporate rehabilitation or to support business, excluding borrowers in categories 1. through 3.

Problem Assets Based on the Financial Reconstruction Law

| March 31 | Millions of yen | |
|--|-----------------|--------------|
| | 2008 | 2007 |
| Bankrupt and quasi-bankrupt assets | ¥ 206,634 | ¥ 193,792 |
| Doubtful assets | 507,167 | 384,817 |
| Substandard loans | 418,841 | 506,024 |
| Total of problem assets | 1,132,643 | 1,084,632 |
| Normal assets | 69,001,954 | 64,815,607 |
| Total | ¥ 70,134,597 | ¥ 65,900,240 |
| Amount of direct reduction | ¥ 518,594 | ¥ 490,123 |

Note: Definition of problem asset categories

1. Bankrupt and quasi-bankrupt assets: Credits to borrowers undergoing bankruptcy, corporate reorganization, and rehabilitation proceedings, as well as claims of a similar nature
2. Doubtful assets: Credits for which final collection of principal and interest in line with original agreements is highly improbable due to deterioration of financial position and business performance, but not insolvency of the borrower
3. Substandard loans: Past due loans (3 months or more) and restructured loans, excluding 1. and 2.
4. Normal assets: Credits to borrowers with good business performance and in financial standing without identified problems and not classified into the three categories above

Securities

Year-End Balance

| March 31 | Millions of yen | |
|---------------------------------------|---------------------|---------------------|
| | 2008 | 2007 |
| Domestic operations: | | |
| Japanese government bonds | ¥ 9,339,978 | ¥ 7,640,069 |
| Japanese local government bonds | 439,228 | 571,103 |
| Japanese corporate bonds | 3,880,773 | 4,066,497 |
| Japanese stocks | 3,492,468 | 4,468,620 |
| Others | 4,236,572 | 2,306,641 |
| Subtotal..... | ¥ 21,389,021 | ¥ 19,052,932 |
| Overseas operations: | | |
| Japanese government bonds | ¥ — | ¥ — |
| Japanese local government bonds | — | — |
| Japanese corporate bonds | — | — |
| Japanese stocks | — | — |
| Others | ¥ 1,871,186 | 1,205,587 |
| Subtotal..... | ¥ 1,871,186 | ¥ 1,205,587 |
| Unallocated corporate assets: | | |
| Japanese government bonds | ¥ — | ¥ — |
| Japanese local government bonds | — | — |
| Japanese corporate bonds | — | — |
| Japanese stocks | 257,294 | 278,980 |
| Others | — | — |
| Subtotal..... | ¥ 257,294 | ¥ 278,980 |
| Total..... | ¥ 23,517,501 | ¥ 20,537,500 |

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

2. "Others" include foreign bonds and foreign stocks.

Trading Assets and Liabilities

| March 31 | Millions of yen | | | | | | | |
|---|---------------------|---------------------|-------------|------------|---------------------|---------------------|-------------|------------|
| | 2008 | | | | 2007 | | | |
| | Domestic operations | Overseas operations | Elimination | Total | Domestic operations | Overseas operations | Elimination | Total |
| Trading assets: | ¥3,664,024 | ¥490,723 | ¥(31,135) | ¥4,123,611 | ¥2,906,229 | ¥397,304 | ¥(25,647) | ¥3,277,885 |
| Trading securities | 223,360 | 7,082 | — | 230,442 | 27,932 | 25,355 | — | 53,288 |
| Derivatives of trading securities | 3,043 | — | — | 3,043 | 373 | — | — | 373 |
| Securities related to trading transactions..... | — | — | — | — | — | — | — | — |
| Derivatives of securities related to trading transactions | 10,440 | — | — | 10,440 | 2,344 | — | — | 2,344 |
| Trading-related financial derivatives | 2,542,809 | 483,640 | (31,135) | 2,995,314 | 1,778,913 | 371,949 | (25,647) | 2,125,214 |
| Other trading assets | 884,370 | — | — | 884,370 | 1,096,664 | — | — | 1,096,664 |
| Trading liabilities: | ¥2,310,732 | ¥391,720 | ¥(31,135) | ¥2,671,316 | ¥1,572,595 | ¥396,026 | ¥(25,647) | ¥1,942,973 |
| Trading securities sold for short sales | 19,312 | 733 | — | 20,046 | 12,065 | 4,349 | — | 16,415 |
| Derivatives of trading securities | 3,881 | — | — | 3,881 | 288 | — | — | 288 |
| Securities related to trading transactions..... | — | — | — | — | — | — | — | — |
| Derivatives of securities related to trading transactions | 10,196 | — | — | 10,196 | 1,975 | — | — | 1,975 |
| Trading-related financial derivatives | 2,277,341 | 390,986 | (31,135) | 2,637,192 | 1,558,265 | 391,676 | (25,647) | 1,924,294 |
| Other trading liabilities | — | — | — | — | — | — | — | — |

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

2. Intersegment transactions are reported in the "Elimination" column.

Capital (Nonconsolidated)

Sumitomo Mitsui Financial Group, Inc.

Change in Number of Shares Issued and Capital Stock

| | Millions of yen | | | | | |
|--|-------------------------|--------------|---------------|------------|-----------------|------------|
| | Number of shares issued | | Capital stock | | Capital reserve | |
| | Changes | Balances | Changes | Balances | Changes | Balances |
| April 1, 2003 — March 31, 2004 ^{*1} | 8.61 | 6,928,109.53 | ¥ — | ¥1,247,650 | ¥ — | ¥1,747,266 |
| August 8, 2003 ^{*2} | — | 6,928,109.53 | — | 1,247,650 | (499,503) | 1,247,762 |
| April 1, 2004 — March 31, 2005 ^{*3} | 332,869.96 | 7,260,979.49 | — | 1,247,650 | — | 1,247,762 |
| March 29, 2005 ^{*4} | 70,001 | 7,330,980.49 | 105,001 | 1,352,651 | 105,001 | 1,352,764 |
| April 1, 2005 — March 31, 2006 ^{*5} | 922,593.28 | 8,253,573.77 | — | 1,352,651 | — | 1,352,764 |
| January 31, 2006 ^{*6} | 80,000 | 8,333,573.77 | 45,220 | 1,397,871 | 45,220 | 1,397,984 |
| February 28, 2006 ^{*7} | 40,700 | 8,374,273.77 | 23,005 | 1,420,877 | 23,005 | 1,420,989 |
| May 17, 2006 ^{*8} | (68,000) | 8,306,273.77 | — | 1,420,877 | — | 1,420,989 |
| August 11, 2006 ^{*9} | — | 8,306,273.77 | — | 1,420,877 | (1,000,000) | 420,989 |
| September 1, 2006 ^{*10} | 249,015 | 8,555,288.77 | — | 1,420,877 | 221,365 | 642,355 |
| September 6, 2006 ^{*11} | (67,000) | 8,488,288.77 | — | 1,420,877 | — | 642,355 |
| September 29, 2006 ^{*12} | (439,534) | 8,048,754.77 | — | 1,420,877 | — | 642,355 |
| October 11, 2006 ^{*13} | (195,000) | 7,853,754.77 | — | 1,420,877 | — | 642,355 |

Remarks:

- *1 Conversion of 1 share of preferred stock (13th series Type 4) to 9.61 shares of common stock
- *2 Capital reserve was transferred to other capital surplus pursuant to Article 289-2 of the Commercial Code.
- *3 Conversion of 32,000 shares of preferred stock (Type 1), 105,000 shares of preferred stock (Type 3) and 7,912 shares of preferred stock (13th series Type 4) to 477,781.96 shares of common stock
- *4 Allotment to third parties: Preferred stock (1st series Type 6): 70,001 shares
Issue price: ¥3,000 thousand Capitalization: ¥1,500 thousand
- *5 Conversion of 107,087 shares of preferred stock (13th series Type 4) to 1,029,680.28 shares of common stock
- *6 Public offering: Common stock: 80,000 shares
Issue price: ¥1,130 thousand Capitalization: ¥565 thousand
- *7 Allotment to third parties: Common stock: 40,700 shares
Issue price: ¥1,130 thousand Capitalization: ¥565 thousand
- *8 Repurchase and cancellation of 35,000 shares of preferred stock (Type 1) and 33,000 shares of preferred stock (Type 2)
- *9 Capital reserve was transferred to other capital surplus pursuant to Article 448-1 of the Company Law.
- *10 Increase in the number of common stock as a result of share exchange for making SMBC Friend Securities Co., Ltd. as our wholly-owned subsidiary (share exchange ratio: 1-to-0.0008)
- *11 Repurchase and cancellation of 67,000 shares of preferred stock (Type 2)
- *12 Repurchase and cancellation of 500,000 shares of preferred stock (Type 3) and increase in shares of common stock of 60,466
- *13 Repurchase and cancellation of 195,000 shares of preferred stock (Type 3)
- *14 On April 30, 2008, all the rights to purchase shares related to SMFG's 5th series, Type 4 preferred stock; 6th series, Type 4 preferred stock; 7th series, Type 4 preferred stock; and 8th series, Type 4 preferred stock were exercised. As a result, the number of SMFG's common stock outstanding increased 157,151 shares.
- *15 On May 16, 2008, SMFG cancelled all 5th series, Type 4 preferred stock; 6th series, Type 4 preferred stock; 7th series, Type 4 preferred stock; and 8th series, Type 4 preferred stock. As a consequence, the number of Type 4 preferred stock decreased 16,700 shares.

Number of Shares Issued

| March 31, 2008 | Number of Shares Issued |
|--|-------------------------|
| Common stock | 7,733,653.77 |
| Preferred stock (1st series Type 4) | 4,175 |
| Preferred stock (2nd series Type 4) | 4,175 |
| Preferred stock (3rd series Type 4) | 4,175 |
| Preferred stock (4th series Type 4) | 4,175 |
| Preferred stock (5th series Type 4) | 4,175 |
| Preferred stock (6th series Type 4) | 4,175 |
| Preferred stock (7th series Type 4) | 4,175 |
| Preferred stock (8th series Type 4) | 4,175 |
| Preferred stock (9th series Type 4) | 4,175 |
| Preferred stock (10th series Type 4) | 4,175 |
| Preferred stock (11th series Type 4) | 4,175 |
| Preferred stock (12th series Type 4) | 4,175 |
| Preferred stock (1st series Type 6) | 70,001 |
| Total | <u>7,853,754.77</u> |

Stock Exchange Listings

Tokyo Stock Exchange (First Section)
Osaka Securities Exchange (First Section)
Nagoya Stock Exchange (First Section)

Number of Common Shares, Classified by Type of Shareholders

| March 31, 2008 | Number of shareholders | Number of shares | Percentage of total |
|--|------------------------|------------------|---------------------|
| Japanese government and local government | 6 | 4,751 | 0.06% |
| Financial institutions | 434 | 2,456,588 | 31.86 |
| Securities companies | 120 | 76,241 | 0.99 |
| Other institutions | 7,486 | 1,397,932 | 18.13 |
| Foreign institutions | 1,002 | 3,047,023 | 39.52 |
| Foreign individuals | 43 | 130 | 0.00 |
| Individuals and others | 172,744 | 727,326 | 9.44 |
| Total | <u>181,835</u> | <u>7,709,991</u> | <u>100.00</u> |
| Fractional shares..... | — | 23,662.77 | — |

Notes: 1. Of 68,516.41 shares in treasury stock, 68,516 shares are included in "Individuals and others" and the remaining 0.41 shares are included in "Fractional shares."

2. "Other institutions" includes 358 shares held by the Securities Custody Association.

Principal Shareholders

a. Common Stock

| March 31, 2008 | Number of shares | Percentage of shares outstanding |
|--|---------------------|----------------------------------|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 492,814.00 | 6.37% |
| Japan Trustee Services Bank, Ltd. (Trust Account) | 488,489.00 | 6.31 |
| Nippon Life Insurance Company | 154,667.42 | 1.99 |
| State Street Bank and Trust Company* | 142,599.00 | 1.84 |
| State Street Bank and Trust Company 505103* | 128,919.00 | 1.66 |
| Hero & Co.** | 113,913.00 | 1.47 |
| JPMorgan Chase Bank 380055* | 101,502.00 | 1.31 |
| Sumitomo Mitsui Banking Corporation | 100,481.00 | 1.29 |
| Mellon Bank, N.A. as Agent for its Client Mellon Omnibus US Pension*** | 97,445.00 | 1.26 |
| Japan Trustee Services Bank, Ltd. (Trust Account 4) | 77,481.00 | 1.00 |
| Total | <u>1,898,310.42</u> | <u>24.54%</u> |

* Standing agent: Mizuho Corporate Bank, Ltd.'s Kabutocho Custody & Proxy Department within the Settlement & Clearing Services Division

** Standing agent: Sumitomo Mitsui Banking Corporation, Securities Finance Marketing Department

*** Standing agent: The Hongkong and Shanghai Banking Corporation Limited's Tokyo Branch Custody Department

b. Preferred Stock (1st series Type 4)

| March 31, 2008 Shareholder | Number of shares | Percentage of shares outstanding |
|--|------------------|----------------------------------|
| The Goldman Sachs Group, Inc. (Standing agent: Goldman Sachs Japan Co., Ltd.) | 4,175 | 100.00% |

c. Preferred Stock (2nd series Type 4)

| March 31, 2008 Shareholder | Number of shares | Percentage of shares outstanding |
|--|------------------|----------------------------------|
| The Goldman Sachs Group, Inc. (Standing agent: Goldman Sachs Japan Co., Ltd.) | 4,175 | 100.00% |

d. Preferred Stock (3rd series Type 4)

| March 31, 2008 Shareholder | Number of shares | Percentage of shares outstanding |
|--|------------------|----------------------------------|
| The Goldman Sachs Group, Inc. (Standing agent: Goldman Sachs Japan Co., Ltd.) | 4,175 | 100.00% |

e. Preferred Stock (4th series Type 4)

| March 31, 2008 Shareholder | Number of shares | Percentage of shares outstanding |
|--|------------------|----------------------------------|
| The Goldman Sachs Group, Inc. (Standing agent: Goldman Sachs Japan Co., Ltd.) | 4,175 | 100.00% |

f. Preferred Stock (5th series Type 4)

| March 31, 2008 Shareholder | Number of shares | Percentage of shares outstanding |
|--|------------------|----------------------------------|
| GSSM Holding II Corp. (Standing agent: Goldman Sachs Japan Co., Ltd.) | 4,175 | 100.00% |

g. Preferred Stock (6th series Type 4)

| March 31, 2008 Shareholder | Number of shares | Percentage of shares outstanding |
|--|------------------|----------------------------------|
| GSSM Holding II Corp. (Standing agent: Goldman Sachs Japan Co., Ltd.) | 4,175 | 100.00% |

h. Preferred Stock (7th series Type 4)

| March 31, 2008 Shareholder | Number of shares | Percentage of shares outstanding |
|--|------------------|----------------------------------|
| GSSM Holding II Corp. (Standing agent: Goldman Sachs Japan Co., Ltd.) | 4,175 | 100.00% |

i. Preferred Stock (8th series Type 4)

| March 31, 2008 Shareholder | Number of shares | Percentage of shares outstanding |
|--|------------------|----------------------------------|
| GSSM Holding II Corp. (Standing agent: Goldman Sachs Japan Co., Ltd.) | 4,175 | 100.00% |

j. Preferred Stock (9th series Type 4)

| March 31, 2008 Shareholder | Number of shares | Percentage of shares outstanding |
|--|------------------|----------------------------------|
| GSSM Holding II Corp. (Standing agent: Goldman Sachs Japan Co., Ltd.) | 4,175 | 100.00% |

k. Preferred Stock (10th series Type 4)

| March 31, 2008 Shareholder | Number of shares | Percentage of shares outstanding |
|--|------------------|----------------------------------|
| GSSM Holding II Corp. (Standing agent: Goldman Sachs Japan Co., Ltd.) | 4,175 | 100.00% |

l. Preferred Stock (11th series Type 4)

| March 31, 2008 Shareholder | Number of shares | Percentage of shares outstanding |
|--|------------------|----------------------------------|
| GSSM Holding II Corp. (Standing agent: Goldman Sachs Japan Co., Ltd.) | 4,175 | 100.00% |

m. Preferred Stock (12th series Type 4)

| March 31, 2008 Shareholder | Number of shares | Percentage of shares outstanding |
|--|------------------|----------------------------------|
| GSSM Holding II Corp. (Standing agent: Goldman Sachs Japan Co., Ltd.) | 4,175 | 100.00% |

n. Preferred Stock (1st series Type 6)

| March 31, 2008 Shareholder | Number of shares | Percentage of shares outstanding |
|---|------------------|----------------------------------|
| Sumitomo Life Insurance Company | 23,334 | 33.33% |
| Nippon Life Insurance Company | 20,000 | 28.57 |
| MITSUI LIFE INSURANCE COMPANY LIMITED | 16,667 | 23.81 |
| Mitsui Sumitomo Insurance Company, Limited..... | 10,000 | 14.29 |
| Total..... | 70,001 | 100.00% |

Notes: 1. Pursuant to Article 67 of the Enforcement Ordinance of the Company Law, the exercise of voting rights of common shares held by our subsidiary SMBC is not entitled.

2. The following reports on shareholdings (including their amendment reports) were submitted to the authorities. However, as we could not confirm how many shares are in beneficial possession of the submitters as of March 31, 2008, we did not include them in the list of principal shareholders shown above. The contents of the reports are summarized as follows:

| Submitters | Filing date | Number of shares* | Percentage of shares outstanding |
|---|-------------|-------------------|----------------------------------|
| Capital Research and Management Company | May 9, 07 | 379,830 | 4.91% |
| Alliance Bernstein L.P. | Sep. 21, 07 | 413,431 | 5.35 |

* Includes shares held by co-shareholders.

Stock Options

| | |
|--|-------------------------------------|
| March 31 | 2008 |
| Number of shares granted | 1,081 shares |
| Type of stock..... | Common stock |
| Issue price..... | ¥669,775 per share |
| Amount capitalized when shares are issued..... | ¥334,888 per share |
| Exercise period of stock options | From June 28, 2004 to June 27, 2012 |

Note: Former SMBC issued and granted stock options to certain directors and employees 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' meeting held on September 26, 2002 and the extraordinary shareholders' meeting held on September 27, 2002.

Common Stock Price Range

Stock Price Performance

| Year ended March 31 | Yen | | | | |
|---------------------|-------------------|------------|------------|----------|----------|
| | 2008 | 2007 | 2006 | 2005 | 2004 |
| High | ¥1,210,000 | ¥1,390,000 | ¥1,370,000 | ¥854,000 | ¥780,000 |
| Low | 633,000 | 1,010,000 | 659,000 | 599,000 | 162,000 |

Notes: 1. Stock prices of common shares as quoted on the Tokyo Stock Exchange (First Section).
2. Preferred stocks are not listed on exchanges.

Six-Month Performance

| | Yen | | | | | |
|------------|--------------|---------------|---------------|--------------|---------------|------------|
| | October 2007 | November 2007 | December 2007 | January 2008 | February 2008 | March 2008 |
| High | ¥1,000,000 | ¥951,000 | ¥980,000 | ¥877,000 | ¥860,000 | ¥751,000 |
| Low | 803,000 | 707,000 | 801,000 | 700,000 | 738,000 | 633,000 |

Notes: 1. Stock prices of common shares as quoted on the Tokyo Stock Exchange (First Section).
2. Preferred stocks are not listed on exchanges.

Capital Ratio Information

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

The consolidated capital ratio at the end of March 2007 and thereafter is calculated using the method stipulated in “Standards for Bank Holding Company to Examine the Adequacy of Its Capital Based on Assets, Etc. Held by It and Its Subsidiaries Pursuant to Article 52-25 of the Banking Law” (Notification 20 issued by the Japanese Financial Services Agency in 2006; hereinafter referred to as “the Notification”).

In addition to the method stipulated in the Notification to calculate the consolidated capital ratio (referred to as “First Standard” in the Notification), SMFG has adopted the foundation internal ratings-based approach for calculating credit risk-weighted asset amounts and implemented market risk controls. In calculating the amount corresponding to operational risk, SMFG has used the advanced measurement approaches. Please note that the basic indicator approach was employed for the prior fiscal year ended March 31, 2007.

“Capital Ratio Information” was prepared based on the Notification and the terms and details in the section may differ from the terms and details in other sections of the Annual Report.

■ Scope of Consolidation

1. Consolidated Capital Ratio Calculation

- Number of consolidated subsidiaries: 268
Please refer to “Principal Subsidiaries and Affiliates” on page 204 for their names and business outline.
- Scope of consolidated subsidiaries for the calculation of the consolidated capital ratio is based on the scope of consolidated subsidiaries for preparing consolidated financial statements.
- There are no affiliates to which the proportionate consolidation method is applied.
- There are no companies engaged exclusively in ancillary banking business or in developing new businesses as stipulated in Article 52-23 of the Banking Law.

2. Deduction from Capital

- Number of nonconsolidated subsidiaries subject to deduction from capital: 241
Principal subsidiaries: SMLC MAHOGANY Co., Ltd. (Office rental, etc.)
SBCS Co., Ltd. (Venture capital and consulting)
- Number of financial affiliates subject to deduction from capital: 96
Please refer to “Principal Subsidiaries and Affiliates” on page 204 for their names and business outline.

3. Restrictions on Movement of Funds and Capital within Holding Company Group

There are no special restrictions on movement of funds and capital among SMFG and its group companies.

4. Companies Subject to Deduction from Capital with Capital below Basel II Required Amount and Total Shortfall Amount

Not applicable.

■ Capital Structure Information (Consolidated Capital Ratio (First Standard))

Regarding the calculation of capital ratio as of March 31, 2007, certain procedures were performed by KPMG AZSA & Co. pursuant to “Treatment of Inspection of the Capital Ratio Calculation Framework Based on Agreed-Upon Procedures” (JICPA Industry Committee Report No. 30). The certain procedures performed by the external auditor are not part of the audit of consolidated financial statements. The certain procedures performed on our internal control framework for calculating the capital ratio are based on procedures agreed upon by SMFG and the external auditor and are not a validation of appropriateness of the capital ratio itself or opinion on the internal controls related to the capital ratio calculation.

| March 31 | | Millions of yen | |
|-------------------------------------|--|-----------------|-------------|
| | | 2008 | 2007 |
| Tier I capital: | Capital stock..... | ¥ 1,420,877 | ¥ 1,420,877 |
| | Capital surplus..... | 57,826 | 57,773 |
| | Retained earnings..... | 1,740,610 | 1,386,436 |
| | Treasury stock..... | (123,989) | (123,454) |
| | Cash dividends to be paid..... | (60,135) | (66,619) |
| | Foreign currency translation adjustments..... | (27,323) | (30,656) |
| | Stock acquisition rights..... | 43 | 14 |
| | Minority interests..... | 1,643,903 | 1,399,794 |
| | Goodwill and others..... | (178,645) | (100,850) |
| | Gain on sale on securitization transactions..... | (44,045) | (40,057) |
| | Deductions of deferred tax assets..... | (47,657) | — |
| | Total Tier I capital (A)..... | 4,381,464 | 3,903,257 |
| Tier II capital: | Unrealized gains on other securities after 55% discount..... | 334,313 | 825,432 |
| | Land revaluation excess after 55% discount..... | 37,220 | 39,367 |
| | General reserve for possible loan losses..... | 59,517 | 35,309 |
| | Excess amount of provision..... | 67,758 | 175,921 |
| | Subordinated debt..... | 2,523,062 | 2,564,195 |
| | Total Tier II capital..... | 3,021,872 | 3,640,226 |
| | Tier II capital included as qualifying capital (B)..... | 3,021,872 | 3,640,226 |
| Deductions*: | (C)..... | 737,792 | 690,759 |
| Total qualifying capital: | (D) = (A) + (B) - (C)..... | ¥ 6,665,543 | ¥ 6,852,723 |
| Risk-adjusted assets: | On-balance sheet items..... | ¥49,095,397 | ¥47,394,806 |
| | Off-balance sheet items..... | 10,239,755 | 8,713,413 |
| | Market risk items..... | 430,220 | 412,044 |
| | Operational risk..... | 3,351,976 | 4,020,082 |
| | Total risk-adjusted assets (E)..... | ¥63,117,349 | ¥60,540,346 |
| Tier I risk-adjusted capital ratio: | (A) / (E) x 100..... | 6.94% | 6.44% |
| Total risk-adjusted capital ratio: | (D) / (E) x 100..... | 10.56% | 11.31% |
| Required capital: | (E) x 8%..... | ¥ 5,049,387 | ¥ 4,843,227 |

* “Deductions” refers to deductions stipulated in Article 8-1 of the Notification and includes willful holding of securities issued by other financial institutions and securities stipulated in Clause 2.

■ Capital Requirements

| March 31 | Billions of yen | |
|--|-----------------|-----------------|
| | 2008 | 2007 |
| Capital requirements for credit risk: | | |
| Internal ratings-based approach..... | ¥5,294.7 | ¥5,155.6 |
| Corporate exposures:..... | 3,351.0 | 3,185.5 |
| Corporate exposures (excluding specialized lending)..... | 2,943.4 | 2,836.8 |
| Sovereign exposures..... | 42.8 | 42.8 |
| Bank exposures..... | 137.3 | 126.6 |
| Specialized lending..... | 227.5 | 179.3 |
| Retail exposures:..... | 844.3 | 763.6 |
| Residential mortgage exposures..... | 336.8 | 332.1 |
| Qualifying revolving retail exposures..... | 123.6 | 81.1 |
| Other retail exposures..... | 383.9 | 350.4 |
| Equity exposures:..... | 368.6 | 424.6 |
| Grandfathered equity exposures..... | 245.3 | 336.2 |
| PD/LGD approach..... | 53.1 | 35.7 |
| Market-based approach..... | 70.1 | 52.7 |
| Simple risk weight method..... | 59.7 | 52.7 |
| Internal models method..... | 10.4 | — |
| Credit risk-weighted assets under Article 145 of the Notification..... | 241.5 | 301.5 |
| Securitization exposures..... | 164.1 | 158.9 |
| Other exposures..... | 325.3 | 321.3 |
| Standardized approach..... | 677.6 | 487.1 |
| Total capital requirements for credit risk..... | ¥5,972.3 | ¥5,642.7 |
| Capital requirements for market risk: | | |
| Standardized measurement method..... | 9.2 | 4.7 |
| Interest rate risk..... | 6.9 | 3.2 |
| Equity position risk..... | 0.2 | 0.6 |
| Foreign exchange risk..... | 2.0 | 0.9 |
| Commodities risk..... | — | — |
| Options..... | — | — |
| Internal models method..... | 25.3 | 28.2 |
| Total capital requirements for market risk..... | 34.4 | 33.0 |
| Capital requirements for operational risk..... | 268.2 | 321.6 |
| Total amount of capital requirements..... | ¥6,274.9 | ¥5,997.2 |

- Notes: 1. Capital requirements for credit risk are capital equivalents to "credit risk-weighted assets x 8%" under the standardized approach and "credit risk-weighted assets x 8% + expected loss amount" under the internal ratings-based approach. Regarding exposures to be deducted from capital, the deduction amount is added to the amount of required capital.
2. The above amounts are after credit risk mitigation.
3. Securitization exposures include such exposure based on the standardized approach.
4. "Other exposures" includes estimated lease residual values, purchased receivables (including exposure to qualified corporate enterprises and others), and other assets.

■ Internal Ratings-Based (IRB) Approach

1. Scope

SMFG and the following consolidated subsidiaries have adopted the foundation IRB approach for exposures.

(1) Domestic Operations

Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Card Company, Limited, SMBC Guarantee Co., Ltd. and SMBC Finance Service Co., Ltd.

(2) Overseas Operations

Sumitomo Mitsui Banking Corporation Europe Limited, Sumitomo Mitsui Banking Corporation of Canada, Banco Sumitomo Mitsui Brasileiro S.A., PT Bank Sumitomo Mitsui Indonesia, SMBC Leasing and Finance, Inc., SMBC Capital Markets, Inc., SMBC Capital Markets Limited, and SMBC Derivative Products Limited

Further, of consolidated subsidiaries that have adopted the standardized approach for exposures as of March 31, 2008, Sumitomo Mitsui Finance and Leasing Co., Ltd., THE MINATO BANK, LTD., and Kansai Urban Banking Corporation are scheduled to adopt the foundation IRB approach from March 31, 2010.

Note: Directly controlled SPCs and limited partnerships for investment of consolidated subsidiaries using the foundation IRB approach have also adopted the foundation IRB approach. Further, the IRB approach is applied to equity exposures on a group basis, including equity exposures of consolidated subsidiaries applying the standardized approach.

2. Exposures by Asset Class

(1) Corporate Exposures

A. Corporate, Sovereign and Bank Exposures

(A) Rating Procedures

- “Corporate, sovereign and bank exposures” includes credits to domestic and overseas C&I companies, individuals for business purposes (domestic only), sovereigns, public sector entities, and financial institutions. Business loans such as apartment construction loans, and SME loans with the standardized screening process (hereinafter referred to as “standardized SME loans”) are, in principle, included in “retail exposures”. However, credits of more than ¥100 million are treated as corporate exposures in accordance with the Notification.
- An obligor is assigned an obligor grade by first assigning a financial grade using a financial strength grading model and data obtained from the obligor’s financial statements. The financial grade is then adjusted taking into account the actual state of the obligor’s balance sheet and qualitative factors to derive the obligor grade (for details, please refer to “Credit Risk Assessment and Quantification” on page 39). Different rating series are used for domestic and overseas obligors - J1 ~ J10 for domestic obligors and G1 ~ G10 for overseas obligors - as shown below due to differences in actual default rate levels and portfolios’ grade distribution. Different PD (Probability of Default) values are applied also.
- In addition to the above basic rating procedure which builds on the financial grade assigned at the beginning, in some cases, the obligor grade is assigned based on the parent company’s credit quality or credit ratings published by external rating agencies. The Japanese government, local authorities and other public sector entities with special basis for existence and unconventional financial statements are assigned obligor grades based on their attributes (for example, “local municipal corporations”), as the data on these obligors are not suitable for conventional grading models. Further, credits to individuals for business purposes, business loans and standardized SME loans are assigned obligor grades using grading models developed specifically for these exposures.
- PDs used for calculating credit risk-weighted assets are estimated based on the default experience for each grade and taking into account the possibility of estimation errors. In addition to internal data, external data are used to estimate and validate PDs. The definition of default is the definition stipulated in the Notification (an event that would lead to an exposure being classified as “substandard loans,” “doubtful assets” or “bankrupt and quasi-bankrupt assets” occurring to the obligor).

| Obligor Grade | | Definition | Borrower Category |
|--------------------|--------------------|--|--------------------------------|
| Domestic Corporate | Domestic Corporate | | |
| J1 | G1 | Very high certainty of debt repayment | Normal Borrowers |
| J2 | G2 | High certainty of debt repayment | |
| J3 | G3 | Satisfactory certainty of debt repayment | |
| J4 | G4 | Debt repayment is likely but this could change in cases of significant changes in economic trends or business environment | |
| J5 | G5 | No problem with debt repayment over the short term, but not satisfactory over the mid - to long - term and the situation could change in cases of significant changes in economic trends or business environment | Borrowers Requiring Caution |
| J6 | G6 | Currently no problem with debt repayment, but there are unstable business and financial factors that could lead to debt repayment problems | |
| J7 | G7 | Close monitoring is required due to problems in meeting loan terms and conditions, sluggish/unstable business, or financial problems | |
| J7R | G7R | Of which substandard borrowers | Substandard Borrowers |
| J8 | G8 | Currently not bankrupt, but experiencing business difficulties, making insufficient progress in restructuring, and highly likely to go bankrupt | Potentially Bankrupt Borrowers |
| J9 | G9 | Though not yet legally or formally bankrupt, has serious business difficulties and rehabilitation is unlikely; thus, effectively bankrupt | Effectively Bankrupt Borrowers |
| J10 | G10 | Legally or formally bankrupt | Bankrupt Borrowers |

(B) Portfolio**a. Domestic Corporate, Sovereign and Bank Exposures**

| | Billions of yen | | | | | |
|--|------------------|-------------------------|--------------------------|---------------------|----------------------|------------------------------|
| | Exposure amount | | | Weighted-average PD | Weighted-average LGD | Weighted-average risk weight |
| | Total | On-balance sheet assets | Off-balance sheet assets | | | |
| March 31, 2008 | | | | | | |
| J1-J3 | ¥18,826.6 | ¥13,563.7 | ¥ 5,263.0 | 0.10% | 44.74% | 23.61% |
| J4-J6 | 13,657.5 | 10,647.2 | 3,010.3 | 1.10 | 41.31 | 69.45 |
| J7 (excluding J7R) | 1,820.6 | 1,588.6 | 232.0 | 11.50 | 42.34 | 174.93 |
| Japanese government and local municipal corporations | 15,013.1 | 13,854.4 | 1,158.7 | 0.00 | 41.65 | 0.49 |
| Other | 6,158.2 | 5,309.2 | 849.0 | 1.54 | 43.29 | 74.03 |
| Default (J7R, J8-J10) | 937.6 | 905.6 | 32.0 | 100.00 | 42.77 | — |
| Total | ¥56,413.7 | ¥45,868.7 | ¥10,545.0 | — | — | — |

| | Billions of yen | | | | | |
|--|------------------|-------------------------|--------------------------|---------------------|----------------------|------------------------------|
| | Exposure amount | | | Weighted-average PD | Weighted-average LGD | Weighted-average risk weight |
| | Total | On-balance sheet assets | Off-balance sheet assets | | | |
| March 31, 2007 | | | | | | |
| J1-J3 | ¥18,261.6 | ¥13,350.4 | ¥ 4,911.1 | 0.10% | 44.97% | 22.88% |
| J4-J6 | 14,378.6 | 11,355.4 | 3,023.2 | 0.84 | 41.78 | 63.13 |
| J7 (excluding J7R) | 1,978.0 | 1,759.6 | 218.4 | 10.67 | 40.63 | 161.66 |
| Japanese government and local municipal corporations | 10,983.0 | 10,875.2 | 107.8 | 0.00 | 44.70 | 0.46 |
| Other | 6,793.1 | 6,016.1 | 777.0 | 1.26 | 43.48 | 70.91 |
| Default (J7R, J8-J10) | 991.9 | 965.0 | 26.9 | 100.00 | 43.45 | — |
| Total | ¥53,386.2 | ¥44,321.7 | ¥ 9,064.5 | — | — | — |

Notes: 1. "LGD" stands for loss given default.

2. "Other" includes exposures guaranteed by credit guarantee corporations, exposures to public sector entities and voluntary organizations, and exposures to obligors not assigned obligor grades because they have yet to close their books (for example, newly established companies), as well as business loans and standardized SME loans of more than ¥100 million.

b. Overseas Corporate, Sovereign and Bank Exposures

| | Billions of yen | | | | | |
|-----------------------------|------------------|-------------------------|--------------------------|---------------------|----------------------|------------------------------|
| | Exposure amount | | | Weighted-average PD | Weighted-average LGD | Weighted-average risk weight |
| | Total | On-balance sheet assets | Off-balance sheet assets | | | |
| March 31, 2008 | | | | | | |
| G1-G3 | ¥21,243.9 | ¥12,861.7 | ¥8,382.2 | 0.17% | 39.04% | 27.20% |
| G4-G6 | 985.7 | 744.8 | 240.8 | 1.71 | 44.42 | 106.65 |
| G7 (excluding G7R) | 176.0 | 79.7 | 96.3 | 23.72 | 44.89 | 239.05 |
| Other | 75.5 | 57.2 | 18.4 | 1.38 | 44.89 | 112.32 |
| Default (G7R, G8-G10) | 70.9 | 24.9 | 46.0 | 100.00 | 44.63 | — |
| Total | ¥22,552.0 | ¥13,768.3 | ¥8,783.7 | — | — | — |

| | Billions of yen | | | | | |
|-----------------------------|------------------|-------------------------|--------------------------|---------------------|----------------------|------------------------------|
| | Exposure amount | | | Weighted-average PD | Weighted-average LGD | Weighted-average risk weight |
| | Total | On-balance sheet assets | Off-balance sheet assets | | | |
| March 31, 2007 | | | | | | |
| G1-G3 | ¥12,579.4 | ¥6,984.1 | ¥5,595.3 | 0.22% | 43.73% | 38.57% |
| G4-G6 | 670.4 | 478.4 | 192.0 | 1.71 | 44.66 | 105.65 |
| G7 (excluding G7R) | 152.0 | 71.5 | 80.5 | 27.13 | 44.89 | 251.83 |
| Other | 163.6 | 121.5 | 42.1 | 0.94 | 44.88 | 86.24 |
| Default (G7R, G8-G10) | 88.7 | 77.8 | 10.9 | 100.00 | 44.95 | — |
| Total | ¥13,654.1 | ¥7,733.3 | ¥5,920.8 | — | — | — |

Note: "Other" includes exposures to obligors not assigned obligor grades because they have yet to close their books (for example, newly established companies).

B. Specialized Lending (SL)

(A) Rating Procedures

- “Specialized lending” is sub-classified into “project finance,” “object finance,” “commodities finance,” “income-producing real estate” (IPRE) and “high-volatility commercial real estate” (HVCRE) in accordance with the Notification. Project finance is financing of a single project, such as a power plant or transportation infrastructure, and cash flows generated by the project is the primary source of repayment. Object finance includes aircraft finance and ship finance, and IPRE and HVCRE include real estate finance (a primary example is non-recourse real estate finance). There were no commodities finance exposures as of March 31, 2008.
- Each SL product is assigned a grade using grading models based primarily on the expected loss ratio, and qualitative assessment. As with obligor grades, there are ten grade levels but the definition of each grade differs from that of the obligor grade which is focused on PD.

The credit risk-weighted asset amount for the SL category is calculated by mapping the expected loss-based facility grades to the below five categories of the Notification.

(B) Portfolio

a. Project Finance, Object Finance and IPRE

| March 31 | Risk weight | Billions of yen | | | | | |
|---|-------------|-----------------|----------------|-----------------|-----------------|----------------|-----------------|
| | | 2008 | | | 2007 | | |
| | | Project finance | Object finance | IPRE | Project finance | Object finance | IPRE |
| Strong: | | | | | | | |
| Residual term less than 2.5 years | 50% | ¥ 123.4 | ¥ 7.3 | ¥ 423.3 | ¥ 100.4 | ¥ 3.2 | ¥ 274.6 |
| Residual term 2.5 years or more | 70% | 583.0 | 67.5 | 705.0 | 435.9 | 64.8 | 695.7 |
| Good: | | | | | | | |
| Residual term less than 2.5 years | 70% | 28.3 | — | 53.4 | 34.8 | 1.0 | 44.7 |
| Residual term 2.5 years or more | 90% | 285.3 | 15.2 | 132.0 | 146.8 | 10.0 | 105.0 |
| Satisfactory | 115% | 40.5 | 16.0 | 83.2 | 31.4 | 9.0 | 56.4 |
| Weak | 250% | 15.4 | 4.7 | 10.7 | 22.7 | 8.2 | 1.5 |
| Default | — | 5.0 | 0.1 | — | 3.6 | — | — |
| Total | | ¥1,080.9 | ¥110.9 | ¥1,407.5 | ¥775.6 | ¥96.3 | ¥1,177.9 |

b. HVCRE

| March 31 | Risk weight | Billions of yen | |
|---|-------------|-----------------|---------------|
| | | 2008 | 2007 |
| Strong: | | | |
| Residual term less than 2.5 years | 70% | ¥ 3.9 | ¥ 5.9 |
| Residual term 2.5 years or more | 95% | — | 5.6 |
| Good: | | | |
| Residual term less than 2.5 years | 95% | 76.3 | 86.8 |
| Residual term 2.5 years or more | 120% | 105.1 | 46.4 |
| Satisfactory | 140% | 201.5 | 162.0 |
| Weak | 250% | — | — |
| Default | — | — | — |
| Total | | ¥386.8 | ¥306.7 |

(2) Retail Exposures

A. Residential Mortgage Exposures

(A) Rating Procedures

- “Residential mortgage exposures” includes mortgage loans to individuals and some real estate loans in which the property consists of both residential and commercial facilities such as a store or rental apartment units, but excludes apartment construction loans.
- Mortgage loans are rated as follows.

Mortgage loans are allocated to a portfolio segment with similar risk characteristics in terms of (a) default risk determined using loan contract information, results of an exclusive grading model and a borrower category under self-assessment executed in accordance with the financial inspection manual of the Japanese FSA, and (b) recovery risk at the time of default determined using LTV (Loan To Value) calculated based on the assessment value of collateral real estate. PDs and LGDs are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.

Further, the portfolio is subdivided based on the lapse of years from the contract date, and the effectiveness of segmentation in terms of default risk and recovery risk is validated periodically.

Internal data are used to estimate and validate PDs and LGDs. The definition of default is the definition stipulated in the Notification.

(B) Portfolio

| March 31, 2008 | Billions of yen | | | | | |
|------------------|-----------------|-------------------------|--------------------------|---------------------|----------------------|------------------------------|
| | Exposure amount | | | Weighted-average PD | Weighted-average LGD | Weighted-average risk weight |
| | Total | On-balance sheet assets | Off-balance sheet assets | | | |
| Mortgage loans | | | | | | |
| PD segment: | | | | | | |
| Not delinquent | | | | | | |
| Use model | ¥ 9,086.6 | ¥ 8,993.8 | ¥ 92.8 | 0.39% | 40.15% | 25.59% |
| Other | 853.1 | 853.1 | — | 0.78 | 61.05 | 70.76 |
| Delinquent | 51.5 | 44.8 | 6.6 | 38.53 | 44.49 | 249.90 |
| Default | 114.9 | 114.2 | 0.8 | 100.00 | 40.94 | 29.07 |
| Total | ¥10,106.1 | ¥10,005.9 | ¥100.2 | — | — | — |

| March 31, 2007 | Billions of yen | | | | | |
|------------------|-----------------|-------------------------|--------------------------|---------------------|----------------------|------------------------------|
| | Exposure amount | | | Weighted-average PD | Weighted-average LGD | Weighted-average risk weight |
| | Total | On-balance sheet assets | Off-balance sheet assets | | | |
| Mortgage loans | | | | | | |
| PD segment: | | | | | | |
| Not delinquent | | | | | | |
| Use model | ¥8,925.2 | ¥8,818.8 | ¥ 106.4 | 0.32% | 45.91% | 25.11% |
| Other | 915.3 | 915.3 | — | 0.62 | 70.60 | 67.60 |
| Delinquent | 39.1 | 31.9 | 7.3 | 26.34 | 51.49 | 287.54 |
| Default | 119.3 | 116.7 | 2.6 | 100.00 | 46.09 | 26.54 |
| Total | ¥9,998.9 | ¥9,882.7 | ¥ 116.2 | — | — | — |

Notes: 1. "Other" includes loans guaranteed by employers.

2. "Delinquent" loans are past due loans and loans to obligors categorized as "Borrowers Requiring Caution" that do not satisfy the definition of default stipulated in the Notification.

3. The EL default weighted average is included in the LGD weighted average for default. Please note that the LGD weighted average for default as of March 31, 2007 was 48.21% and as of March 31, 2008 was 43.27%.

B. Qualifying Revolving Retail Exposures (QRRE)

(A) Rating Procedures

- “Qualifying revolving retail exposures” includes card loans and credit card balances.
- Card loans and credit card balances are rated as follows.

Card loans and credit card balances are allocated to a portfolio segment with similar risk characteristics determined based, for card loans, on the credit quality of the loan guarantee company, credit limit, settlement account balance and payment history, and, for credit card balances, on repayment history and frequency of use.

PDs and LGDs used to calculate credit risk-weighted asset amounts are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.

Further, the effectiveness of segmentation in terms default risk and recovery risk is validated periodically; internal data are used to estimate and validate PDs and LGDs; and the definition of default is the definition stipulated in the Notification.

(B) Portfolio

| | Billions of yen | | | | | | | | |
|-----------------------|-----------------|-------------------------|--------|--------------------------|----------------|-------------|---------------------|----------------------|------------------------------|
| | Exposure amount | | | | | | | | |
| | Total | On-balance sheet assets | | Off-balance sheet assets | Undrawn amount | Average CCF | Weighted-average PD | Weighted-average LGD | Weighted-average risk weight |
| March 31, 2008 | | | | | | | | | |
| Card loans | | | | | | | | | |
| PD segment: | | | | | | | | | |
| Not delinquent | ¥ 451.3 | ¥ 379.3 | ¥ 71.9 | ¥— | ¥ 146.2 | 49.18% | 2.04% | 83.41% | 51.67% |
| Delinquent | 59.9 | 58.7 | 1.2 | — | 8.6 | 14.24 | 47.35 | 90.63 | 257.00 |
| Credit card balances | | | | | | | | | |
| PD segment: | | | | | | | | | |
| Not delinquent | 978.3 | 653.0 | 325.3 | — | 3,795.9 | 8.57 | 1.14 | 79.82 | 26.80 |
| Delinquent | 7.0 | 5.7 | 1.2 | — | — | — | 75.37 | 82.68 | 137.44 |
| Default | 22.3 | 19.6 | 2.7 | — | — | — | 100.00 | 81.79 | 83.99 |
| Total | ¥1,518.7 | ¥1,116.4 | ¥402.3 | ¥— | ¥3,950.7 | — | — | — | — |

| | Billions of yen | | | | | | | | |
|----------------------|-----------------|-------------------------|--------|--------------------------|----------------|-------------|---------------------|----------------------|------------------------------|
| | Exposure amount | | | | | | | | |
| | Total | On-balance sheet assets | | Off-balance sheet assets | Undrawn amount | Average CCF | Weighted-average PD | Weighted-average LGD | Weighted-average risk weight |
| March 31, 2007 | | | | | | | | | |
| Card loans | | | | | | | | | |
| PD segment: | | | | | | | | | |
| Not delinquent | ¥ 430.4 | ¥ 356.3 | ¥ 74.1 | ¥— | ¥ 141.8 | 52.24% | 2.45% | 79.11% | 58.93% |
| Delinquent | 29.9 | 29.2 | 0.7 | — | 4.3 | 15.33 | 9.81 | 81.16 | 126.30 |
| Credit card balances | | | | | | | | | |
| PD segment: | | | | | | | | | |
| Not delinquent | 904.3 | 599.4 | 305.0 | — | 3,497.3 | 8.72 | 1.09 | 80.49 | 26.27 |
| Delinquent | 6.0 | 4.9 | 1.1 | — | — | — | 71.46 | 83.42 | 152.96 |
| Default | 14.4 | 12.3 | 2.2 | — | — | — | 100.00 | 83.22 | 48.93 |
| Total | ¥1,385.1 | ¥1,002.1 | ¥383.0 | ¥— | ¥3,643.4 | — | — | — | — |

- Notes: 1. The on-balance sheet exposure amount is estimated by estimating the amount of increase in each transaction balance and not by multiplying the undrawn amount by CCF (credit conversion factor).
2. “Average CCF” is the “on-balance sheet exposure amount ÷ undrawn amount” and provided for reference only. It is not used for estimating on-balance sheet exposure amounts.
3. Past due loans of less than three months are recorded in “delinquent.”
4. The EL default weighted average is included in the LGD weighted average for default. Please note that the LGD weighted average for default as of March 31, 2007 was 87.13% and as of March 31, 2008 was 88.51%.

C. Other Retail Exposures

(A) Rating Procedures

- “Other retail exposures” includes business loans such as apartment construction loans, standardized SME loans, and consumer loans such as My Car Loan.
- Business loans, standardized SME loans and consumer loans are rated as follows.
 - a. Business loans and standardized SME loans are allocated to a portfolio segment with similar risk characteristics in terms of (a) default risk determined using loan contract information, results of an exclusive grading model and a borrower category under self-assessment executed in accordance with the financial inspection manual of the Japanese FSA, and (b) recovery risk determined based on, for standardized SME loans, obligor attributes and, for business loans, LTV. PD and LGD are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.
 - b. Rating procedures for consumer loans depends on whether the loan is collateralized. Collateralized consumer loans are allocated to a portfolio segment using the same standards as for mortgage loans of “A. Residential Mortgage Exposures.” Uncollateralized consumer loans are allocated to a portfolio segment based on account history. PDs and LGDs are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.

Further, the effectiveness of segmentation in terms default risk and recovery risk is validated periodically, and internal data are used to estimate and validate PDs and LGDs. The definition of default is the definition stipulated in the Notification.

(B) Portfolio

| | Billions of yen | | | | | |
|-----------------------|-----------------|-------------------------|--------------------------|---------------------|----------------------|------------------------------|
| | Exposure amount | | | Weighted-average PD | Weighted-average LGD | Weighted-average risk weight |
| | Total | On-balance sheet assets | Off-balance sheet assets | | | |
| March 31, 2008 | | | | | | |
| Business loans | | | | | | |
| PD segment: | | | | | | |
| Not delinquent | | | | | | |
| Use model | ¥1,506.6 | ¥1,485.0 | ¥21.7 | 1.16% | 62.77% | 59.31% |
| Other | 231.9 | 231.6 | 0.4 | 1.25 | 56.70 | 57.41 |
| Delinquent | 524.7 | 520.8 | 3.9 | 11.72 | 67.99 | 110.04 |
| Consumer loans | | | | | | |
| PD segment: | | | | | | |
| Not delinquent | | | | | | |
| Use model | 319.5 | 302.9 | 16.6 | 1.63 | 43.46 | 51.07 |
| Other | 240.8 | 238.7 | 2.1 | 1.81 | 65.68 | 81.19 |
| Delinquent | 38.0 | 37.6 | 0.3 | 31.17 | 47.27 | 120.99 |
| Default | 214.3 | 211.4 | 2.8 | 100.00 | 61.85 | 65.39 |
| Total | ¥3,075.9 | ¥3,028.0 | ¥47.9 | — | — | — |

| | Billions of yen | | | | | |
|------------------|-----------------|-------------------------|--------------------------|---------------------|----------------------|------------------------------|
| | Exposure amount | | | Weighted-average PD | Weighted-average LGD | Weighted-average risk weight |
| | Total | On-balance sheet assets | Off-balance sheet assets | | | |
| March 31, 2007 | | | | | | |
| Business loans | | | | | | |
| PD segment: | | | | | | |
| Not delinquent | | | | | | |
| Use model | ¥1,805.5 | ¥1,790.1 | ¥15.4 | 1.82% | 60.42% | 64.34% |
| Other | 208.7 | 208.7 | 0.0 | 1.78 | 53.09 | 62.24 |
| Delinquent | 352.2 | 348.5 | 3.7 | 10.99 | 60.21 | 98.65 |
| Consumer loans | | | | | | |
| PD segment: | | | | | | |
| Not delinquent | | | | | | |
| Use model | 370.1 | 356.3 | 13.8 | 1.47 | 45.11 | 51.30 |
| Other | 249.3 | 247.1 | 2.3 | 1.76 | 66.29 | 64.45 |
| Delinquent | 37.2 | 36.9 | 0.3 | 23.10 | 49.81 | 116.06 |
| Default | 195.8 | 184.0 | 11.8 | 100.00 | 56.46 | 44.71 |
| Total | ¥3,218.8 | ¥3,171.5 | ¥47.3 | — | — | — |

- Notes: 1. “Business loans” includes apartment construction loans and standardized SME loans.
 2. “Other” includes loans guaranteed by employers.
 3. Delinquent loans are past due loans and loans to obligors categorized as “Borrowers Requiring Caution” that do not satisfy the definition of default stipulated in the Notification.
 4. The EL default weighted average is included in the LGD weighted average for default. Please note that the LGD weighted average for default as of March 31, 2007 was 60.04% and as of March 31, 2008 was 67.08%.

(3) Equity Exposures and Credit Risk-Weighted Assets under Article 145 of the Notification

A. Equity Exposures

(A) Rating Procedures

When acquiring equities subject to the PD/LGD approach, issuers are assigned obligor grades using the same rules as those of general credits to C&I companies, sovereigns and financial institutions. The obligors are monitored (for details, please refer to page 41) and their grades are revised if necessary (credit risk-weighted asset amount is set to 1.5 times when they are not monitored individually). In the case there is no credit transaction with the issuer or it is difficult to obtain financial information, internal grades are assigned using ratings of external rating agencies if it is a qualifying investment. In the case it is difficult to obtain financial information and it is not a qualifying investment, the simple risk weight method under the market-based approach is applied.

(B) Portfolio

a. Equity Exposure Amounts

| March 31 | Billions of yen | |
|-------------------------------------|-----------------|-----------------|
| | 2008 | 2007 |
| Market-based approach..... | ¥ 238.8 | ¥ 166.8 |
| Simple risk weight method..... | 191.0 | 166.8 |
| Listed equities (300%)..... | 60.1 | 45.6 |
| Unlisted equities (400%)..... | 130.9 | 121.2 |
| Internal models method..... | 47.9 | — |
| PD/LGD approach..... | 504.2 | 367.5 |
| Grandfathered equity exposures..... | 2,892.9 | 3,965.0 |
| Total..... | ¥3,636.0 | ¥4,499.3 |

Notes: 1. The above exposures are equity exposures stipulated in the Notification and differ from “stocks” described in the consolidated financial statements.
2. The “Grandfathered equity exposures” amount was calculated in accordance with Supplementary Provision No. 15 of the Notification.

b. PD/LGD Approach

| March 31 | Billions of yen | | | | | |
|----------------------------|-----------------|---------------------|------------------------------|-----------------|---------------------|------------------------------|
| | 2008 | | | 2007 | | |
| | Exposure amount | Weighted-average PD | Weighted-average risk weight | Exposure amount | Weighted-average PD | Weighted-average risk weight |
| J1-J3..... | ¥481.8 | 0.08% | 111.66% | ¥350.0 | 0.05% | 104.84% |
| J4-J6..... | 10.4 | 0.60 | 194.76 | 8.9 | 0.47 | 176.29 |
| J7 (excluding J7R)..... | 11.1 | 9.89 | 440.46 | 4.4 | 9.30 | 432.42 |
| Other..... | 0.9 | 2.60 | 275.48 | 4.2 | 2.24 | 275.00 |
| Default (J7R, J8-J10)..... | 0.1 | 100.00 | — | 0.0 | 100.00 | — |
| Total..... | ¥504.2 | — | — | ¥367.5 | — | — |

Notes: 1. The above exposures are “equity exposures” stipulated in the Notification to which the PD/LGD approach is applied and differ from “stocks” of consolidated financial statements.
2. “Other” includes exposures to public sector entities.

B. Credit Risk-Weighted Assets under Article 145 of the Notification

(A) Outline of method for calculating credit risk assets

Exposures under Article 145 of the Notification include credits to funds. In the case of such exposures, in principle, each underlying asset of the fund is assigned an obligor grade to calculate the asset’s credit risk-weighted asset amount and the amounts are totaled to derive the credit risk-weighted asset amount of the fund. When stocks account for more than half of the underlying assets of the fund, or it is difficult to directly calculate the credit risk-weighted asset amount of individual underlying assets, the credit risk-weighted asset amount of the fund is calculated using the simple majority adjustment method, in which credit risk assets are calculated using a risk weight of 400% (when the risk weighted average of individual assets underlying the portfolio is less than 400%) or a risk weight of 1,250% (in other cases).

(B) Portfolio

| March 31 | Billions of yen | |
|--|-----------------|----------|
| | 2008 | 2007 |
| Exposures under Article 145 of the Notification..... | ¥1,010.8 | ¥1,896.2 |

(4) Analysis of Actual Losses

A. Year-On-Year Comparison of Actual Losses

SMFG recorded total credit costs (general provisions, nonperforming loan write-offs, and gains on collection of written-off claims) of ¥248.6 billion on a consolidated basis in fiscal 2007, a year-on-year increase of ¥103.6 billion.

SMBC recorded ¥147.8 billion in total credit costs on a nonconsolidated basis in fiscal 2007, a year-on-year increase of ¥58.3 billion. In terms of credit exposure category, credit costs for corporate exposures increased ¥84.6 billion, to ¥143.2 billion. The principal factors accounting for this increase were the removal of nonperforming exposure from the balance sheets, a decline in the amount of reversal of reserves for possible loan losses accompanying the improvement in obligor classification of loan customers and as a result of other factors, and the emergence of unexpected deterioration in the standing of a portion of obligors as a result of worsening of industry conditions. In addition, credit costs for other retail exposures increased ¥15.8 billion, to ¥59.8 billion, mainly due to higher default rates.

Total Credit Costs

| | Billions of yen | | | |
|--------------------------------------|-----------------|-------------|-------------|--|
| | Fiscal 2007 | Fiscal 2006 | Fiscal 2005 | Fiscal 2007 increase (decrease) from Fiscal 2006 |
| SMFG (consolidated) total | ¥248.6 | ¥145.0 | ¥302.0 | ¥103.6 |
| SMBC (consolidated) total | 221.6 | 122.9 | 275.0 | 98.7 |
| SMBC (nonconsolidated) total | 147.8 | 89.5 | 230.9 | 58.3 |
| Corporate exposures | 143.2 | 58.7 | 49.1 | 84.6 |
| Sovereign and bank exposures | 0.5 | (0.7) | (0.4) | 1.2 |
| Residential mortgage exposures | 0.1 | 0.5 | (0.1) | (0.4) |
| QRRE..... | 0.0 | (0.1) | 0.7 | 0.1 |
| Other retail exposures..... | 59.8 | 43.9 | 33.6 | 15.8 |

Notes: 1. The above amounts do not include gains/losses on equity exposures, exposures on capital market-driven transactions (such as bonds) and exposures under Article 145 of the Notification that were recognized as gains/losses on bonds and stocks in the income statement.

2. Exposure category amounts do not include general provisions for Normal Borrowers.

3. Bracketed fiscal year amount indicates gains generated by the reversal of provisions, etc.

4. Credit costs for residential mortgages and QRRE guaranteed by consolidated subsidiaries are not included in the total credit costs of SMBC (nonconsolidated).

B. Comparison of Estimated and Actual Losses

| | Billions of yen | | |
|--------------------------------------|------------------------|-----------------------------|-----------------------------|
| | Estimated loss amounts | | Actual losses (Fiscal 2007) |
| | Estimated loss amounts | After deduction of reserves | |
| SMFG (consolidated) total | ¥ — | ¥ — | ¥248.6 |
| SMBC (consolidated) total | — | — | 221.6 |
| SMBC (nonconsolidated) total | 741.1 | 164.8 | 147.8 |
| Corporate exposures | 637.4 | 111.5 | 143.2 |
| Sovereign and bank exposures | 10.8 | 9.0 | 0.5 |
| Residential mortgage exposures | 4.5 | 4.0 | 0.1 |
| QRRE | 0.1 | 0.1 | 0.0 |
| Other retail exposures | 88.3 | 53.3 | 59.8 |

Notes: 1. The "Estimated loss amounts" are the EL for the end of fiscal 2006. Amounts on consumer loans guaranteed by SMBC's consolidated subsidiaries or its affiliates as well as on equity exposures and other exposures subject to Article 145 of the Notification are excluded.

2. Representing the estimated loss amount "After deduction of reserves" for possible losses on substandard loans or below.

■ Standardized Approach

1. Scope

The following consolidated subsidiaries have adopted the standardized approach for exposures as of March 31, 2008. (i.e. consolidated subsidiaries not listed in the “Internal Ratings-Based (IRB) Approach: 1. Scope” on page 140.)

(1) Consolidated subsidiaries planning to adopt phased rollout of the foundation IRB approach

Sumitomo Mitsui Finance and Leasing Co., Ltd., THE MINATO BANK, LTD., and Kansai Urban Banking Corporation. These three subsidiaries are scheduled to adopt the foundation IRB approach from March 31, 2010.

(2) Other consolidated subsidiaries

These are consolidated subsidiaries judged not to be significant in terms of credit risk management based on the type of business, scale, and other factors. These subsidiaries will adopt the standardized approach on a permanent basis.

2. Credit Risk-Weighted Asset Calculation Methodology

A 100% risk weight is applied to claims on corporates in accordance with Article 45 of the Notification, and risk weights corresponding to country risk scores published by the Organization for Economic Cooperation and Development (OECD) are applied to claims on sovereigns and financial institutions.

3. Exposure Balance by Risk Weight Segment

| March 31 | Billions of yen | | | |
|--------------------|-----------------------------|---------------|-----------------------------|---------------|
| | 2008 | | 2007 | |
| | Assigned country risk score | | Assigned country risk score | |
| 0% | ¥ 1,208.0 | ¥ 96.0 | ¥1,078.7 | ¥ 83.7 |
| 10% | 547.1 | — | 562.3 | — |
| 20% | 748.8 | 318.4 | 574.4 | 261.9 |
| 35% | 1,356.8 | — | 1,247.5 | — |
| 50% | 156.7 | 1.1 | 97.7 | 1.9 |
| 75% | 1,835.1 | — | 643.5 | — |
| 100% | 6,397.6 | 0.3 | 5,128.1 | 0.4 |
| 150% | 24.5 | — | 16.6 | — |
| Total | ¥12,274.7 | ¥415.8 | ¥9,348.9 | ¥348.0 |

Notes: 1. The above amounts are exposures after credit risk mitigation (but before deduction of direct write-offs). Please note that for off-balance sheet assets the amount of exposure has been included.

2. Securitization exposures have not been included.

■ Credit Risk Mitigation Techniques

1. Credit Risk Management Policy and Procedures

In calculating credit risk-weighted asset amounts, SMFG takes into account credit risk mitigation (CRM) techniques. Specifically, amounts are adjusted for eligible financial or real estate collateral, guarantees, and credit derivatives or by netting loans against the obligors' deposits with SMFG financial institutions. The methods and scope of these adjustments and methods of supervision are as follows.

(1) Scope and Management

A. Collateral (Eligible Financial or Real Estate Collateral)

SMBC designates deposits and securities as eligible financial collateral and land and buildings as eligible real estate collateral.

Real estate collateral is evaluated by taking into account its fair value, appraised value, and current conditions, as well as our lien position. Real estate collateral must maintain sufficient collateral value in the event security rights must be exercised due to delinquency. However, during the period from acquiring the rights to exercising the rights, the property may deteriorate or suffer damages from earthquakes or other natural disasters, or there may be changes in the lien position due to, for example, attachment or establishment of liens by a third party. Therefore, the regular monitoring of collateral is implemented according to the type of property and the type of security interest.

B. Guarantees and Credit Derivatives

Guarantors are sovereigns, municipal corporations, credit guarantee corporations and other public entities, financial institutions, and commercial/industrial (C&I) corporations. Counterparties to credit derivative transactions are mostly domestic and overseas banks and securities companies.

Credit risk-weighted asset amounts are calculated taking into account credit risk mitigation of guarantees and credit derivatives acquired from entities with sufficient ability to provide production, such as sovereigns, municipal corporations, and other public sector entities of comparable credit quality, and financial institutions and C&I companies with sufficient credit ratings.

C. Netting of Loans against Deposits

SMBC verifies the legal effectiveness of netting arrangements for loans and deposits for each transaction. Specifically, lending transactions subject to the netting of loans against deposits are stipulated in the "Agreement on Bank Transactions," and fixed-term deposits that have fixed maturity dates and cannot be transferred to third-party entities are subject to netting. Regarding deposits with us submitted as collateral, their effect as credit risk mitigation is taken into account under the eligible financial collateral framework described in A. above.

Further, maturity dates and balances (including the post-netting situation) are monitored for subject loans and deposits in accordance with the Notification. When there is a maturity/currency mismatch, netting is executed after making adjustments as stipulated in the Notification, and the credit risk-weighted asset amount is calculated after netting.

(2) Concentration of Credit Risk and Market Risk Accompanying Application of Credit Risk Mitigation (CRM) Techniques

At SMBC, there is a framework in place for controlling concentrations of risk in obligors with large exposures, which includes credit limit guidelines, risk concentration monitoring, and reporting to the Credit Risk Committee (please refer to page 38). Further, exposures to these obligors are monitored on a group basis, taking account of risk concentration in their parent companies in cases of guaranteed exposures.

When marketable financial products (for example, credit derivatives) are used as credit risk mitigants, market risk generated by these products is controlled by setting upper limits.

2. Exposure Balance after CRM

| March 31 | Billions of yen | | | |
|-------------------------------|-------------------------------|---------------------------------|-------------------------------|---------------------------------|
| | 2008 | | 2007 | |
| | Eligible financial collateral | Eligible real estate collateral | Eligible financial collateral | Eligible real estate collateral |
| Foundation IRB approach | ¥5,070.6 | ¥3,081.8 | ¥2,325.5 | ¥2,661.4 |
| Corporate exposures..... | 997.0 | 3,080.3 | 1,675.0 | 2,660.2 |
| Sovereign exposures..... | 1,107.4 | 1.4 | 0.1 | 1.2 |
| Bank exposures..... | 2,966.2 | 0.1 | 650.4 | 0.1 |
| Standardized approach | 104.6 | — | 133.4 | — |
| Total | ¥5,175.2 | ¥3,081.8 | ¥2,458.9 | ¥2,661.4 |

| March 31 | Billions of yen | | | |
|-------------------------------------|-----------------|-------------------|-----------|-------------------|
| | 2008 | | 2007 | |
| | Guarantee | Credit derivative | Guarantee | Credit derivative |
| Foundation IRB approach | ¥5,078.6 | ¥302.5 | ¥3,659.7 | ¥226.0 |
| Corporate exposures..... | 4,189.8 | 302.5 | 3,044.9 | 226.0 |
| Sovereign exposures..... | 245.2 | — | 58.3 | — |
| Bank exposures..... | 399.9 | — | 294.8 | — |
| Residential mortgage exposures..... | 243.6 | — | 261.3 | — |
| QRRE | — | — | — | — |
| Other retail exposures | 0.2 | — | 0.4 | — |
| Standardized approach | 120.4 | — | 90.2 | — |
| Total | ¥5,199.0 | ¥302.5 | ¥3,749.9 | ¥226.0 |

■ Derivative Transactions and Long Settlement Transactions

1. Risk Management Policy and Procedures

(1) Policy on Collateral Security and Impact of Deterioration of Our Credit Quality

Collateralized derivative is a CRM technique in which collateral is delivered or received regularly in accordance with replacement cost. The Group conducts collateralized derivative transactions as necessary, thereby reducing credit risk. In the event our credit quality deteriorates, however, the counterparty may demand additional collateral, but its impact is deemed to be insignificant.

(2) Netting

Netting is another CRM technique, and “close-out netting” is the main type of netting. In close-out netting, when a default event, such as bankruptcy, occurs to the counterparty, all claims against, and obligations to, the counterparty, regardless of maturity and currency, are netted out to create a single claim or obligation.

Close-out netting is applied to foreign exchange and swap transactions covered under a master agreement with a net-out clause or other means of securing legal effectiveness, and the effect of CRM is taken into account only for such claims and obligations.

2. Credit Equivalent Amounts

(1) Derivative Transactions and Long Settlement Transactions

A. Calculation Method

Current exposure method

B. Credit Equivalent Amounts

| March 31 | Billions of yen | |
|---|-----------------|----------|
| | 2008 | 2007 |
| Gross replacement cost..... | ¥ 4,796.6 | ¥2,901.8 |
| Gross add-on amount..... | 3,977.6 | 3,931.1 |
| Gross credit equivalent amount..... | 8,774.2 | 6,832.9 |
| Foreign exchange related transactions | 4,116.3 | 2,932.7 |
| Interest rate related transactions..... | 4,244.9 | 3,616.1 |
| Gold related transactions | — | — |
| Equities related transactions | 2.1 | 2.3 |
| Precious metals (excluding gold) related transactions | — | — |
| Other commodity related transactions..... | 289.5 | 265.1 |
| Credit default swaps..... | 121.4 | 16.7 |
| Reduction in credit equivalent amount due to netting | 4,535.8 | 3,253.1 |
| Net credit equivalent amount..... | 4,238.4 | 3,579.8 |
| Collateral amount | 170.7 | 216.6 |
| Qualifying financial collateral..... | 60.2 | 122.7 |
| Qualifying real estate collateral | 110.4 | 93.9 |
| Net credit equivalent amount (after taking into account credit risk mitigation effect of collateral) | ¥ 4,238.4 | ¥3,579.8 |

Note: The net credit equivalent amount was the same before and after taking into account the CRM effect of collateral as the foundation IRB approach and simple approach of the standardized approach have been adopted.

(2) Notional Principal Amounts of Credit Derivatives

| March 31 | Billions of yen | | | |
|---------------------------|---------------------------|------------------|---------------------------|------------------|
| | 2008 | | 2007 | |
| | Notional principal amount | Of which for CRM | Notional principal amount | Of which for CRM |
| Protection purchased..... | ¥ 1,559.0 | ¥302.5 | ¥1,260.4 | ¥226.0 |
| Protection provided..... | 1,134.7 | — | 1,067.4 | — |

Note: The "Notional principal amount" is defined as the total of "amounts subject to calculation of credit equivalents" and "amounts employed for CRM."

■ Securitization Exposures

1. Risk Management Policies and Procedures

Definition of securitization exposure has been clarified in order to properly identify, measure, evaluate and report risks, and a risk management department, independent of business units, has been established to centrally manage risks from recognizing securitization exposures to measuring, evaluating and reporting credit risk-weighted assets.

The Group takes one of the following positions in securitization transactions.

- Originator (a direct or indirect originator of underlying assets or a sponsor of an ABCP conduit or a similar program that acquires exposures from third-party entities)
- Investor
- Other (for example, provider of swaps for preventing a mismatch between the dividend on trust beneficiary rights and cash flows generated by underlying assets on which the rights are issued)

2. Credit Risk-Weighted Asset Calculation Methodology

There are three methods of calculating the credit risk-weighted asset amount of securitization exposures subject to the IRB approach: the external ratings-based approach, supervisory formula, and the internal assessment approach. The methods are used as follows.

- First, securitization exposures are examined and the external ratings-based approach is applied to qualifying exposures.
- The remaining exposures are examined and the supervisory formula is applied to qualifying exposures.
- The remaining exposures are deducted from capital.

The credit risk-weighted asset amount for securitization exposures subject to the standardized approach is calculated mostly using ratings published by qualifying rating agencies or based on weighted average risk weights of underlying assets as stipulated in the Notification.

3. Accounting Policy on Securitization Transactions

Accounting treatment of securitization of financial assets is as follows. Extinguishment of financial assets is recognized when the contractual rights over the financial assets is exercised, forfeited or control over the rights is transferred to a third-party, and the difference between the book value of the financial assets and the amount received/paid is recorded as the term's gain/loss. When the control over the contractual rights is not deemed to have been transferred, the securitization transaction is treated as a financial transaction such as a mortgage loan.

When a portion of financial assets satisfies the extinguishment condition, the extinguishment of the said portion is recognized and the difference between the book value of the extinguished portion and the amount received/paid is recorded as the term's gain/loss. The book value of the extinguished portion is calculated by allocating the book value of the financial assets based on the proportion of the financial assets' fair value that the extinguished portion represents.

Further, the remaining portion is subject to self-assessment, and write-offs and provisions are made as necessary.

4. Qualifying External Ratings Agencies

When computing credit risk-weighted asset amounts for securitization exposures using the external rating-based approach under the IRB approach or standardized approach, the risk weights are determined by mapping the ratings of qualifying rating agencies to the risk weights stipulated in the Notification. The qualifying rating agencies are Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), Standard & Poor's Ratings Services (S&P), and Fitch Ratings Ltd. (Fitch). When more than one rating is available for an exposure, the second smallest risk weight is used.

5. Portfolio

(1) Securitization Transactions as Originator

A. As Originator (excluding as Sponsor)

(A) Underlying Assets

| | Billions of yen | | | | | | |
|---|-------------------------|---------------------|----------------|--------------------|----------------|-------------|-----------------------|
| | March 31, 2008 | | | Fiscal 2007 | | | |
| | Underlying asset amount | | | | | | |
| | Total | Asset transfer type | Synthetic type | Securitized amount | Default amount | Loss amount | Gains/losses on sales |
| Claims on corporates | ¥ 273.8 | ¥ 171.3 | ¥102.5 | ¥ 657.9 | ¥ 7.5 | ¥0.3 | ¥ — |
| Mortgage loans | 1,751.7 | 1,751.7 | — | 312.3 | 0.6 | 0.1 | 15.9 |
| Retail loans (excluding mortgage loans) | 260.2 | 64.1 | 196.1 | 154.2 | 43.4 | 6.6 | — |
| Other claims | 295.7 | 148.4 | 147.3 | 129.5 | 0.1 | 1.0 | 0.0 |
| Total | ¥2,581.4 | ¥2,135.5 | ¥445.9 | ¥1,253.9 | ¥51.6 | ¥8.1 | ¥15.9 |

| | Billions of yen | | | | | | |
|---|-------------------------|---------------------|----------------|--------------------|----------------|-------------|-----------------------|
| | March 31, 2007 | | | Fiscal 2006 | | | |
| | Underlying asset amount | | | | | | |
| | Total | Asset transfer type | Synthetic type | Securitized amount | Default amount | Loss amount | Gains/losses on sales |
| Claims on corporates | ¥ 330.2 | ¥ 181.5 | ¥148.7 | ¥ 520.5 | ¥13.3 | ¥4.3 | ¥ — |
| Mortgage loans | 1,550.9 | 1,550.9 | — | 789.7 | 0.3 | 0.0 | 26.8 |
| Retail loans (excluding mortgage loans) | 450.4 | — | 450.4 | 341.2 | 20.1 | 2.1 | — |
| Other claims | 174.7 | 5.9 | 168.8 | 0.4 | 0.0 | 0.2 | — |
| Total | ¥2,506.3 | ¥1,738.4 | ¥768.0 | ¥1,651.7 | ¥33.7 | ¥6.6 | ¥26.8 |

Notes: 1. The above amounts include the amount of underlying assets securitized during the term without entailing securitization exposure.

2. The "Default amount" is the total of underlying assets which are past due three months or more and defaulted underlying assets.

3. Other claims" includes claims on PFI (Private Finance Initiative) businesses and lease fees.

4. Following Articles 230 and 248 of the Notification, there were no amounts that represent exposure to products subject to early call provisions to investors.

5. There were no credit risk-weighted assets calculated using Supplementary Provision 15 of the Notification.

(B) Securitization Exposures

a. Underlying Assets by Asset Type

| | Billions of yen | | | | | |
|--|------------------|-----------------------------|--------------------------------|------------------|-----------------------------|--------------------------------|
| | 2008 | | | 2007 | | |
| | Term-end balance | To be deducted from capital | Increase in capital equivalent | Term-end balance | To be deducted from capital | Increase in capital equivalent |
| March 31 | | | | | | |
| Claims on corporates | ¥139.8 | ¥ 5.3 | ¥ — | ¥183.4 | ¥ 1.7 | ¥ — |
| Mortgage loans | 170.1 | 35.9 | 44.0 | 142.7 | 29.9 | 40.1 |
| Retail loans (excluding mortgage loans) | 80.0 | 12.8 | — | 111.1 | 6.8 | — |
| Other claims | 90.9 | 20.5 | — | 8.4 | 8.4 | — |
| Total | ¥480.8 | ¥74.4 | ¥44.0 | ¥445.6 | ¥46.7 | ¥40.1 |

b. Risk Weights

| | Billions of yen | | | |
|-------------------------|------------------|------------------|------------------|------------------|
| | 2008 | | 2007 | |
| | Term-end balance | Required capital | Term-end balance | Required capital |
| March 31 | | | | |
| 20% or less | ¥264.5 | ¥ 2.2 | ¥175.1 | ¥ 1.2 |
| 100% or less | 5.7 | 0.1 | 76.7 | 1.0 |
| 650% or less | 2.0 | 0.7 | 2.0 | 0.7 |
| 1250% or less | — | — | — | — |
| Capital deduction | 208.6 | 74.4 | 191.8 | 46.7 |
| Total | ¥480.8 | ¥77.5 | ¥445.6 | ¥49.6 |

B. As Sponsor
(A) Underlying Assets

| | Billions of yen | | | | | |
|---|-------------------------|---------------------|----------------|--------------------|----------------|-------------|
| | March 31, 2008 | | | Fiscal 2007 | | |
| | Underlying asset amount | | | | | |
| | Total | Asset transfer type | Synthetic type | Securitized amount | Default amount | Loss amount |
| Claims on corporates | ¥790.6 | ¥790.6 | ¥— | ¥6,305.8 | ¥156.8 | ¥154.9 |
| Mortgage loans | 3.8 | 3.8 | — | — | 0.6 | 0.6 |
| Retail loans (excluding mortgage loans) | 54.1 | 54.1 | — | 142.4 | 1.2 | 3.3 |
| Other claims | 64.9 | 64.9 | — | 214.1 | 1.5 | 1.3 |
| Total | ¥913.5 | ¥913.5 | ¥— | ¥6,662.3 | ¥160.1 | ¥160.1 |

| | Billions of yen | | | | | |
|---|-------------------------|---------------------|----------------|--------------------|----------------|-------------|
| | March 31, 2007 | | | Fiscal 2006 | | |
| | Underlying asset amount | | | | | |
| | Total | Asset transfer type | Synthetic type | Securitized amount | Default amount | Loss amount |
| Claims on corporates | ¥1,014.3 | ¥1,014.3 | ¥— | ¥5,898.5 | ¥206.0 | ¥204.8 |
| Mortgage loans | — | — | — | — | — | — |
| Retail loans (excluding mortgage loans) | 37.1 | 37.1 | — | 0.5 | 0.0 | 0.0 |
| Other claims | 124.2 | 124.2 | — | 175.0 | 1.5 | 1.3 |
| Total | ¥1,175.6 | ¥1,175.6 | ¥— | ¥6,074.0 | ¥207.5 | ¥206.0 |

- Notes: 1. The above amounts include the amount of underlying assets securitized during the term without entailing securitization exposure.
2. The "Default amount" is the amount of defaulted underlying assets and those past due three months or more.
3. The "Default amount" and "Loss amount" when acting as a sponsor of securitization of customer claims are estimated using the following methods and alternative data are used as it is difficult to obtain relevant data in a timely manner because the underlying assets are recovered by the customer.
(1) "Default amount" estimation method
• For securitization transactions subject to the external ratings-based approach, the amount is estimated based on information on underlying assets obtainable from customers, etc.
• For securitization transactions subject to the supervisory formula, the amount is estimated based on obtainable information on, or default rate of, each obligor. Further, when it is difficult to estimate the amount using either method, it is conservatively estimated by assuming that the underlying asset is a default asset.
(2) "Loss amount" estimation method
• For securitization transactions subject to the external ratings-based approach, the amount is the same amount as the default amount estimated conservatively in (1) above.
• For securitization transactions subject to supervisory formula, when expected loss ratios of defaulted underlying assets can be determined, the amount is estimated using the ratios. When it is difficult to determine the ratios, the amount is the same amount as the default amount estimated in (1) above.
4. "Other claims" includes lease fees.
5. Following Articles 230 and 248 of the Notification, there were no amounts that represent exposure to products subject to early call provisions to investors.
6. There were no credit risk-weighted assets calculated using Supplementary Provision 15 of the Notification.

(B) Securitization Exposures
a. Underlying Assets by Asset Type

| March 31 | Billions of yen | | | | | |
|---|------------------|-----------------------------|--------------------------------|------------------|-----------------------------|--------------------------------|
| | 2008 | | | 2007 | | |
| | Term-end balance | To be deducted from capital | Increase in capital equivalent | Term-end balance | To be deducted from capital | Increase in capital equivalent |
| Claims on corporates..... | ¥608.1 | ¥0.1 | ¥— | ¥807.7 | ¥13.1 | ¥— |
| Mortgage loans..... | 3.8 | — | — | — | — | — |
| Retail loans (excluding mortgage loans) | 54.1 | — | — | 37.1 | — | — |
| Other claims | 59.7 | — | — | 100.3 | — | — |
| Total..... | ¥725.7 | ¥0.1 | ¥— | ¥945.1 | ¥13.1 | ¥— |

Note: "Other claims" includes lease fees.

b. Risk Weights

| March 31 | Billions of yen | | | |
|------------------------|------------------|------------------|------------------|------------------|
| | 2008 | | 2007 | |
| | Term-end balance | Required capital | Term-end balance | Required capital |
| 20% or less..... | ¥634.1 | ¥3.9 | ¥809.4 | ¥ 5.6 |
| 100% or less..... | 91.5 | 2.6 | 103.1 | 3.7 |
| 650% or less..... | — | — | 18.9 | 2.4 |
| 1250% or less..... | — | — | — | — |
| Capital deduction..... | 0.1 | 0.1 | 13.7 | 13.1 |
| Total | ¥725.7 | ¥6.6 | ¥945.1 | ¥24.9 |

(2) Securitization Transactions in which the Group is the Investor

A. Securitization Exposures

(A) Underlying Assets by Asset Type

| March 31 | Billions of yen | | | | | |
|--|------------------|-----------------------------|--------------------------------|------------------|-----------------------------|--------------------------------|
| | 2008 | | | 2007 | | |
| | Term-end balance | To be deducted from capital | Increase in capital equivalent | Term-end balance | To be deducted from capital | Increase in capital equivalent |
| Claims on corporates..... | ¥339.5 | ¥66.0 | ¥— | ¥301.6 | ¥ 76.9 | ¥— |
| Mortgage loans..... | — | — | — | 379.3 | — | — |
| Retail loans (excluding mortgage loans) | 15.0 | — | — | 17.8 | — | — |
| Other claims | 24.6 | 10.6 | — | 124.0 | 1.3 | — |
| Total..... | ¥379.1 | ¥76.6 | ¥— | ¥822.8 | ¥ 78.2 | ¥— |

Notes: 1. "Other claims" includes securitization products.

2. There were no credit risk-weighted assets calculated using Supplementary Provision 15 of the Notification.

(B) Risk Weights

| March 31 | Billions of yen | | | |
|------------------------|------------------|------------------|------------------|------------------|
| | 2008 | | 2007 | |
| | Term-end balance | Required capital | Term-end balance | Required capital |
| 20% or less..... | ¥228.4 | ¥ 1.5 | ¥668.5 | ¥ 4.7 |
| 100% or less..... | 35.0 | 1.6 | 26.2 | 1.6 |
| 650% or less..... | 0.6 | 0.1 | — | — |
| 1250% or less..... | — | — | — | — |
| Capital deduction..... | 115.1 | 76.6 | 128.1 | 78.2 |
| Total | ¥379.1 | ¥79.9 | ¥822.8 | ¥84.4 |

■ Equity Exposures in Banking Book

1. Risk Management Policy and Procedures

Securities in the banking book are properly managed, for example, by setting upper limits on the allowable amount of risk under the market or credit risk management framework selected according to their holding purpose and risk characteristics. For securities held as "other securities," the upper limits are also set in terms of price fluctuation risk.

Regarding stocks of subsidiaries, assets and liabilities of subsidiaries are managed on a consolidated basis, and risks related to stocks of affiliates are recognized separately. Their risk as equity is not measured as upper limits on the allowable amount of risk are set for stocks of subsidiaries and affiliates, and the limits are established within the "risk capital limit" of SMFG, taking into account the financial and business situations of the subsidiaries and affiliates.

2. Valuation of Securities in Banking Book and Other Significant Accounting Policies

Stocks of subsidiaries and affiliates are carried at amortized cost using the moving-average method. Other securities with market prices are carried at their average market prices during the final month of the fiscal year. Securities other than these securities are carried at their fiscal year-end market prices (cost of securities sold is calculated using primarily the moving-average method) and those with no available market prices are carried at cost using the moving-average method.

Net unrealized gains (losses) on other securities, net of income taxes, are reported as a component of "net assets." Derivative transactions are carried at fair value.

3. Consolidated Balance Sheet Amounts and Fair Values

| March 31 | Billions of yen | | | |
|---|----------------------|-----------------|----------------------|------------|
| | 2008 | | 2007 | |
| | Balance sheet amount | Fair value | Balance sheet amount | Fair value |
| Listed equity exposures | ¥2,913.3 | ¥2,913.3 | ¥3,980.3 | ¥3,980.3 |
| Stocks of subsidiaries and affiliates and equity exposures other than above | 670.5 | — | 519.0 | — |
| Total | ¥3,583.8 | ¥ — | ¥4,499.3 | ¥ — |

4. Gains (Losses) on Sale and Devaluation of Stocks of Subsidiaries and Affiliates and Equity Exposures

| | Billions of yen | |
|----------------------|-----------------|-------------|
| | Fiscal 2007 | Fiscal 2006 |
| Gains (losses) | ¥ (7.1) | ¥44.7 |
| Gains on sale | 61.5 | 62.8 |
| Losses on sale | 5.7 | 1.5 |
| Devaluation | 62.8 | 16.6 |

Note: The above amounts are "gains (losses) on stocks and other securities" in the consolidated statements of income.

5. Unrealized Gains (Losses) Recognized on Consolidated Balance Sheet but Not on Consolidated Statements of Income

| March 31 | Billions of yen | |
|---|-----------------|----------|
| | 2008 | 2007 |
| Unrealized gains (losses) recognized on consolidated balance sheet but not on consolidated statements of income | ¥940.3 | ¥1,982.6 |

Note: The above amount is for stocks of Japanese companies and foreign stocks with market prices.

6. Unrealized Gains (Losses) Not Recognized on Consolidated Balance Sheet or Consolidated Statements of Income

| March 31 | Billions of yen | |
|---|-----------------|-------|
| | 2008 | 2007 |
| Unrealized gains (losses) not recognized on consolidated balance sheet or consolidated statements of income | ¥(24.4) | ¥65.7 |

Note: The above amount is for stocks of affiliates with market prices.

■ Exposure Balance by Type of Assets, Geographic Region, Industry and Residual Term

1. Exposure Balance by Type of Asset, Geographic Region and Industry

| March 31, 2008 | Billions of yen | | | | |
|---|-----------------|-----------|-------------|-----------|------------|
| | Loans, etc. | Bonds | Derivatives | Other | Total |
| Domestic operations (excluding offshore banking accounts) | | | | | |
| Manufacturing..... | ¥ 8,402.1 | ¥ 130.0 | ¥ 550.3 | ¥ 2,453.7 | ¥ 11,536.1 |
| Agriculture, forestry, fishery and mining | 317.4 | 0.1 | 13.7 | 61.3 | 392.6 |
| Construction | 1,745.7 | 38.0 | 16.0 | 147.6 | 1,947.2 |
| Transport, information, communications and utilities ... | 4,173.9 | 127.6 | 177.3 | 757.4 | 5,236.2 |
| Wholesale and retail..... | 6,719.0 | 49.3 | 645.4 | 682.3 | 8,095.9 |
| Financial and insurance | 10,540.0 | 965.7 | 1,330.7 | 273.5 | 13,109.9 |
| Real estate | 8,580.1 | 263.0 | 55.9 | 285.5 | 9,184.5 |
| Services..... | 6,681.9 | 107.5 | 95.9 | 658.2 | 7,543.5 |
| Local municipal corporations..... | 2,592.3 | 604.9 | 4.4 | 6.1 | 3,207.8 |
| Other industries | 19,574.7 | 12,709.5 | 6.2 | 4,935.8 | 37,226.2 |
| Subtotal | ¥69,327.1 | ¥14,995.5 | ¥2,895.8 | ¥10,261.4 | ¥ 97,479.8 |
| Overseas operations and offshore banking accounts | | | | | |
| Sovereigns | ¥ 335.1 | ¥ 791.2 | ¥ 9.4 | ¥ — | ¥ 1,135.7 |
| Financial institutions | 3,651.6 | 337.1 | 950.1 | 0.0 | 4,938.8 |
| C&I companies | 10,512.3 | 223.9 | 377.7 | — | 11,113.9 |
| Others..... | 1,956.8 | 290.9 | 2.9 | 347.3 | 2,597.9 |
| Subtotal | ¥16,455.8 | ¥ 1,643.0 | ¥1,340.1 | ¥ 347.3 | ¥ 19,786.2 |
| Total..... | ¥85,782.9 | ¥16,638.5 | ¥4,235.9 | ¥10,608.8 | ¥117,266.0 |

| March 31, 2007 | Billions of yen | | | | |
|---|-----------------|-----------|-------------|----------|------------|
| | Loans, etc. | Bonds | Derivatives | Other | Total |
| Domestic operations (excluding offshore banking accounts) | | | | | |
| Manufacturing..... | ¥ 8,135.7 | ¥ 132.7 | ¥ 400.5 | ¥2,846.4 | ¥ 11,515.2 |
| Agriculture, forestry, fishery and mining | 179.1 | 1.1 | 9.0 | 66.7 | 255.9 |
| Construction | 1,772.1 | 57.9 | 14.6 | 185.3 | 2,029.8 |
| Transport, information, communications and utilities ... | 3,793.9 | 137.7 | 97.7 | 880.6 | 4,909.9 |
| Wholesale and retail..... | 6,982.3 | 64.3 | 433.6 | 685.1 | 8,165.2 |
| Financial and insurance | 7,593.2 | 1,275.2 | 1,217.3 | 322.3 | 10,408.0 |
| Real estate | 8,766.4 | 89.1 | 40.0 | 262.0 | 9,157.5 |
| Services..... | 7,010.9 | 65.6 | 87.5 | 515.1 | 7,679.1 |
| Local municipal corporations..... | 1,133.8 | 750.2 | 1.1 | 2.6 | 1,887.7 |
| Other industries | 18,412.1 | 7,912.8 | 160.7 | 3,771.8 | 30,257.3 |
| Subtotal | ¥63,779.4 | ¥10,486.5 | ¥2,461.9 | ¥9,537.9 | ¥ 86,265.7 |
| Overseas operations and offshore banking accounts | | | | | |
| Sovereigns | ¥ 315.8 | ¥ 82.5 | ¥ 8.4 | ¥ — | ¥ 406.6 |
| Financial institutions | 2,473.8 | 243.9 | 805.3 | 0.0 | 3,523.0 |
| C&I companies | 8,964.0 | 258.8 | 263.0 | — | 9,485.7 |
| Others..... | 2,075.2 | 350.4 | 41.3 | 293.8 | 2,760.7 |
| Subtotal | ¥13,828.8 | ¥ 935.5 | ¥1,117.9 | ¥ 293.8 | ¥ 16,176.0 |
| Total..... | ¥77,608.2 | ¥11,422.0 | ¥3,579.8 | ¥9,831.6 | ¥102,441.7 |

Notes: 1. The above amounts are exposure amounts after credit risk mitigation.

2. The above amounts do not include equity exposures and credit risk-weighted assets under Article 145 of the Notification.

3. "Loans, etc." includes loans, commitments and off-balance sheet assets except other derivatives, and "Other" includes equity exposures and standardized approach applied funds.

4. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

2. Exposure Balance by Type of Asset and Residual Term

| March 31, 2008 | Billions of yen | | | | |
|------------------------------------|------------------|------------------|-----------------|------------------|-------------------|
| | Loans, etc. | Bonds | Derivatives | Other | Total |
| To 1 year | ¥27,614.5 | ¥ 3,003.3 | ¥ 653.2 | ¥ 373.7 | ¥ 31,644.8 |
| More than 1 year to 3 years | 13,973.9 | 4,301.5 | 1,452.3 | 927.9 | 20,655.6 |
| More than 3 years to 5 years | 12,047.3 | 5,687.3 | 1,048.3 | 1,158.8 | 19,941.8 |
| More than 5 years to 7 years | 4,836.6 | 873.0 | 476.4 | 310.1 | 6,496.0 |
| More than 7 years | 21,409.4 | 2,773.3 | 605.7 | 191.8 | 24,980.2 |
| No fixed maturity | 5,901.1 | — | — | 7,646.5 | 13,547.7 |
| Total | ¥85,782.9 | ¥16,638.5 | ¥4,235.9 | ¥10,608.8 | ¥117,266.0 |

| March 31, 2007 | Billions of yen | | | | |
|------------------------------------|------------------|------------------|-----------------|-----------------|-------------------|
| | Loans, etc. | Bonds | Derivatives | Other | Total |
| To 1 year | ¥22,237.0 | ¥ 3,747.2 | ¥ 389.4 | ¥ 176.6 | ¥ 26,550.3 |
| More than 1 year to 3 years | 11,762.0 | 1,628.6 | 1,232.6 | 503.0 | 15,126.2 |
| More than 3 years to 5 years | 11,734.2 | 1,451.8 | 1,058.7 | 621.5 | 14,866.1 |
| More than 5 years to 7 years | 4,508.1 | 1,382.4 | 431.9 | 162.9 | 6,485.3 |
| More than 7 years | 20,365.9 | 3,212.1 | 467.2 | 110.4 | 24,155.7 |
| No fixed maturity | 7,000.9 | — | — | 8,257.2 | 15,258.2 |
| Total | ¥77,608.2 | ¥11,422.0 | ¥3,579.8 | ¥9,831.6 | ¥102,441.7 |

- Notes: 1. The above amounts are exposure amounts after credit risk mitigation.
 2. The above amounts do not include equity exposures and credit risk-weighted assets under Article 145 of the Notification.
 3. "Loans, etc." includes loans, commitments and off-balance sheet assets except other derivatives, and "Other" includes equity exposures and standardized approach applied funds.
 4. "No fixed maturity" includes exposures not classified by residual term.

3. Term-end Balance of Exposures Past Due 3 Months or More or Defaulted and Their Breakdown

(1) By Geographic Region

| March 31 | Billions of yen | |
|---|-----------------|-----------------|
| | 2008 | 2007 |
| Domestic operations (excluding offshore banking accounts) | ¥1,759.4 | ¥1,948.3 |
| Overseas operations and offshore banking accounts | 140.7 | 135.0 |
| Asia | 42.0 | 81.9 |
| North America | 83.2 | 42.3 |
| Other regions | 15.4 | 10.8 |
| Total | ¥1,900.0 | ¥2,083.3 |

- Notes: 1. The above amounts are credits subject to self-assessment, including mainly off-balance sheet credits to obligors categorized as "Substandard Borrowers" or lower under self-assessment.
 2. The above amounts include partial direct write-offs (direct reductions).
 3. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries, and the term-end balances are calculated based on the obligor's domicile country.

(2) By Industry

| March 31 | Billions of yen | |
|--|-----------------|-----------------|
| | 2008 | 2007 |
| Domestic operations (excluding offshore banking accounts) | | |
| Manufacturing | ¥ 180.4 | ¥ 123.6 |
| Agriculture, forestry, fishery and mining..... | 7.1 | 6.3 |
| Construction..... | 153.4 | 196.4 |
| Transport, information, communications and utilities..... | 96.9 | 155.8 |
| Wholesale and retail | 288.6 | 170.5 |
| Financial and insurance | 38.2 | 16.6 |
| Real estate..... | 325.1 | 556.5 |
| Services | 347.0 | 452.2 |
| Other industries..... | 322.6 | 270.4 |
| Subtotal..... | ¥1,759.4 | ¥1,948.3 |
| Overseas operations and offshore banking accounts | | |
| Financial institutions..... | ¥ 1.0 | ¥ 1.1 |
| C&I companies..... | 139.7 | 133.9 |
| Others | — | — |
| Subtotal..... | ¥ 140.7 | ¥ 135.0 |
| Total..... | ¥1,900.0 | ¥2,083.3 |

- Notes: 1. The above amounts are credits subject to self-assessment, including mainly off-balance sheet credits to obligors categorized as “Substandard Borrowers” or lower under self-assessment.
2. The above amounts include partial direct write-offs (direct reductions).
3. “Domestic operations” comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. “Overseas operations” comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

4. Term-end Balances of General Reserve for Possible Loan Losses, Specific Reserve for Possible Loan Losses and Loan Loss Reserve for Specific Overseas Countries

(1) By Geographic Region

| March 31 | Billions of yen | | |
|---|-----------------|-----------------|---------------------|
| | 2008 | 2007 | Increase (decrease) |
| General reserve for possible loan losses..... | ¥ 593.7 | ¥ 683.6 | ¥ (89.9) |
| Loan loss reserve for specific overseas countries | 0.0 | 1.9 | (1.9) |
| Specific reserve for possible loan losses | 819.6 | 693.7 | 125.9 |
| Domestic operations (excluding offshore banking accounts) | 738.5 | 661.0 | 77.5 |
| Overseas operations and offshore banking accounts | 81.1 | 32.7 | 48.4 |
| Asia..... | 10.1 | 14.1 | (4.0) |
| North America..... | 68.1 | 12.9 | 55.2 |
| Other regions..... | 2.9 | 5.7 | (2.8) |
| Total..... | ¥1,413.3 | ¥1,379.2 | ¥ 34.1 |

- Notes: 1. “Specific reserve for possible loan losses” includes partial direct write-offs (direct reductions).
2. “Domestic operations” comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. “Overseas operations” comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries, and the term-end balances are calculated based on the obligor’s domicile country.

(2) By Industry

| March 31 | Billions of yen | | |
|---|-----------------|----------|---------------------|
| | 2008 | 2007 | Increase (decrease) |
| General reserve for possible loan losses..... | ¥ 593.7 | ¥ 683.6 | ¥ (89.9) |
| Loan loss reserve for specific overseas countries..... | 0.0 | 1.9 | (1.9) |
| Specific reserve for possible loan losses..... | 819.6 | 693.7 | 125.9 |
| Domestic operations (excluding offshore banking accounts) | 738.5 | 661.0 | 77.5 |
| Manufacturing..... | 76.3 | 43.6 | 32.7 |
| Agriculture, forestry, fishery and mining | 1.3 | 0.4 | 0.9 |
| Construction | 71.3 | 37.5 | 33.8 |
| Transport, information, communications and utilities | 49.2 | 48.7 | 0.5 |
| Wholesale and retail | 142.7 | 82.7 | 60.0 |
| Financial and insurance..... | 19.2 | 8.7 | 10.5 |
| Real estate | 110.9 | 157.7 | (46.8) |
| Services..... | 135.2 | 154.6 | (19.4) |
| Other industries | 132.4 | 127.1 | 5.3 |
| Overseas operations and offshore banking accounts | 81.1 | 32.7 | 48.4 |
| Financial institutions | 0.9 | 0.9 | (0.0) |
| C&I companies | 80.2 | 31.8 | 48.4 |
| Others..... | — | — | — |
| Total..... | ¥1,413.3 | ¥1,379.2 | ¥ 34.1 |

Notes: 1. "Specific reserve for possible loan losses" includes partial direct write-offs (direct reductions).

2. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

5. Loan Write-Offs by Industry

| | Billions of yen | |
|---|-----------------|-------------|
| | Fiscal 2007 | Fiscal 2006 |
| Domestic operations (excluding offshore banking accounts) | | |
| Manufacturing | ¥ 25.7 | ¥ 10.6 |
| Agriculture, forestry, fishery and mining..... | 0.3 | 0.0 |
| Construction..... | 16.0 | 5.6 |
| Transport, information, communications and utilities..... | 11.3 | 14.9 |
| Wholesale and retail | 42.6 | 21.3 |
| Financial and insurance | (0.0) | 1.1 |
| Real estate | (3.6) | (10.2) |
| Services | 24.7 | 16.2 |
| Other industries..... | 18.7 | 25.4 |
| Subtotal..... | ¥135.7 | ¥84.9 |
| Overseas operations and offshore banking accounts | | |
| Financial institutions..... | ¥ 0.0 | ¥ 0.0 |
| C&I companies..... | 6.0 | (3.5) |
| Others | — | — |
| Subtotal..... | ¥ 6.0 | ¥ (3.5) |
| Total..... | ¥141.8 | ¥81.4 |

Note: "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

■ Market Risk

1. Scope

The following approaches are used to calculate market risk equivalent amounts.

(1) Internal Models Approach

General market risk of SMBC, Sumitomo Mitsui Banking Corporation Europe Limited, SMBC Capital Markets, Inc., SMBC Capital Markets Limited, and SMBC Derivative Products Limited

(2) Standardized Measurement Method

- Specific risk
- General market risk of consolidated subsidiaries other than SMBC, Sumitomo Mitsui Banking Corporation Europe Limited, SMBC Capital Markets, Inc., SMBC Capital Markets Limited, and SMBC Derivative Products Limited

2. Valuation Method Corresponding to Transaction Characteristics

All assets and liabilities held in the trading book - therefore, subject to calculation of the market risk equivalent amount - are transactions with high market liquidity. Securities and monetary claims are carried at the fiscal year-end market price, and 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.

■ Interest Rate Risk in Banking Book

Interest rate risk in the banking book fluctuates significantly depending on the method of recognizing maturity of demand deposits (such as current accounts and ordinary deposits which funds can be withdrawn on demand) and the method of predicting early withdrawal from fixed-term deposits and prepayment of consumer loans. Key assumptions made by SMBC in measuring interest rate risk in the banking book are as follows.

1. Method of Recognizing Maturity of Demand Deposits

The total amount of demand deposits expected to remain with the bank for the long term (with 50% of the lowest balance during the past 5 years as the upper limit) is recognized as a core deposit amount and interest rate risk is measured for each maturity with 5 years as the maximum term (the average is 2.5 years).

2. Method of Estimating Early Withdrawal from Fixed-term Deposits and Prepayment of Consumer Loans

The rate of early withdrawal from fixed-term deposits and the rate of prepayment of consumer loans are estimated and the rates are used to calculate cash flows used for measuring interest rate risk.

VaR Results

| | Billions of yen | | | |
|----------------------|-----------------|---------|-------------|---------|
| | Fiscal 2007 | | Fiscal 2006 | |
| | Trading | Banking | Trading | Banking |
| Fiscal year-end..... | ¥2.2 | ¥ 23.3 | ¥ 2.9 | ¥ 47.6 |
| Maximum..... | 4.3 | 59.3 | 4.7 | 78.9 |
| Minimum..... | 2.1 | 20.9 | 2.1 | 36.8 |
| Average..... | 2.8 | 31.3 | 2.9 | 51.6 |

Notes: 1. The VaR results for a one-day holding period with a one-sided confidence interval of 99.0%, computed daily using historical simulation method based on data collected over a four-year period.

2. Includes principal consolidated subsidiaries.

3. Figures for the trading book exclude specific risks.

■ Operational Risk

1. Operational Risk Equivalent Amount Calculation Methodology

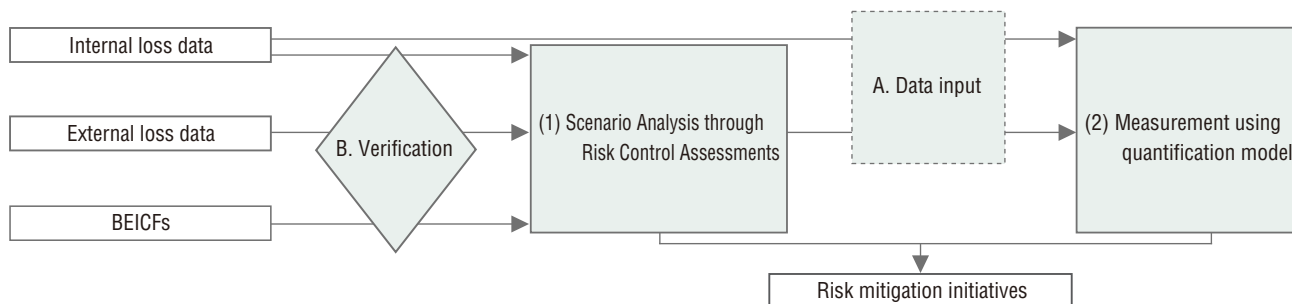
SMFG has adopted the Advanced Measurement Approaches (AMA) for exposures as of March 31, 2008. The following consolidated subsidiaries have also adopted the AMA, and the remaining consolidated subsidiaries have adopted the Basic Indicator Approach (BIA).

Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Card Company, Limited, The Japan Research Institute, Limited, SMBC Friend Securities Co., Ltd., The Japan Net Bank, Limited, SMBC Guarantee Co., Ltd., SMBC Finance Service Co., Ltd., THE MINATO BANK, LTD., SMBC Center Service Co., Ltd., SMBC Delivery Service Co., Ltd., SMBC Green Service Co., Ltd., SMBC International Business Co., Ltd., SMBC International Operations Co., Ltd., SMBC Loan Business Service Co., Ltd., SMBC Market Service Co., Ltd., SMBC Loan Administration and Operations Service Co., Ltd., and Sumitomo Mitsui Banking Corporation Europe Limited.

Further, the following companies that have adopted the BIA are making preparations to adopt the AMA: Kansai Urban Banking Corporation (for exposures as of September 30, 2008), Sumitomo Mitsui Finance and Leasing Company, Limited (for exposures as of March 31, 2009), and QUOQ Inc. (for exposures as of March 31, 2011).

2. Outline of the AMA

An outline of the AMA for operational risk management is described in the section on Risk Management. In this section, we would like to present an explanation of the preparation of data that is input into the quantification model and the verification of scenario assessment using internal loss data, external loss data, and Business Environment and Internal Control Factors (BEICFs). We will also give an outline of the methodology for measuring the operational risk equivalent amount (“required capital”) using the quantification model.



(1) Scenario Analysis through Risk Control Assessments

A. Preparation of Data Input into the Quantification Model

In order to estimate the frequency of occurrence of “low-frequency and high-severity” events, which is the purpose of risk control assessment, we estimate the loss frequency in terms of four loss amounts (¥100 million, ¥1 billion, ¥5 billion, and ¥10 billion) for each scenario, then input the total amount by loss event type for each entity, namely, SMFG (consolidated), SMBC (consolidated), and SMBC (nonconsolidated), into the quantification model.

At SMFG and SMBC, by using a different assessment method according to loss event type and organizational classification, we obtain a proper grasp of operational risk profile of the Group. The following section provides typical calculation examples for scenarios of SMBC domestic business offices.

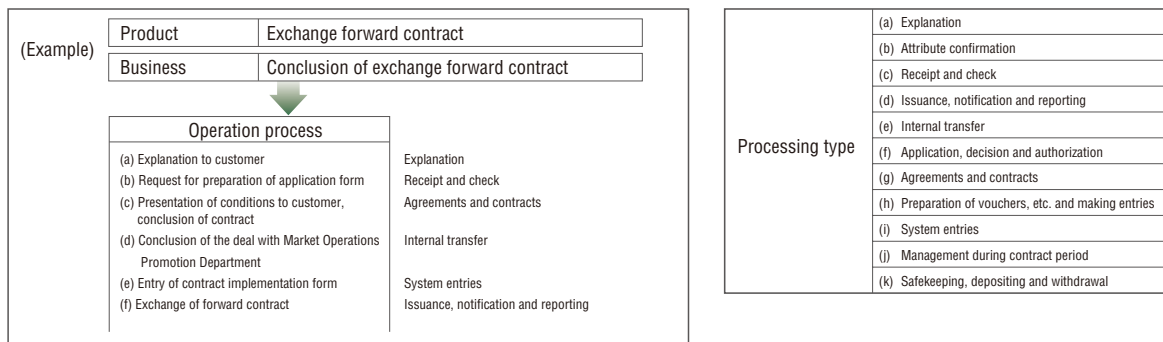
(A) Deriving and Scoring Scenarios

a. Deriving Scenarios

In order to grasp all potential risks of a business/product, we first identify “business processes & /products” stipulated in the “Common Procedures of Operations”. Then, we derive all possible scenarios for the generation of a loss event of prescribed magnitude by breaking down the operation process of each “business processes &/ products” into “processing types”.

We evaluate each individual scenario on an operation process basis.

Classification of Business, Products and Processing Type (Example)



b. Scenario Assessment

In order to assess scenarios, it is necessary to quantify loss frequency and amount for each scenario. At SMBC, in order to quantify loss frequency for each scenario, we execute risk control assessments on each scenario.

In risk assessment, in order to measure the easiness of loss occurrence in each operation process before taking into account the risk management (control) situation, we set standards for various assessment items - transaction volume, volatility of transaction volume, time limits and so on - and the operation process is scored on how well the standards are met.

Risk Scoring (Examples)

| Perspective | Risk Items | What to Assess | Score |
|---|---------------------------------------|---|-------|
| Easiness of making an error | (a) Transaction volume | Largeness of annual processing volume | 1 |
| | (b) Volatility of transaction volumes | Degree of concentration of processing on specific dates | 0 |
| | (c) Time limits | Shortness of deadlines and degree of urgency | 2 |
| | (d) Complexity of process | Degree of processing complexity, processing volume per task | 1 |
| | (e) Complexity of products | Product complexity | 0 |
| Easiness of an error leading to a clerical accident | (f) Deal with outside party | Easiness of error in transferring actual items/funds to customer/other bank leading to loss accident | 0 |
| | (g) Booking of business products | Easiness of error in handling of, or in notifying actions to be taken on, products with market risk leading to loss event | 0 |

Control assessment is executed from the perspective of preventive control and detection & recovery control. We set standards for various items - establishment of manuals and procedures, processing authority and pre-process check, post-process check, and so on - and the operation process is scored on how well the standards are met.

Control Assessment (Examples)

| Perspective | Risk Items | What to Assess | Score |
|----------------------------|--|---|-------|
| Design of procedures | (a) Establishment of manuals and procedures | Whether rules/ procedures/etc. have been documented or updated | 1 |
| | (b) Details of manuals and procedures | Whether there are rules for accurate processing execution without omissions and whether they are effective (excluding those included in below three risk items) | 0 |
| Authority and verification | (c) Processing authority and pre-process check | Assess processing authority, pre-process check | 1 |
| | (d) Post-process check | Assess post-process check and accident detection measures (assess only preventive measures) | 0 |
| System situation | (e) Degree of system processing | System processing | 0 |

(B) Quantifying Loss Frequency of Each Scenario

a. Generation of “Average Frequency Table” for Domestic Business Offices

To quantify loss frequency for domestic branches, we assume future loss frequency is similar to historical loss frequency. And we generate an average frequency table, which is used to estimate future loss frequency. The average frequency table comprises rows of total risk score and columns of total control score and the number of loss occurrences in a one-year period for each combination of scores is given.

As risk and control assessment items are expected to have different loss occurrence contribution ratios, we analyze their loss occurrence contribution ratios for each assessment item by executing a regression analysis and weight each assessment item.

Average Frequency Table (Example)

(Times/Year)

| Total Score | | Control | | | | | |
|-------------|-----------|---------|-----|-----|-----|------|-----|
| | | ~2.0 | 2.4 | 2.8 | 3.2 | 3.6 | 4.0 |
| Risk | 5.5 ~ | *** | *** | *** | *** | *** | *** |
| | 4.5 ~ 5.5 | *** | *** | *** | *** | *** | *** |
| | 3.5 ~ 4.5 | *** | *** | *** | *** | *** | *** |
| | 2.5 ~ 3.5 | *** | *** | *** | *** | 2.40 | *** |
| | 1.5 ~ 2.5 | *** | *** | *** | *** | *** | *** |
| | 0.5 ~ 1.5 | *** | *** | *** | *** | *** | *** |
| | ~0.5 | *** | *** | *** | *** | *** | *** |

b. Quantifying Loss Frequency of Each Scenario

Total risk assessment score and total control assessment score are calculated for each scenario taking into account the weight of each assessment item described above. Then, the loss frequency of each scenario (the number of times the loss event described in the scenario occurs during a one-year period) is estimated using the average frequency table.

(C) Quantifying Loss Amount for Each Scenario

In order to quantify the loss amount for each scenario, we generate loss distribution for each “business process & product” by using the historical transaction data of SMBC. Specifically, we assume that the historical transaction volume follows a logarithmic normal (log-normal) distribution for each “business process & product” and generate the log-normal distribution.

(D) Estimating the Frequency of Occurrence of the “Low-Frequency and High-Severity” Events

In order to estimate the probability of occurrence in terms of four loss amounts (¥100 million, ¥1 billion, ¥5 billion, and ¥10 billion) for each scenario, we use a cumulative distribution function estimated for each scenario.

Because we assume the log-normal distribution to each “business process & product”, in case one loss event occurs in a one-year period, maximum potential loss is the cumulative distribution function based on log-normal distribution. Therefore, in this case, we estimate the probability of occurrence of four loss amounts by substituting each loss amount for the maximum loss amount of cumulative distribution function.

In case that one loss event occurs in a one-year period, the method described above is followed. However, in case that several numbers of loss events occur in a one-year period, it is conceivable that the events occurred independently of each other. Therefore, the probability of occurrence of several loss events can be calculated by the probability of one loss event raised to the power of its loss frequency.

As we quantify the loss frequency for each scenario using the average frequency table, we are able to estimate the probability of four loss amounts by the probability raised to the power of loss frequency derived from the frequency table.

After estimating the loss frequency in terms of the four loss amounts for each scenario, we sum results for each loss event type and input them into the quantification model for SMFG (consolidated), SMBC (consolidated), and SMBC (nonconsolidated).

B. Verification of Scenarios Using Three Data Elements

At SMFG and SMBC, the verifications of the assessments of scenarios using internal loss data, external loss data, and BEICFs (hereinafter, “3 data elements”) is implemented quarterly. Specifically, SMFG and SMBC use these data and information and use them to determine, on a quarterly basis, whether there are any scenarios that have been omitted and whether the assessments of the scenarios are appropriate to ensure the completeness and appropriateness of the scenarios.

(A) Reassessment of Scenarios Using Internal Loss Data

Both SMFG and SMBC, in principle, compile internal loss data on all gross loss amounts of at least one yen. From the data, internal loss data which fulfill the established criteria are drawn, and the content of the related loss events is considered; then, a judgment is made regarding whether or not to review the scenario in question. Specifically, we pose a number of issues to consider, such as whether the scenario exists at SMBC, and, if so, whether the deviation between the actual loss and the assessed value of the scenario is within the tolerance range. In considering these issues, we follow a set pattern of logical reasoning in making a decision on whether the scenario should be revised.

When we decide it is necessary to revise the scenario, we make a reassessment based on the internal loss data. In this process, we consider redeveloping and reassessing the scenario and other related matters to ensure that the internal loss data is properly reflected in the scenario.

(B) Reassessment of Scenarios Using External Loss Data

At SMFG and SMBC, we have a database containing more than 5,000 cases of external losses that have been taken from the mass media, including newspapers, and purchased from data vendors. A framework has been created to enable the sharing of this database across the Group.

From this database, we draw external loss data which fulfill the established criteria, and the content of the related loss events is considered; then, a judgment is made regarding whether or not to revise the scenario in question. Specifically, we pose a number of issues to consider, such as whether the scenarios in question exist at SMBC, and, if so, whether the deviation between the actual loss and the assessed value of the scenario is within the tolerance range. In considering these issues, we follow a set pattern of logical reasoning in making a decision on whether the scenario should be reviewed.

When we decide it is necessary for the scenario to be reviewed, we make a reassessment based on the external loss data. In this process, we consider deriving and reassessing the scenario and other related matters to ensure that the external loss data is properly reflected in the scenario.

(C) Reassessment of Scenarios using BEICFs

At SMFG and SMBC, we compile data related to changes in laws and regulations, changes in internal rules, policies and procedures, and new business, products and process, all of which are business environment and internal control factors (BEICFs). We use this information to consider periodically whether our scenarios should be reconsidered, and, even for events other than those listed previously, when major changes occur in the business environment, our systems provide, as necessary, for the consideration of whether scenarios should be revised.

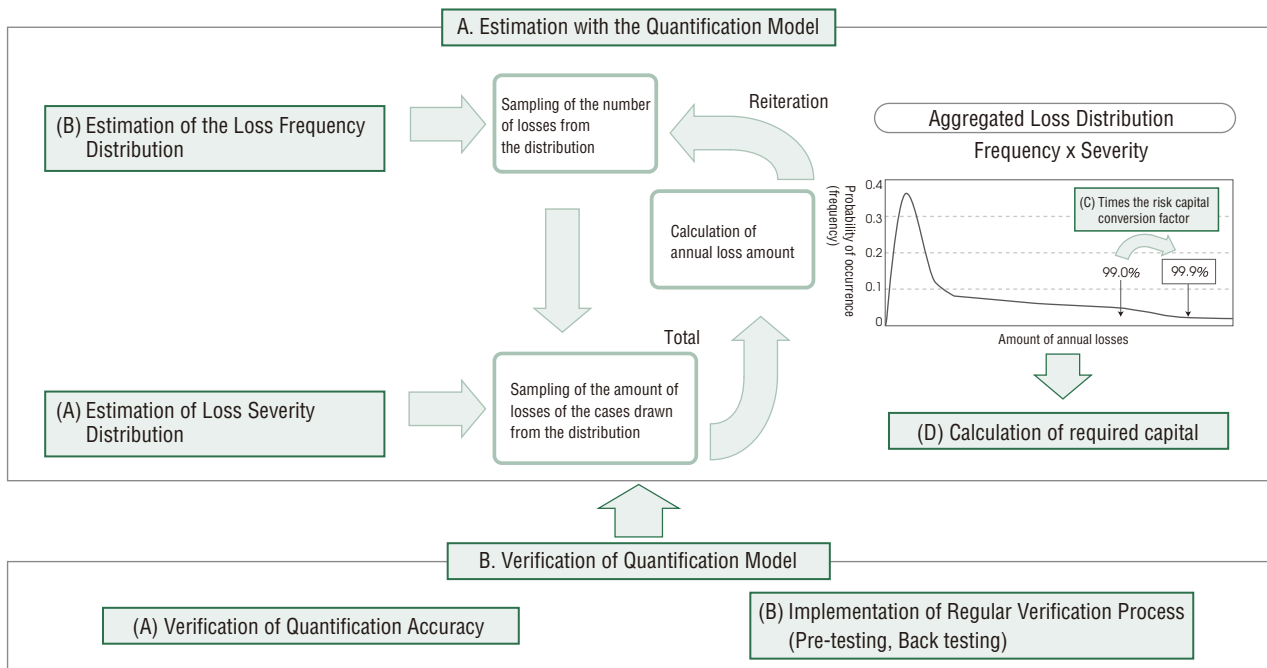
When we decide it is necessary for the scenario to be reviewed, we make a reassessment based on the information related to changes and other factors in BEICFs. In this process, we consider redeveloping and reassessing the scenario and other related matters to ensure that the changes in BEICFs are properly reflected in our scenarios.

(2) Measurement using Quantification Models

When calculating operational risk using the quantification model, firstly, we input seven-year historical internal loss data and the data on the frequency of “low-frequency and high-severity” events in terms of four loss amounts, which have been estimated through risk control assessments, and generate a loss distribution. Secondly, we use this distribution to estimate the maximum loss amount with a 99.0 percentile confidence interval (hereinafter referred to as 99.0% VaR). Thirdly, we multiply this maximum loss by a number, which we call “the risk capital conversion factor”, to estimate 99.9% VaR. Finally, we calculate required capital by using a multiplier that has been determined based on the number of times in which actual losses have exceeded predicted losses through the use of back testing. In estimation of the aggregated loss distribution, we need to estimate the loss severity and frequency distribution.

In addition, we confirm whether the quantification model is functioning appropriately and conservatively in measuring operational risk by implementing various types of sensitivity analysis and verification tests.

The following chart puts the main points of this quantification method in order and explains how the results of measurement are verified.



A. Measurement using the Quantification Model

(A) Estimation of Loss Severity Distribution

a. Smoothed Bootstrap Method

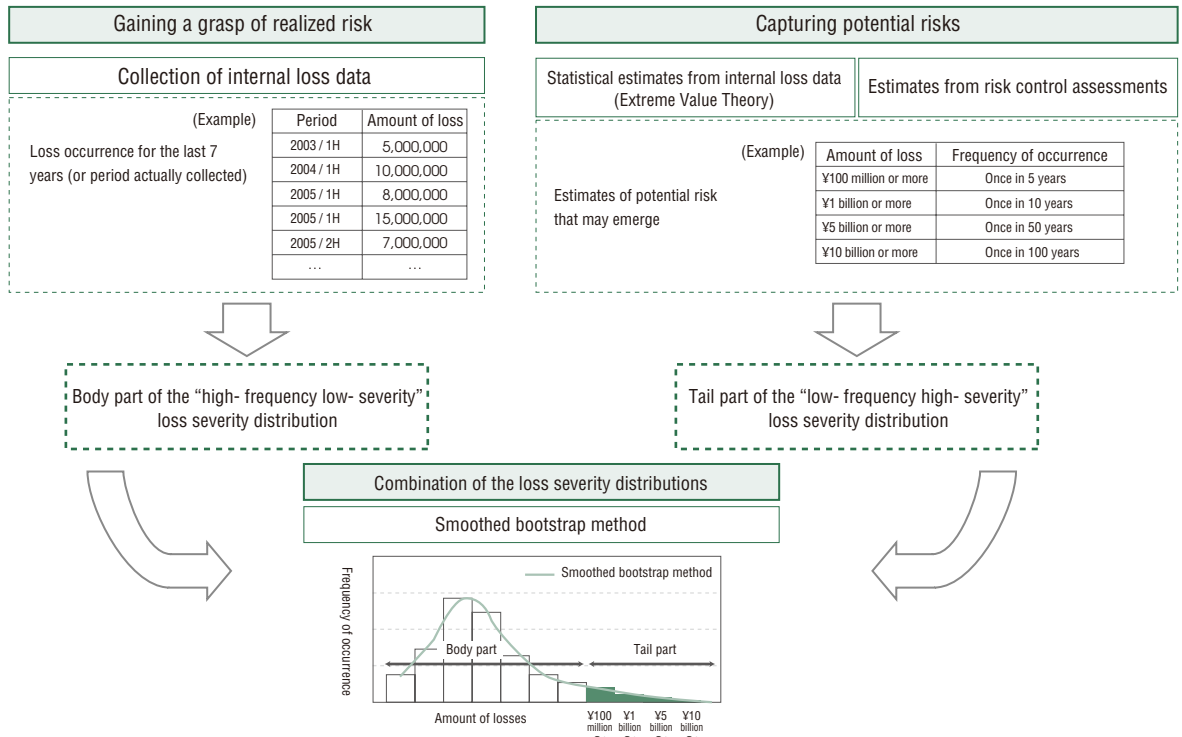
We employ the “smoothed bootstrap” method for generating the loss distribution. The smoothed bootstrap method is one of the methods that connect the distribution, of the realized risk and the potential risk event, smoothly. Under this method, no assumptions are made about the shape of the distribution as a whole, but assumptions are on the individual distribution related to realized individual losses. Therefore, this method takes advantage of the widely known parametric method as well as the non-parametric one.

Under the non-parametric method, if we use historical internal loss data to generate the loss severity distribution, we are not able to create the samples outside the actual observation points, and also it is particularly difficult to create a distribution with a fat tail. However, through the use of the method that can combine such data (on actual observations) with data on potential risks, it becomes possible to create large losses that occur rarely (with a potential impact) and that have not actually been found in historical internal loss data. In generating the distribution, while “high-frequency low-severity” events are based on sufficient historical internal loss data volume, for “low-frequency high-severity” events in the tail of the distribution, the historical internal data volume is insufficient. This approach makes it possible to reflect the severity (frequency of occurrence) of potential risk that has been assessed in the risk control assessments. In this way, using this model, realized risks and potential risks can be combined with congruity.

In estimating the loss distribution under this method, the Kernell function is applied to the loss data to derive “Kernell estimate” by the pile-up of functions. In particular, the log-normal distribution is applied as the Kernell function.

b. Supplementing Results of Risk Control Assessments with Extreme Value Theory

In order to capture potential risks, a statistical method known as Extreme Value Theory is used in addition to the results of risk control assessments. Extreme Value Theory is the statistical assessment method by which risks that may occur in the future accompanying larger losses than the actually observed ones in the internal loss data can be quantified, and fulfills the role of supplementing the risk control assessments.



(B) Estimation of Loss Frequency Distribution

The Poisson distribution is used for generating the loss frequency distribution. To estimate the Poisson distribution, it is necessary to estimate the average number of annual losses, but in this model, we do not simply take the annual average of all cases of losses for the entire period (several fiscal years) but instead, estimate the annual average number of loss cases for each fiscal year individually. Through this approach, we are able to take account of the deviations in the historical incidence of losses for different periods and are able to estimate loss cases that may occur in the future more appropriately.

(C) Risk Capital Conversion Factor γ

We calculate 99.0% VaR from the estimated aggregated loss distribution, and then multiply the risk capital conversion factor γ (gamma) in order to compute 99.9% VaR. By introducing γ it is unnecessary to estimate 99.9% VaR directly which can be estimated with lower accuracy, and it provides with stable estimation results by estimating 99.0% VaR which can be estimated with higher accuracy.

The factor γ means the ratio between 99.9% VaR and 99.0% VaR. In other words, it is the risk profile of the loss distribution and an indicator for the characteristics of the tail part of the distribution. The risk profile of the loss distribution is different for each loss event type, by which the calculation is performed. In addition, we have verified statistically that it could differ among SMFG (consolidated), SMBC (consolidated), and SMBC (nonconsolidated). To reflect their characteristics, we set a different value of γ for each entity. There is a tendency for γ to become smaller, etc., when there is a distribution of large expected losses or when the tail of the distribution is highly dense.

When setting γ initially, we conduct an analysis, taking into account the possibility of changes in the risk profiles of many types of loss distributions, and set values that maintain the stability and the conservativeness of capital. In addition, we assess changes in the risk profiles of the most recent loss distributions, including the present one, and, when changes are above a certain level, we conduct a review of the γ values. This makes it possible to keep values of γ appropriate to changes in the risk profile of the loss distribution and calculate stable values of required capital.

(D) Calculation of Required Capital

We calculate required capital by multiplying the 99.9% VaR calculated in the previous section by the multiplier for each loss event type that has been determined based on the number of breaches in back testing. As will be mentioned later, back testing is conducted periodically, and, when realized risk is found to be greater than the risks estimated with the quantification model (back testing excess), we take necessary steps, such as multiplying by the multiplier determined through prior analysis, to maintain the conservativeness of required capital estimates.

We then added the required capital amounts calculated for each loss event type to compute the required capital for SMFG (consolidated), SMBC (consolidated), and SMBC (nonconsolidated).

Please note that in calculating required capital, we do not subtract expected losses.

B. Verification of the Quantification Model

We conduct a range of sensitivity and verification tests to ensure that the measurement results of the quantification model are appropriate (quantification accuracy) and to confirm that our model is capable of measuring the amounts corresponding to the maximum losses from operational risk that may be incurred for a one year holding period, with a one-sided 99.9 percentile confidence interval. In the following paragraphs, we would like to explain the methods for assessing the quantification accuracy of our measurements and the framework we have in place for regular verifications.

(A) Verification of Quantification Accuracy

We have confirmed the reliability of the quantification model through a verification process from various perspectives. Specifically, we obtain a quantitative grasp of the possibilities for variation in measurement results that may arise from preconditions or assumptions made at the time the models were designed. In particular, we assess the possibilities for underestimating required capital and the possible magnitude of such underestimates. Then, in our periodic verification framework, which is described below, we make analyses of how to compensate for such underestimates. We apply our understanding of the possibilities for underestimation to the multiplier derived from back testing, and, if the accuracy of the quantification model deteriorates, we introduce a framework for making adjustments in the multiplier to avoid underestimating the amount of required capital.

(B) Implementation of Regular Verification Process

To confirm the appropriateness of the quantification model on a continuing basis, we conduct a regular verification process. Specifically, there are two types of verifications. One is back testing, which enables us to make a comprehensive judgment on the appropriateness of measurement results, and the other is pre-testing, in which we verify the accuracy of the quantification model prior to conducting actual measurements. In the following paragraphs, we present an explanation of these two test types.

a. Back Testing

In conducting back tests, we compare the estimates made by the quantification model with the maximum loss arising from business activities to verify on an ex post fact basis whether the measurement results obtained from the model are conservative enough and appropriate. When actual losses become greater than the losses estimated by the model (actual losses exceed the estimate when back tests are conducted), we apply the multiplier factor in accordance with the number of excesses in order to ensure conservativeness of quantification results.

Back testing is a well-known method for verifying comprehensively the appropriateness of VaR (statistical) models. We employ the test to obtain the maximum loss amount with the given confidence interval which the tests work effectively. By comparing the test results with the losses that actually occur, we increase the effectiveness of back testing.

b. Pre-testing

Pre-testing is conducted periodically, prior to use of the model for actual measurements, to verify whether the possibility of underestimation is increasing (model risk is rising), since it is possible that the multiplier used in back testing may lead to underestimation. As a result of pre-test verifications, we are able to confirm, on a continuing basis, whether the multiplier used in back testing are conservative enough or whether model risk is emerging.

3. Usage of Insurance to Mitigate Risk

SMFG had not taken measures to mitigate operational risk through insurance coverage for exposures as of March 31, 2008.

4. Required Capital by Operational Risk Measurement Method

The amount of required capital to cover operational risk by measurement method was as follows for exposures as of March 31, 2008.

(¥ billion)

| | Amount of Required Capital |
|---------------------------------|----------------------------|
| Advanced Measurement Approaches | 224.5 |
| Basic Indicator Approach | 43.7 |
| Total | 268.2 |

Income Analysis (Consolidated)

Sumitomo Mitsui Banking Corporation and Subsidiaries

Operating Income, Classified by Domestic and Overseas Operations

| Year ended March 31 | Millions of yen | | | | | | | |
|--|---------------------|---------------------|-------------|------------|---------------------|---------------------|-------------|------------|
| | 2008 | | | | 2007 | | | |
| | Domestic operations | Overseas operations | Elimination | Total | Domestic operations | Overseas operations | Elimination | Total |
| Interest income | ¥1,518,852 | ¥668,838 | ¥(65,060) | ¥2,122,630 | ¥1,411,367 | ¥593,969 | ¥(55,102) | ¥1,950,234 |
| Interest expenses..... | 503,975 | 457,941 | (48,276) | 913,640 | 419,280 | 408,872 | (31,373) | 796,779 |
| Net interest income..... | 1,014,876 | 210,897 | (16,784) | 1,208,989 | 992,086 | 185,097 | (23,728) | 1,153,455 |
| Trust fees..... | 3,710 | — | — | 3,710 | 3,482 | — | — | 3,482 |
| Fees and commissions (income) | 479,366 | 71,996 | (1,309) | 550,053 | 518,851 | 59,223 | (639) | 577,435 |
| Fees and commissions (expenses) | 108,379 | 10,537 | (1,047) | 117,869 | 104,406 | 7,353 | (345) | 111,413 |
| Net fees and commissions..... | 370,986 | 61,459 | (261) | 432,184 | 414,445 | 51,870 | (293) | 466,021 |
| Trading profits | 449,958 | 30,848 | (31,665) | 449,141 | 118,694 | 21,459 | (21,564) | 118,589 |
| Trading losses..... | 15,242 | 16,423 | (31,665) | — | 10,720 | 12,780 | (21,564) | 1,936 |
| Net trading income..... | 434,715 | 14,425 | — | 449,141 | 107,974 | 8,679 | — | 116,653 |
| Other operating income | 208,285 | 18,986 | (2) | 227,270 | 179,271 | 18,294 | (394) | 197,172 |
| Other operating expenses..... | 459,726 | 1,550 | (0) | 461,276 | 225,707 | 10,759 | (174) | 236,292 |
| Net other operating income (expenses)..... | (251,440) | 17,436 | (2) | (234,006) | (46,435) | 7,535 | (219) | (39,120) |

- Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.
2. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest expenses" are shown after deduction of expenses (2008, ¥10 million; 2007, ¥5 million) related to the management of money held in trust.
3. Intersegment transactions are reported in the "Elimination" column.

Average Balance, Interest and Earnings Yield of Interest-Earning Assets and Interest-Bearing Liabilities

Domestic Operations

| Year ended March 31 | Millions of yen | | | | | |
|--|-----------------|------------|----------------|-----------------|------------|----------------|
| | 2008 | | | 2007 | | |
| | Average balance | Interest | Earnings yield | Average balance | Interest | Earnings yield |
| Interest-earning assets..... | ¥75,205,377 | ¥1,518,852 | 2.02% | ¥76,675,402 | ¥1,411,367 | 1.84% |
| Loans and bills discounted..... | 52,218,671 | 1,115,012 | 2.14 | 52,294,389 | 975,869 | 1.87 |
| Securities..... | 17,931,827 | 288,315 | 1.61 | 19,724,688 | 330,569 | 1.68 |
| Call loans and bills bought | 632,627 | 13,128 | 2.08 | 777,805 | 17,367 | 2.23 |
| Receivables under resale agreements.... | 67,129 | 382 | 0.57 | 41,945 | 94 | 0.23 |
| Receivables under securities borrowing transactions | 980,818 | 7,032 | 0.72 | 1,329,318 | 4,857 | 0.37 |
| Deposits with banks | 1,840,501 | 34,684 | 1.88 | 1,027,774 | 26,863 | 2.61 |
| Interest-bearing liabilities..... | ¥79,264,153 | ¥ 503,975 | 0.64% | ¥79,416,907 | ¥ 419,280 | 0.53% |
| Deposits | 65,551,997 | 244,101 | 0.37 | 65,216,658 | 177,587 | 0.27 |
| Negotiable certificates of deposit | 2,600,739 | 15,325 | 0.59 | 2,563,245 | 6,064 | 0.24 |
| Call money and bills sold..... | 2,094,184 | 10,894 | 0.52 | 2,908,959 | 4,294 | 0.15 |
| Payables under repurchase agreements.... | 101,085 | 582 | 0.58 | 157,630 | 430 | 0.27 |
| Payables under securities lending transactions | 2,041,013 | 45,499 | 2.23 | 2,301,547 | 60,856 | 2.64 |
| Borrowed money | 3,030,071 | 66,531 | 2.20 | 2,288,969 | 47,872 | 2.09 |
| Short-term bonds | 1,450 | 9 | 0.68 | 3,560 | 14 | 0.40 |
| Bonds | 3,565,619 | 71,821 | 2.01 | 3,627,408 | 67,408 | 1.86 |

- Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries.
2. In principle, average balances are calculated by using daily balances. However, some domestic consolidated subsidiaries use weekly, monthly or semiannual balances instead.
3. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2008, ¥791,342 million; 2007, ¥1,088,877 million).
4. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (2008, ¥2,771 million; 2007, ¥2,607 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2008, ¥2,771 million; 2007, ¥2,607 million) and corresponding interest (2008, ¥10 million; 2007, ¥5 million).

Domestic Operations

| Year ended March 31 | Millions of yen | | | | | |
|--|-----------------|----------|----------------|-----------------|----------|----------------|
| | 2008 | | | 2007 | | |
| | Average balance | Interest | Earnings yield | Average balance | Interest | Earnings yield |
| Interest-earning assets | ¥12,724,231 | ¥668,838 | 5.26% | ¥11,228,957 | ¥593,969 | 5.29% |
| Loans and bills discounted | 8,789,302 | 466,604 | 5.31 | 7,836,742 | 401,424 | 5.12 |
| Securities | 1,139,822 | 62,162 | 5.45 | 1,109,298 | 62,710 | 5.65 |
| Call loans and bills bought | 268,662 | 12,827 | 4.77 | 200,194 | 10,824 | 5.41 |
| Receivables under resale agreements... | 278,935 | 6,661 | 2.39 | 145,659 | 7,003 | 4.81 |
| Receivables under securities borrowing transactions | — | — | — | — | — | — |
| Deposits with banks | 1,844,837 | 71,185 | 3.86 | 1,527,271 | 72,910 | 4.77 |
| Interest-bearing liabilities | ¥ 8,833,141 | ¥457,941 | 5.18% | ¥ 8,929,624 | ¥408,872 | 4.58% |
| Deposits | 7,101,518 | 256,777 | 3.62 | 6,985,307 | 282,707 | 4.05 |
| Negotiable certificates of deposit | 660,930 | 36,045 | 5.45 | 738,076 | 37,618 | 5.10 |
| Call money and bills sold | 314,091 | 12,675 | 4.04 | 325,729 | 14,520 | 4.46 |
| Payables under repurchase agreements... | 207,412 | 6,802 | 3.28 | 352,703 | 17,923 | 5.08 |
| Payables under securities lending transactions | — | — | — | — | — | — |
| Borrowed money | 197,127 | 10,436 | 5.29 | 91,801 | 2,931 | 3.19 |
| Short-term bonds | — | — | — | — | — | — |
| Bonds | 268,000 | 17,447 | 6.51 | 348,240 | 20,930 | 6.01 |

- Notes: 1. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.
2. In principle, average balances are calculated by using daily balances. However, some overseas consolidated subsidiaries use weekly, monthly or semiannual balances instead.
3. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2008, ¥75,204 million; 2007, ¥48,320 million).

Total of Domestic and Overseas Operations

| Year ended March 31 | Millions of yen | | | | | |
|--|-----------------|------------|----------------|-----------------|------------|----------------|
| | 2008 | | | 2007 | | |
| | Average balance | Interest | Earnings yield | Average balance | Interest | Earnings yield |
| Interest-earning assets | ¥86,842,369 | ¥2,122,630 | 2.44% | ¥87,160,682 | ¥1,950,234 | 2.24% |
| Loans and bills discounted | 60,139,056 | 1,538,387 | 2.56 | 59,486,052 | 1,348,997 | 2.27 |
| Securities | 19,071,650 | 333,692 | 1.75 | 20,833,987 | 369,548 | 1.77 |
| Call loans and bills bought | 901,289 | 25,955 | 2.88 | 978,000 | 28,192 | 2.88 |
| Receivables under resale agreements... | 346,065 | 7,044 | 2.04 | 187,604 | 7,098 | 3.78 |
| Receivables under securities borrowing transactions | 980,818 | 7,032 | 0.72 | 1,329,318 | 4,857 | 0.37 |
| Deposits with banks | 3,468,732 | 100,826 | 2.91 | 2,457,987 | 96,700 | 3.93 |
| Interest-bearing liabilities | ¥87,009,800 | ¥ 913,640 | 1.05% | ¥87,602,397 | ¥ 796,779 | 0.91% |
| Deposits | 72,436,730 | 495,834 | 0.68 | 72,104,532 | 457,221 | 0.63 |
| Negotiable certificates of deposit | 3,261,670 | 51,370 | 1.57 | 3,301,321 | 43,683 | 1.32 |
| Call money and bills sold | 2,408,276 | 23,570 | 0.98 | 3,234,688 | 18,815 | 0.58 |
| Payables under repurchase agreements... | 308,497 | 7,384 | 2.39 | 510,333 | 18,353 | 3.60 |
| Payables under securities lending transactions | 2,041,013 | 45,499 | 2.23 | 2,301,547 | 60,856 | 2.64 |
| Borrowed money | 2,358,205 | 33,736 | 1.43 | 1,735,608 | 22,504 | 1.30 |
| Short-term bonds | 1,450 | 9 | 0.68 | 3,560 | 14 | 0.40 |
| Bonds | 3,833,620 | 89,269 | 2.33 | 3,975,649 | 88,338 | 2.22 |

- Notes: 1. The figures above comprise totals for domestic and overseas operations after intersegment eliminations.
2. In principle, average balances are calculated by using daily balances. However, some consolidated subsidiaries use weekly, monthly or semiannual balances instead.
3. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2008, ¥866,367 million; 2007, ¥1,136,823 million).
4. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (2008, ¥2,771 million; 2007, ¥2,607 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2008, ¥2,771 million; 2007, ¥2,607 million) and corresponding interest (2008, ¥10 million; 2007, ¥5 million).

Fees and Commissions

| Year ended March 31 | Millions of yen | | | | | | | |
|--------------------------------------|---------------------|---------------------|-------------|----------|---------------------|---------------------|-------------|----------|
| | 2008 | | | | 2007 | | | |
| | Domestic operations | Overseas operations | Elimination | Total | Domestic operations | Overseas operations | Elimination | Total |
| Fees and commissions (income)..... | ¥479,366 | ¥71,996 | ¥(1,309) | ¥550,053 | ¥518,851 | ¥59,223 | ¥(639) | ¥577,435 |
| Deposits and loans..... | 25,285 | 49,217 | — | 74,503 | 25,649 | 40,664 | — | 66,313 |
| Remittances and transfers..... | 126,743 | 8,568 | (177) | 135,135 | 124,972 | 9,166 | (0) | 134,137 |
| Securities-related business..... | 15,118 | 58 | — | 15,176 | 35,484 | 271 | — | 35,756 |
| Agency..... | 16,044 | — | — | 16,044 | 16,594 | — | — | 16,594 |
| Safe deposits..... | 7,140 | 4 | — | 7,144 | 7,318 | 4 | — | 7,322 |
| Guarantees..... | 42,864 | 4,150 | (393) | 46,621 | 44,860 | 1,266 | (391) | 45,734 |
| Credit card..... | 6,878 | — | — | 6,878 | 6,903 | — | — | 6,903 |
| Fees and commissions (expenses)..... | ¥108,379 | ¥10,537 | ¥(1,047) | ¥117,869 | ¥104,406 | ¥ 7,353 | ¥(345) | ¥111,413 |
| Remittances and transfers..... | 26,683 | 5,103 | (174) | 31,612 | 25,135 | 2,262 | (198) | 27,200 |

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.
2. Intersegment transactions are reported in the "Elimination" column.

Trading Income

| Year ended March 31 | Millions of yen | | | | | | | |
|---|---------------------|---------------------|-------------|----------|---------------------|---------------------|-------------|----------|
| | 2008 | | | | 2007 | | | |
| | Domestic operations | Overseas operations | Elimination | Total | Domestic operations | Overseas operations | Elimination | Total |
| Trading profits..... | ¥449,958 | ¥30,848 | ¥(31,665) | ¥449,141 | ¥118,694 | ¥21,459 | ¥(21,564) | ¥118,589 |
| Gains on trading securities..... | 652 | 324 | — | 976 | 6,099 | 37 | — | 6,136 |
| Gains on securities related to trading transactions..... | 2,705 | 228 | — | 2,934 | — | — | — | — |
| Gains on trading-related financial derivatives..... | 439,734 | 30,296 | (31,665) | 438,365 | 109,351 | 21,422 | (21,564) | 109,208 |
| Others..... | 6,865 | — | — | 6,865 | 3,244 | — | — | 3,244 |
| Trading losses..... | ¥ 15,242 | ¥16,423 | ¥(31,665) | ¥ — | ¥ 10,720 | ¥12,780 | ¥(21,564) | ¥ 1,936 |
| Losses on trading securities..... | — | — | — | — | — | — | — | — |
| Losses on securities related to trading transactions..... | — | — | — | — | 1,928 | 7 | — | 1,936 |
| Losses on trading-related financial derivatives..... | 15,242 | 16,423 | (31,665) | — | 8,791 | 12,773 | (21,564) | — |
| Others..... | — | — | — | — | — | — | — | — |

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.
2. Intersegment transactions are reported in the "Elimination" column.

Assets and Liabilities (Consolidated)

Sumitomo Mitsui Banking Corporation and Subsidiaries

Deposits and Negotiable Certificates of Deposit

Year-End Balance

| March 31 | Millions of yen | |
|--|-----------------|-------------|
| | 2008 | 2007 |
| Domestic operations: | | |
| Liquid deposits | ¥40,937,520 | ¥41,307,135 |
| Fixed-term deposits | 21,906,417 | 21,273,969 |
| Others | 4,076,061 | 3,273,252 |
| Subtotal | 66,919,999 | 65,854,357 |
| Negotiable certificates of deposit | 2,307,506 | 1,920,747 |
| Total | ¥69,227,505 | ¥67,775,104 |
| Overseas operations: | | |
| Liquid deposits | ¥ 4,613,034 | ¥ 5,331,444 |
| Fixed-term deposits | 1,227,907 | 1,006,300 |
| Others | 6,793 | 8,241 |
| Subtotal | 5,847,735 | 6,345,986 |
| Negotiable certificates of deposit | 817,143 | 705,470 |
| Total | ¥ 6,664,878 | ¥ 7,051,456 |
| Grand total | ¥75,892,384 | ¥74,826,561 |

- Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.
 2. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice
 3. Fixed-term deposits = Time deposits + Installment savings

Balance of Loan Portfolio, Classified by Industry

Year-End Balance

| March 31 | Millions of yen | | | |
|---|-----------------|---------|-------------|---------|
| | 2008 | | 2007 | |
| Domestic operations: | | | | |
| Manufacturing | ¥ 5,647,304 | 10.55% | ¥5,594,929 | 10.65% |
| Agriculture, forestry, fisheries and mining | 145,627 | 0.27 | 139,509 | 0.27 |
| Construction | 1,358,113 | 2.54 | 1,435,549 | 2.73 |
| Transportation, communications and public enterprises | 3,054,126 | 5.70 | 3,035,500 | 5.78 |
| Wholesale and retail | 5,319,595 | 9.94 | 5,502,101 | 10.47 |
| Finance and insurance | 5,543,367 | 10.35 | 5,169,458 | 9.84 |
| Real estate | 7,755,616 | 14.48 | 7,626,700 | 14.51 |
| Services | 6,084,951 | 11.36 | 6,371,973 | 12.13 |
| Municipalities | 846,982 | 1.58 | 648,704 | 1.23 |
| Others | 17,796,195 | 33.23 | 17,021,236 | 32.39 |
| Subtotal | ¥53,551,882 | 100.00% | ¥52,545,664 | 100.00% |
| Overseas operations: | | | | |
| Public sector | ¥ 32,848 | 0.35% | ¥ 35,783 | 0.51% |
| Financial institutions | 621,385 | 6.60 | 481,228 | 6.80 |
| Commerce and industry | 7,826,252 | 83.07 | 5,977,548 | 84.52 |
| Others | 940,232 | 9.98 | 577,624 | 8.17 |
| Subtotal | ¥ 9,420,719 | 100.00% | ¥ 7,072,185 | 100.00% |
| Total | ¥62,972,601 | — | ¥59,617,850 | — |

- Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.
 2. Japan offshore banking accounts are included in overseas operations' accounts.

Risk-Monitored Loans

| March 31 | Millions of yen | |
|---|-----------------|------------|
| | 2008 | 2007 |
| Bankrupt loans | ¥ 73,176 | ¥ 60,068 |
| Non-accrual loans | 589,280 | 488,812 |
| Past due loans (3 months or more) | 26,625 | 22,018 |
| Restructured loans | 384,388 | 476,665 |
| Total | ¥1,073,471 | ¥1,047,566 |
| Amount of direct reduction | ¥ 416,706 | ¥ 407,910 |

Note: Definition of risk-monitored loan categories

1. Bankrupt loans: Credits for which accrued interest is not accounted in revenue; credits extended to borrowers that are undergoing bankruptcy, corporate reorganization and rehabilitation proceedings or debtors receiving orders of disposition by suspension of business at bill clearinghouses
2. Non-accrual loans: Credits for which accrued interest is not accounted in revenue; credits, excluding loans to bankrupt borrowers and loans with grace for interest payment to assist in corporate reorganization or to support business
3. Past due loans (3 months or more): Loans with payment of principal or interest in arrears for more than 3 months, calculated from the day following the contractual due date, excluding borrowers in categories 1. and 2.
4. Restructured loans: Loans to borrowers in severe financial condition given certain favorable terms and conditions to assist in corporate rehabilitation or to support business, excluding borrowers in categories 1. through 3.

Securities

Year-End Balance

| March 31 | Millions of yen | |
|---------------------------------------|-----------------|-------------|
| | 2008 | 2007 |
| Domestic operations: | | |
| Japanese government bonds | ¥ 9,339,958 | ¥ 7,640,064 |
| Japanese local government bonds | 439,228 | 571,103 |
| Japanese corporate bonds | 3,876,433 | 4,066,497 |
| Japanese stocks | 3,431,541 | 4,535,384 |
| Others | 4,202,554 | 2,286,002 |
| Subtotal | ¥21,289,716 | ¥19,099,052 |
| Overseas operations: | | |
| Japanese government bonds | ¥ — | ¥ — |
| Japanese local government bonds | — | — |
| Japanese corporate bonds | — | — |
| Japanese stocks | — | — |
| Others | 1,871,186 | 1,205,587 |
| Subtotal | ¥ 1,871,186 | ¥ 1,205,587 |
| Total | ¥23,160,903 | ¥20,304,639 |

- Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.
2. "Others" include foreign bonds and foreign stocks.

Trading Assets and Liabilities

| March 31 | Millions of yen | | | | | | | |
|---|---------------------|---------------------|-------------|------------|---------------------|---------------------|-------------|------------|
| | 2008 | | | | 2007 | | | |
| | Domestic operations | Overseas operations | Elimination | Total | Domestic operations | Overseas operations | Elimination | Total |
| Trading assets: | ¥3,621,893 | ¥490,723 | ¥(31,135) | ¥4,081,480 | ¥2,890,685 | ¥397,304 | ¥(25,647) | ¥3,262,341 |
| Trading securities | 180,670 | 7,082 | — | 187,753 | 12,388 | 25,355 | — | 37,744 |
| Derivatives of trading securities | 3,026 | — | — | 3,026 | 373 | — | — | 373 |
| Securities related to trading transactions | — | — | — | — | — | — | — | — |
| Derivatives of securities related to trading transactions | 10,440 | — | — | 10,440 | 2,344 | — | — | 2,344 |
| Trading-related financial derivatives | 2,543,384 | 483,640 | (31,135) | 2,995,890 | 1,778,913 | 371,949 | (25,647) | 2,125,214 |
| Other trading assets | 884,370 | — | — | 884,370 | 1,096,664 | — | — | 1,096,664 |
| Trading liabilities: | ¥2,310,969 | ¥391,720 | ¥(31,135) | ¥2,671,554 | ¥1,570,763 | ¥396,026 | ¥(25,647) | ¥1,941,142 |
| Trading securities sold for short sales | 18,984 | 733 | — | 19,718 | 10,247 | 4,349 | — | 14,597 |
| Derivatives of trading securities | 3,871 | — | — | 3,871 | 275 | — | — | 275 |
| Securities related to trading transactions | — | — | — | — | — | — | — | — |
| Derivatives of securities related to trading transactions | 10,196 | — | — | 10,196 | 1,975 | — | — | 1,975 |
| Trading-related financial derivatives | 2,277,917 | 390,986 | (31,135) | 2,637,768 | 1,558,265 | 391,676 | (25,647) | 1,924,294 |
| Other trading liabilities | — | — | — | — | — | — | — | — |

- Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.
2. Intersegment transactions are reported in the "Elimination" column.

Income Analysis (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Gross Banking Profit, Classified by Domestic and International Operations

| Year ended March 31 | Millions of yen | | | | | |
|---|---------------------|--------------------------|-------------|---------------------|--------------------------|------------|
| | 2008 | | | 2007 | | |
| | Domestic operations | International operations | Total | Domestic operations | International operations | Total |
| Interest income | ¥1,172,852 | ¥ 702,275 | ¥ 1,866,277 | ¥1,037,393 | ¥669,110 | ¥1,706,170 |
| | | | [8,851] | | | [332] |
| Interest expenses | 258,227 | 646,082 | 895,458 | 133,203 | 635,846 | 768,717 |
| | | | [8,851] | | | [332] |
| Net interest income | 914,625 | 56,193 | 970,818 | 904,189 | 33,263 | 937,452 |
| Trust fees | 3,710 | — | 3,710 | 3,479 | 2 | 3,482 |
| Fees and commissions (income) | 361,444 | 91,082 | 452,527 | 385,202 | 79,969 | 465,171 |
| Fees and commissions (expenses) | 98,409 | 21,755 | 120,165 | 95,323 | 16,431 | 111,754 |
| Net fees and commissions | 263,035 | 69,327 | 332,362 | 289,878 | 63,538 | 353,416 |
| Trading profits | 8,531 | 432,454 | 440,985 | 4,047 | 99,671 | 103,719 |
| Trading losses | — | — | — | 162 | 1,936 | 2,098 |
| Net trading income | 8,531 | 432,454 | 440,985 | 3,885 | 97,735 | 101,620 |
| Other operating income | 59,530 | 62,281 | 121,812 | 42,813 | 63,912 | 106,725 |
| Other operating expenses | 51,146 | 333,759 | 384,906 | 94,305 | 63,902 | 158,207 |
| Net other operating income (expenses) | 8,383 | (271,477) | (263,093) | (51,491) | 9 | (51,482) |
| Gross banking profit | ¥1,198,285 | ¥ 286,497 | ¥ 1,484,783 | ¥1,149,941 | ¥194,548 | ¥1,344,490 |
| Gross banking profit rate (%) | 1.82% | 1.75% | 1.86% | 1.74% | 1.34% | 1.67% |

- Notes: 1. Domestic operations include yen-denominated transactions by domestic branches, while international operations include foreign-currency-denominated transactions by domestic branches and operations by overseas branches. Yen-denominated nonresident transactions and Japan offshore banking accounts are included in international operations.
2. "Interest expenses" are shown after deduction of amounts equivalent to interest expenses on money held in trust (2008, ¥10 million; 2007, ¥5 million).
3. Figures in brackets [] indicate interest payments between domestic and international operations. As net interest figures are shown for interest rate swaps and similar instruments, some figures for domestic and international operations do not add up to their sums.
4. Gross banking profit rate = Gross banking profit / Average balance of interest-earning assets x 100

Average Balance, Interest and Earnings Yield of Interest-Earning Assets and Interest-Bearing Liabilities

Domestic Operations

| Year ended March 31 | Millions of yen | | | | | |
|---|-----------------|------------|----------------|-----------------|------------|----------------|
| | 2008 | | | 2007 | | |
| | Average balance | Interest | Earnings yield | Average balance | Interest | Earnings yield |
| Interest-earning assets | ¥65,570,970 | ¥1,172,852 | 1.78% | ¥66,077,961 | ¥1,037,393 | 1.56% |
| | [2,187,759] | [8,851] | | [171,786] | [332] | |
| Loans and bills discounted | 46,675,889 | 944,703 | 2.02 | 47,188,557 | 817,842 | 1.73 |
| Securities | 15,123,121 | 192,292 | 1.27 | 16,763,472 | 197,538 | 1.17 |
| Call loans | 317,648 | 2,369 | 0.74 | 336,503 | 1,151 | 0.34 |
| Receivables under resale agreements | 25,001 | 137 | 0.55 | 20,304 | 37 | 0.18 |
| Receivables under securities borrowing transactions | 967,810 | 6,955 | 0.71 | 1,320,720 | 4,827 | 0.36 |
| Bills bought | 21,588 | 600 | 2.78 | 55,212 | 102 | 0.18 |
| Deposits with banks | 9,639 | 34 | 0.35 | 51,428 | 203 | 0.39 |
| Interest-bearing liabilities | ¥67,276,143 | ¥ 258,227 | 0.38% | ¥67,955,018 | ¥ 133,203 | 0.19% |
| Deposits | 57,309,691 | 126,555 | 0.22 | 57,374,302 | 59,125 | 0.10 |
| Negotiable certificates of deposit | 2,538,711 | 14,781 | 0.58 | 2,666,349 | 6,183 | 0.23 |
| Call money | 2,098,638 | 10,190 | 0.48 | 1,918,389 | 3,731 | 0.19 |
| Payables under repurchase agreements | 110,193 | 630 | 0.57 | 165,270 | 452 | 0.27 |
| Payables under securities lending transactions | 1,095,930 | 5,872 | 0.53 | 878,167 | 2,412 | 0.27 |
| Bills sold | — | — | — | 956,126 | 220 | 0.02 |
| Borrowed money | 1,901,820 | 19,738 | 1.03 | 1,540,098 | 16,532 | 1.07 |
| Bonds | 2,105,556 | 25,297 | 1.20 | 2,236,416 | 23,297 | 1.04 |

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2008, ¥740,846 million; 2007, ¥1,021,949 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2008, ¥2,771 million; 2007, ¥2,607 million) and corresponding interest (2008, ¥10 million; 2007, ¥5 million).
2. Figures in brackets [] indicate the average balances of interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses. As net interest figures are shown for interest rate swaps and similar instruments, some figures for domestic and international operations do not add up to their sums.

International Operations

| Year ended March 31 | Millions of yen | | | | | |
|--|--------------------|-----------------|----------------|-----------------|----------|----------------|
| | 2008 | | | 2007 | | |
| | Average balance | Interest | Earnings yield | Average balance | Interest | Earnings yield |
| Interest-earning assets | ¥16,324,446 | ¥702,275 | 4.30% | ¥14,513,250 | ¥669,110 | 4.61% |
| Loans and bills discounted | 7,573,047 | 381,575 | 5.03 | 6,371,044 | 325,518 | 5.10 |
| Securities | 3,528,429 | 129,994 | 3.68 | 4,095,307 | 171,500 | 4.18 |
| Call loans | 368,569 | 17,033 | 4.62 | 452,724 | 22,351 | 4.93 |
| Receivables under resale agreements ... | 242,821 | 3,625 | 1.49 | 98,709 | 4,026 | 4.07 |
| Receivables under securities borrowing transactions | — | — | — | — | — | — |
| Bills bought | — | — | — | — | — | — |
| Deposits with banks | 3,424,782 | 92,911 | 2.71 | 2,281,869 | 77,519 | 3.39 |
| Interest-bearing liabilities | ¥16,253,405 | ¥646,082 | 3.97% | ¥14,324,084 | ¥635,846 | 4.43% |
| | [2,187,759] | [8,851] | | [171,786] | [332] | |
| Deposits | 8,670,545 | 300,291 | 3.46 | 8,475,843 | 337,174 | 3.97 |
| Negotiable certificates of deposit | 608,181 | 32,686 | 5.37 | 519,589 | 27,561 | 5.30 |
| Call money | 336,120 | 13,746 | 4.08 | 332,255 | 14,986 | 4.51 |
| Payables under repurchase agreements ... | 186,890 | 5,558 | 2.97 | 316,813 | 16,071 | 5.07 |
| Payables under securities lending transactions | 944,513 | 39,623 | 4.19 | 1,389,030 | 58,357 | 4.20 |
| Bills sold | — | — | — | — | — | — |
| Borrowed money | 1,593,890 | 83,250 | 5.22 | 1,359,685 | 67,618 | 4.97 |
| Bonds | 1,473,709 | 51,165 | 3.47 | 1,440,949 | 50,186 | 3.48 |

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2008, ¥78,914 million; 2007, ¥51,778 million).
2. Figures in brackets [] indicate the average balances of interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses. As net interest figures are shown for interest rate swaps and similar instruments, some figures for domestic and international operations do not add up to their sums.
3. The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method, under which the TT middle rate at the end of the previous month is applied to nonexchange transactions of the month concerned.

Total of Domestic and International Operations

| Year ended March 31 | Millions of yen | | | | | |
|--|--------------------|-------------------|----------------|-----------------|------------|----------------|
| | 2008 | | | 2007 | | |
| | Average balance | Interest | Earnings yield | Average balance | Interest | Earnings yield |
| Interest-earning assets | ¥79,707,657 | ¥1,866,277 | 2.34% | ¥80,419,426 | ¥1,706,170 | 2.12% |
| Loans and bills discounted | 54,248,936 | 1,326,278 | 2.44 | 53,559,601 | 1,143,361 | 2.13 |
| Securities | 18,651,550 | 322,287 | 1.72 | 20,858,779 | 369,039 | 1.76 |
| Call loans | 686,218 | 19,403 | 2.82 | 789,228 | 23,503 | 2.97 |
| Receivables under resale agreements ... | 267,822 | 3,762 | 1.40 | 119,013 | 4,064 | 3.41 |
| Receivables under securities borrowing transactions | 967,810 | 6,955 | 0.71 | 1,320,720 | 4,827 | 0.36 |
| Bills bought | 21,588 | 600 | 2.78 | 55,212 | 102 | 0.18 |
| Deposits with banks | 3,434,421 | 92,946 | 2.70 | 2,333,298 | 77,722 | 3.33 |
| Interest-bearing liabilities | ¥81,341,789 | ¥895,458 | 1.10% | ¥82,107,317 | ¥768,717 | 0.93% |
| Deposits | 65,980,237 | 426,846 | 0.64 | 65,850,146 | 396,300 | 0.60 |
| Negotiable certificates of deposit | 3,146,892 | 47,467 | 1.50 | 3,185,938 | 33,745 | 1.05 |
| Call money | 2,434,759 | 23,936 | 0.98 | 2,250,645 | 18,718 | 0.83 |
| Payables under repurchase agreements ... | 297,083 | 6,189 | 2.08 | 482,083 | 16,523 | 3.42 |
| Payables under securities lending transactions | 2,040,443 | 45,496 | 2.22 | 2,267,198 | 60,770 | 2.68 |
| Bills sold | — | — | — | 956,126 | 220 | 0.02 |
| Borrowed money | 3,495,710 | 102,988 | 2.94 | 2,899,784 | 84,150 | 2.90 |
| Bonds | 3,579,266 | 76,463 | 2.13 | 3,677,365 | 73,483 | 1.99 |

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2008, ¥819,761 million; 2007, ¥1,073,727 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2008, ¥2,771 million; 2007, ¥2,607 million) and corresponding interest (2008, ¥10 million; 2007, ¥5 million).
2. Figures in the table above indicate the net average balances of amounts adjusted for interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses.

Breakdown of Interest Income and Interest Expenses

Domestic Operations

| Year ended March 31 | Millions of yen | | | | | |
|---|------------------------------------|----------------------------------|-------------------------|------------------------------------|----------------------------------|-------------------------|
| | 2008 | | | 2007 | | |
| | Volume-related increase (decrease) | Rate-related increase (decrease) | Net increase (decrease) | Volume-related increase (decrease) | Rate-related increase (decrease) | Net increase (decrease) |
| Interest income | ¥ (494) | ¥135,953 | ¥135,459 | ¥ 402 | ¥38,697 | ¥39,100 |
| Loans and bills discounted | (653) | 127,514 | 126,860 | 20,326 | 14,071 | 34,397 |
| Securities | (9,691) | 4,445 | (5,246) | (13,816) | 24,173 | 10,356 |
| Call loans | (6) | 1,223 | 1,217 | 0 | 1,087 | 1,087 |
| Receivables under resale agreements.... | 10 | 89 | 99 | (1) | 36 | 35 |
| Receivables under securities borrowing transactions | (552) | 2,680 | 2,127 | (39) | 4,254 | 4,214 |
| Bills bought | (31) | 528 | 497 | (3) | 99 | 95 |
| Deposits with banks | (82) | (86) | (169) | 12 | 191 | 203 |
| Interest expenses | ¥ (30) | ¥125,053 | ¥125,023 | ¥ (1,860) | ¥80,642 | ¥78,782 |
| Deposits | (0) | 67,430 | 67,429 | 194 | 47,431 | 47,625 |
| Negotiable certificates of deposit | (23) | 8,621 | 8,597 | (231) | 5,562 | 5,331 |
| Call money | 381 | 6,076 | 6,458 | (3) | 3,661 | 3,658 |
| Payables under repurchase agreements... | (74) | 252 | 178 | (1) | 446 | 445 |
| Payables under securities lending transactions | 716 | 2,743 | 3,459 | 0 | 2,322 | 2,322 |
| Bills sold | (110) | (110) | (220) | (84) | 191 | 106 |
| Borrowed money | 3,291 | (85) | 3,206 | 7,902 | (7,937) | (35) |
| Bonds | (436) | 2,437 | 2,000 | (2,358) | 1,033 | (1,325) |

International Operations

| Year ended March 31 | Millions of yen | | | | | |
|--|------------------------------------|----------------------------------|-------------------------|------------------------------------|----------------------------------|-------------------------|
| | 2008 | | | 2007 | | |
| | Volume-related increase (decrease) | Rate-related increase (decrease) | Net increase (decrease) | Volume-related increase (decrease) | Rate-related increase (decrease) | Net increase (decrease) |
| Interest income | ¥ 50,809 | ¥(17,643) | ¥ 33,165 | ¥53,903 | ¥173,784 | ¥227,688 |
| Loans and bills discounted | 56,435 | (377) | 56,057 | 55,744 | 62,364 | 118,109 |
| Securities | (11,902) | (29,603) | (41,505) | 1,020 | 40,481 | 41,501 |
| Call loans | (2,083) | (3,234) | (5,318) | 5,794 | 5,162 | 10,956 |
| Receivables under resale agreements.... | 878 | (1,279) | (401) | (1,236) | 903 | (333) |
| Deposits with banks | 22,144 | (6,751) | 15,392 | (124) | 27,189 | 27,065 |
| Interest expenses | ¥ 43,285 | ¥(33,049) | ¥ 10,235 | ¥51,712 | ¥153,386 | ¥205,098 |
| Deposits | (15,010) | (21,873) | (36,883) | 35,042 | 86,705 | 121,748 |
| Negotiable certificates of deposit | 4,756 | 367 | 5,124 | 19,049 | 1,674 | 20,723 |
| Call money | (539) | (700) | (1,240) | 6,920 | 2,871 | 9,791 |
| Payables under repurchase agreements... | (7,179) | (3,333) | (10,512) | 6,227 | 3,491 | 9,718 |
| Payables under securities lending transactions | (9,363) | (9,370) | (18,733) | (14,233) | 14,477 | 243 |
| Borrowed money | 12,100 | 3,530 | 15,631 | 645 | 6,432 | 7,077 |
| Bonds | 999 | (19) | 979 | 3,873 | 2,681 | 6,555 |

Total of Domestic and International Operations

| Year ended March 31 | Millions of yen | | | | | |
|---|------------------------------------|----------------------------------|-------------------------|------------------------------------|----------------------------------|-------------------------|
| | 2008 | | | 2007 | | |
| | Volume-related increase (decrease) | Rate-related increase (decrease) | Net increase (decrease) | Volume-related increase (decrease) | Rate-related increase (decrease) | Net increase (decrease) |
| Interest income | ¥ (1,349) | ¥161,456 | ¥160,107 | ¥25,620 | ¥254,003 | ¥279,624 |
| Loans and bills discounted | 14,889 | 168,028 | 182,917 | 48,167 | 104,340 | 152,507 |
| Securities | (19,578) | (27,172) | (46,751) | (18,666) | 70,525 | 51,858 |
| Call loans | (1,538) | (2,562) | (4,100) | 2,847 | 9,196 | 12,044 |
| Receivables under resale agreements.... | 898 | (1,199) | (301) | (1,966) | 1,667 | (298) |
| Receivables under securities borrowing transactions | (552) | 2,680 | 2,127 | (39) | 4,254 | 4,214 |
| Bills bought | (31) | 528 | 497 | (3) | 99 | 95 |
| Deposits with banks | 21,353 | (6,130) | 15,223 | 925 | 26,343 | 27,268 |
| Interest expenses | ¥ (443) | ¥127,183 | ¥126,740 | ¥ (6,084) | ¥302,800 | ¥296,716 |
| Deposits | 784 | 29,762 | 30,546 | 7,416 | 161,957 | 169,373 |
| Negotiable certificates of deposit | (17) | 13,740 | 13,722 | (1,268) | 27,323 | 26,055 |
| Call money | 1,617 | 3,600 | 5,218 | 201 | 13,248 | 13,449 |
| Payables under repurchase agreements... | (7,085) | (3,248) | (10,334) | 1,603 | 8,560 | 10,164 |
| Payables under securities lending transactions | (10,151) | (5,123) | (15,274) | (9,529) | 12,096 | 2,566 |
| Bills sold | (110) | (110) | (220) | (84) | 191 | 106 |
| Borrowed money | 17,538 | 1,298 | 18,837 | 21,774 | (14,733) | 7,041 |
| Bonds | (587) | 3,567 | 2,980 | (2,211) | 7,441 | 5,230 |

Note: Volume/rate variance is prorated according to changes in volume and rate.

Fees and Commissions

| Year ended March 31 | Millions of yen | | | | | |
|--------------------------------------|---------------------|--------------------------|----------|---------------------|--------------------------|----------|
| | 2008 | | | 2007 | | |
| | Domestic operations | International operations | Total | Domestic operations | International operations | Total |
| Fees and commissions (income)..... | ¥361,444 | ¥ 91,082 | ¥452,527 | ¥385,202 | ¥79,969 | ¥465,171 |
| Deposits and loans..... | 10,720 | 41,739 | 52,459 | 10,717 | 32,022 | 42,739 |
| Remittances and transfers | 97,341 | 28,311 | 125,653 | 96,938 | 27,389 | 124,327 |
| Securities-related business | 13,592 | 1,291 | 14,883 | 21,874 | 1,391 | 23,265 |
| Agency | 13,094 | — | 13,094 | 14,085 | — | 14,085 |
| Safe deposits..... | 6,688 | — | 6,688 | 6,855 | — | 6,855 |
| Guarantees..... | 22,734 | 6,567 | 29,302 | 22,054 | 6,775 | 28,829 |
| Fees and commissions (expenses)..... | ¥ 98,409 | ¥ 21,755 | ¥120,165 | ¥ 95,323 | ¥16,431 | ¥111,754 |
| Remittances and transfers | 20,109 | 9,538 | 29,647 | 19,071 | 5,927 | 24,999 |

Trading Income

| Year ended March 31 | Millions of yen | | | | | |
|--|---------------------|--------------------------|----------|---------------------|--------------------------|----------|
| | 2008 | | | 2007 | | |
| | Domestic operations | International operations | Total | Domestic operations | International operations | Total |
| Trading profits | ¥8,531 | ¥432,454 | ¥440,985 | ¥4,047 | ¥99,671 | ¥103,719 |
| Gains on trading securities..... | 652 | — | 652 | — | — | — |
| Gains on securities related to trading transactions | — | 2,934 | 2,934 | — | — | — |
| Gains on trading-related financial derivatives | — | 429,520 | 429,520 | — | 99,671 | 99,671 |
| Others..... | 7,878 | — | 7,878 | 4,047 | — | 4,047 |
| Trading losses | ¥ — | ¥ — | ¥ — | ¥ 162 | ¥ 1,936 | ¥ 2,098 |
| Losses on trading securities..... | — | — | — | 162 | — | 162 |
| Losses on securities related to trading transactions | — | — | — | — | 1,936 | 1,936 |
| Losses on trading-related financial derivatives | — | — | — | — | — | — |
| Others | — | — | — | — | — | — |

Note: Figures represent net gains after offsetting income against expenses.

Net Other Operating Income (Expenses)

| Year ended March 31 | Millions of yen | | | | | |
|--|---------------------|--------------------------|------------|---------------------|--------------------------|------------|
| | 2008 | | | 2007 | | |
| | Domestic operations | International operations | Total | Domestic operations | International operations | Total |
| Net other operating income (expenses) ... | ¥ 8,383 | ¥(271,477) | ¥(263,093) | ¥(51,491) | ¥ 9 | ¥ (51,482) |
| Gains (losses) on bonds..... | (10,007) | (20,051) | (30,058) | (74,703) | (37,709) | (112,413) |
| Gains (losses) on derivatives | 3,046 | 3,767 | 6,813 | (1,449) | (16,156) | (17,606) |
| Gains (losses) on foreign exchange transactions..... | — | (252,589) | (252,589) | — | 55,243 | 55,243 |

General and Administrative Expenses

| Year ended March 31 | Millions of yen | |
|--|-----------------|----------|
| | 2008 | 2007 |
| Salaries and related expenses..... | ¥183,791 | ¥162,778 |
| Retirement benefit cost..... | (1,610) | (309) |
| Welfare expenses | 29,216 | 26,816 |
| Depreciation..... | 52,247 | 49,671 |
| Rent and lease expenses | 45,003 | 47,863 |
| Building and maintenance expenses | 7,152 | 5,301 |
| Supplies expenses..... | 6,297 | 5,451 |
| Water, lighting, and heating expenses..... | 4,998 | 4,876 |
| Traveling expenses..... | 3,638 | 3,057 |
| Communication expenses..... | 7,351 | 7,048 |
| Publicity and advertising expenses..... | 14,476 | 12,714 |
| Taxes, other than income taxes..... | 40,092 | 35,017 |
| Others | 267,335 | 249,528 |
| Total..... | ¥659,992 | ¥609,816 |

Note: Because expenses reported on page 29 exclude nonrecurring losses, they are not reconciled with the figures reported in the above table.

Deposits (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Deposits and Negotiable Certificates of Deposit

Year-End Balance

| March 31 | Millions of yen | | | |
|--|-----------------|--------|-------------|--------|
| | 2008 | | 2007 | |
| Domestic operations: | | | | |
| Liquid deposits | ¥38,810,626 | 63.9% | ¥39,134,235 | 65.3% |
| Fixed-term deposits | 18,564,178 | 30.6 | 18,280,780 | 30.5 |
| Others | 1,167,168 | 1.9 | 607,734 | 1.0 |
| Subtotal | 58,541,973 | 96.4 | 58,022,750 | 96.8 |
| Negotiable certificates of deposit | 2,209,667 | 3.6 | 1,911,160 | 3.2 |
| Total | ¥60,751,641 | 100.0% | ¥59,933,911 | 100.0% |
| International operations: | | | | |
| Liquid deposits | ¥ 4,074,876 | 47.2% | ¥ 4,847,481 | 54.6% |
| Fixed-term deposits | 916,959 | 10.6 | 720,700 | 8.1 |
| Others | 2,883,450 | 33.4 | 2,644,069 | 29.8 |
| Subtotal | 7,875,286 | 91.2 | 8,212,251 | 92.5 |
| Negotiable certificates of deposit | 755,906 | 8.8 | 663,174 | 7.5 |
| Total | ¥ 8,631,193 | 100.0% | ¥ 8,875,426 | 100.0% |
| Grand total | ¥69,382,834 | — | ¥68,809,338 | — |

Notes: 1. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice
2. Fixed-term deposits = Time deposits + Installment savings

Average Balance

| Year ended March 31 | Millions of yen | |
|--|-----------------|-------------|
| | 2008 | 2007 |
| Domestic operations: | | |
| Liquid deposits | ¥38,317,885 | ¥38,595,455 |
| Fixed-term deposits | 18,407,942 | 18,211,722 |
| Others | 583,864 | 567,125 |
| Subtotal | 57,309,691 | 57,374,302 |
| Negotiable certificates of deposit | 2,538,711 | 2,666,349 |
| Total | ¥59,848,403 | ¥60,040,652 |
| International operations: | | |
| Liquid deposits | ¥ 4,864,807 | ¥ 4,747,817 |
| Fixed-term deposits | 1,003,417 | 893,630 |
| Others | 2,802,319 | 2,834,395 |
| Subtotal | 8,670,545 | 8,475,843 |
| Negotiable certificates of deposit | 608,181 | 519,589 |
| Total | ¥ 9,278,726 | ¥ 8,995,432 |
| Grand total | ¥69,127,129 | ¥69,036,085 |

Notes: 1. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice
2. Fixed-term deposits = Time deposits + Installment savings
3. The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method.

Balance of Deposits, Classified by Type of Depositor

| March 31 | Millions of yen | | | |
|------------------|-----------------|--------|-------------|--------|
| | 2008 | | 2007 | |
| Individual | ¥33,987,919 | 52.7% | ¥33,623,712 | 53.6% |
| Corporate | 30,538,230 | 47.3 | 29,057,052 | 46.4 |
| Total | ¥64,526,149 | 100.0% | ¥62,680,764 | 100.0% |

Notes: 1. Figures are before adjustment on interoffice accounts in transit.
2. Negotiable certificates of deposit are excluded.
3. Accounts at overseas branches and Japan offshore banking accounts are excluded.

Balance of Investment Trusts, Classified by Type of Customer

| March 31 | Millions of yen | |
|--------------------|-------------------|-------------------|
| | 2008 | 2007 |
| Individual | ¥2,974,007 | ¥3,421,470 |
| Corporate | 176,591 | 123,922 |
| Total | ¥3,150,598 | ¥3,545,392 |

Note: Balance of investment trusts is recognized on a contract basis and measured according to each fund's net asset balance at the fiscal year-end.

Balance of Time Deposits, Classified by Maturity

| March 31 | Millions of yen | |
|-------------------------------|--------------------|--------------------|
| | 2008 | 2007 |
| Less than three months | ¥ 6,233,757 | ¥ 5,779,472 |
| Fixed interest rates | 5,370,359 | 5,120,459 |
| Floating interest rates | 100 | — |
| Others | 863,297 | 659,012 |
| Three — six months | 3,753,558 | 3,848,742 |
| Fixed interest rates | 3,713,423 | 3,817,056 |
| Floating interest rates | 3,000 | — |
| Others | 37,135 | 31,685 |
| Six months — one year | 5,249,056 | 4,864,342 |
| Fixed interest rates | 5,195,489 | 4,840,188 |
| Floating interest rates | 40,550 | 1,200 |
| Others | 13,016 | 22,954 |
| One — two years | 1,574,862 | 1,483,625 |
| Fixed interest rates | 1,560,535 | 1,466,005 |
| Floating interest rates | 11,750 | 13,650 |
| Others | 2,576 | 3,970 |
| Two — three years | 1,337,092 | 1,468,884 |
| Fixed interest rates | 1,263,600 | 1,454,359 |
| Floating interest rates | 73,059 | 12,050 |
| Others | 432 | 2,474 |
| Three years or more | 1,332,765 | 1,556,364 |
| Fixed interest rates | 850,967 | 1,102,449 |
| Floating interest rates | 481,296 | 453,312 |
| Others | 500 | 602 |
| Total | ¥19,481,091 | ¥19,001,432 |
| Fixed interest rates | 17,954,375 | 17,800,519 |
| Floating interest rates | 609,756 | 480,212 |
| Others | 916,959 | 720,700 |

Note: The figures above do not include installment savings.

Loans (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Balance of Loans and Bills Discounted

Year-End Balance

| March 31 | Millions of yen | |
|---------------------------|-----------------|-------------|
| | 2008 | 2007 |
| Domestic operations: | | |
| Loans on notes | ¥ 2,061,876 | ¥ 2,460,937 |
| Loans on deeds | 35,965,609 | 35,242,150 |
| Overdrafts | 9,622,647 | 9,190,227 |
| Bills discounted | 285,790 | 368,778 |
| Subtotal | ¥47,935,924 | ¥47,262,094 |
| International operations: | | |
| Loans on notes | ¥ 491,480 | ¥ 587,967 |
| Loans on deeds | 8,421,557 | 5,802,753 |
| Overdrafts | 97,013 | 95,220 |
| Bills discounted | 11,837 | 8,404 |
| Subtotal | ¥ 9,021,889 | ¥ 6,494,346 |
| Total | ¥56,957,813 | ¥53,756,440 |

Average Balance

| Year ended March 31 | Millions of yen | |
|---------------------------|-----------------|-------------|
| | 2008 | 2007 |
| Domestic operations: | | |
| Loans on notes | ¥ 2,197,327 | ¥ 2,606,379 |
| Loans on deeds | 34,625,555 | 35,279,808 |
| Overdrafts | 9,572,162 | 8,994,841 |
| Bills discounted | 280,843 | 307,527 |
| Subtotal | ¥46,675,889 | ¥47,188,557 |
| International operations: | | |
| Loans on notes | ¥ 530,865 | ¥ 568,081 |
| Loans on deeds | 6,935,439 | 5,676,262 |
| Overdrafts | 96,039 | 118,873 |
| Bills discounted | 10,702 | 7,826 |
| Subtotal | ¥ 7,573,047 | ¥ 6,371,044 |
| Total | ¥54,248,936 | ¥53,559,601 |

Note: The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method.

Balance of Loans and Bills Discounted, Classified by Purpose

| March 31 | Millions of yen | | | |
|------------------------------------|-----------------|--------|-------------|--------|
| | 2008 | | 2007 | |
| Funds for capital investment | ¥20,934,771 | 36.8% | ¥20,710,260 | 38.5% |
| Funds for working capital | 36,023,042 | 63.2 | 33,046,180 | 61.5 |
| Total | ¥56,957,813 | 100.0% | ¥53,756,440 | 100.0% |

Breakdown of Loans and Bills Discounted, Classified by Collateral

| March 31 | Millions of yen | |
|-------------------------|-----------------|-------------|
| | 2008 | 2007 |
| Securities | ¥ 670,902 | ¥ 765,605 |
| Commercial claims | 1,124,816 | 1,078,115 |
| Commercial goods | — | — |
| Real estate | 6,834,925 | 6,685,582 |
| Others | 648,222 | 329,637 |
| Subtotal | 9,278,868 | 8,858,940 |
| Guaranteed | 21,143,991 | 21,732,934 |
| Unsecured | 26,534,953 | 23,164,565 |
| Total | ¥56,957,813 | ¥53,756,440 |

Balance of Loans and Bills Discounted, Classified by Maturity

| March 31 | Millions of yen | |
|-------------------------------|-----------------|-------------|
| | 2008 | 2007 |
| One year or less..... | ¥ 9,041,643 | ¥ 8,772,225 |
| One — three years..... | 8,589,738 | 7,741,633 |
| Floating interest rates | 6,813,129 | 6,048,170 |
| Fixed interest rates | 1,776,609 | 1,693,463 |
| Three — five years..... | 8,610,480 | 7,843,601 |
| Floating interest rates | 6,770,462 | 6,118,653 |
| Fixed interest rates | 1,840,018 | 1,724,948 |
| Five — seven years | 3,565,191 | 3,287,700 |
| Floating interest rates | 2,823,756 | 2,692,523 |
| Fixed interest rates | 741,434 | 595,176 |
| More than seven years | 17,431,098 | 16,825,830 |
| Floating interest rates | 16,482,691 | 15,862,230 |
| Fixed interest rates | 948,407 | 963,599 |
| No designated term..... | 9,719,661 | 9,285,448 |
| Floating interest rates | 9,719,661 | 9,285,448 |
| Fixed interest rates | — | — |
| Total | ¥56,957,813 | ¥53,756,440 |

Note: Loans with a maturity of one year or less are not classified by floating or fixed interest rates.

Balance of Loan Portfolio, Classified by Industry

| March 31 | Millions of yen | | | |
|---|-----------------|--------|-------------|--------|
| | 2008 | | 2007 | |
| Domestic offices: | | | | |
| Manufacturing | ¥ 5,284,513 | 10.8% | ¥ 5,236,097 | 10.9% |
| Agriculture, forestry, fisheries and mining..... | 138,440 | 0.3 | 132,196 | 0.3 |
| Construction..... | 1,153,752 | 2.4 | 1,224,951 | 2.5 |
| Transportation, communications and public enterprises | 2,891,612 | 5.9 | 2,886,168 | 6.0 |
| Wholesale and retail | 4,902,333 | 10.0 | 5,089,297 | 10.6 |
| Finance and insurance | 6,083,560 | 12.4 | 5,675,905 | 11.8 |
| Real estate | 6,310,993 | 12.9 | 6,369,243 | 13.2 |
| Services | 5,453,700 | 11.2 | 5,742,376 | 11.9 |
| Municipalities | 780,942 | 1.6 | 592,238 | 1.2 |
| Others | 15,877,739 | 32.5 | 15,242,033 | 31.6 |
| Subtotal..... | ¥48,877,589 | 100.0% | ¥48,190,509 | 100.0% |
| Overseas offices: | | | | |
| Public sector | ¥ 19,835 | 0.3% | ¥ 19,029 | 0.3% |
| Financial institutions | 679,195 | 8.4 | 287,898 | 5.2 |
| Commerce and industry..... | 6,790,929 | 84.0 | 5,038,808 | 90.5 |
| Others | 590,262 | 7.3 | 220,195 | 4.0 |
| Subtotal..... | ¥ 8,080,224 | 100.0% | ¥ 5,565,931 | 100.0% |
| Total | ¥56,957,813 | — | ¥53,756,440 | — |

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches). Overseas operations comprise the operations of SMBC's overseas branches.

2. Japan offshore banking accounts are included in overseas offices' accounts.

Loans to Individuals/Small and Medium-Sized Enterprises

| March 31 | Millions of yen | |
|--|-----------------|-------------|
| | 2008 | 2007 |
| Total domestic loans (A) | ¥48,877,589 | ¥48,190,509 |
| Loans to individuals, and small and medium-sized enterprises (B) | 36,129,519 | 36,276,238 |
| (B) / (A) | 73.9% | 75.3% |

Notes: 1. The figures above exclude the outstanding balance of loans at overseas branches and of Japan offshore banking accounts.

2. Small and medium-sized enterprises are individuals or companies with capital stock of ¥300 million or less, or an operating staff of 300 or fewer employees. (Exceptions to these capital stock and staff restrictions include wholesalers: ¥100 million, 100 employees; retailers: ¥50 million, 50 employees; and service industry companies: ¥50 million, 100 employees.)

Consumer Loans Outstanding

| March 31 | Millions of yen | |
|--------------------------|-----------------|-------------|
| | 2008 | 2007 |
| Consumer loans..... | ¥14,581,772 | ¥14,492,814 |
| Housing loans..... | 13,647,753 | 13,557,521 |
| Residential purpose..... | 10,033,842 | 9,918,884 |
| Others..... | 934,018 | 935,292 |

Note: Housing loans include general-purpose loans used for housing purposes as well as housing loans and apartment house acquisition loans.

Breakdown of Reserve for Possible Loan Losses

| Year ended March 31, 2008 | Balance at beginning of the fiscal year | Increase during the fiscal year | Decrease during the fiscal year | | Balance at end of the fiscal year |
|--|---|---------------------------------|---------------------------------|-----------|-----------------------------------|
| | | | Objectives | Others | |
| General reserve for possible loan losses..... | ¥527,819 [2,987] | ¥430,919 | ¥ — | ¥527,819* | ¥430,919 |
| Specific reserve for possible loan losses..... | 144,800 [23] | 189,084 | 47,319 | 97,481* | 189,084 |
| For nonresident loans..... | 12,670 [19] | 28,394 | 6,034 | 6,636* | 28,394 |
| Loan loss reserve for specific overseas countries..... | 1,941 | 0 | — | 1,941* | 0 |
| Total..... | ¥674,562 [3,011] | ¥620,004 | ¥47,319 | ¥627,242 | ¥620,004 |
| Amount of direct reduction..... | ¥295,552 [2,762] | | | | ¥333,811 |

*Transfer from reserves by reversal or origination method

Note: Figures in brackets [] indicate foreign exchange translation adjustments.

| Year ended March 31, 2007 | Balance at beginning of the fiscal year | Increase during the fiscal year | Decrease during the fiscal year | | Balance at end of the fiscal year |
|--|---|---------------------------------|---------------------------------|-----------|-----------------------------------|
| | | | Objectives | Others | |
| General reserve for possible loan losses..... | ¥574,302 [(1,766)] | ¥530,807 | ¥ — | ¥574,302* | ¥530,807 |
| Specific reserve for possible loan losses..... | 241,566 [(19)] | 144,824 | 141,100 | 100,465* | 144,824 |
| For nonresident loans..... | 18,096 [(19)] | 12,690 | 1,720 | 16,375* | 12,690 |
| Loan loss reserve for specific overseas countries..... | 2,354 | 1,941 | — | 2,354* | 1,941 |
| Total..... | ¥818,223 [(1,786)] | ¥677,573 | ¥141,100 | ¥677,123 | ¥677,573 |
| Amount of direct reduction..... | ¥604,309 [(687)] | | | | ¥298,314 |

*Transfer from reserves by reversal or origination method

Note: Figures in brackets [] indicate foreign exchange translation adjustments.

Write-off of Loans

| Year ended March 31 | Millions of yen | |
|-------------------------|-----------------|---------|
| | 2008 | 2007 |
| Write-off of loans..... | ¥121,801 | ¥50,468 |

Note: Write-off of loans include the amount of direct reduction.

Specific Overseas Loans

| March 31 | Millions of yen | |
|---|-----------------|---------|
| | 2008 | 2007 |
| Indonesia..... | ¥ — | ¥32,574 |
| Argentina..... | 4 | 3 |
| Total..... | ¥ 4 | ¥32,578 |
| Ratio of the total amounts to total assets..... | 0.00% | 0.03% |
| Number of countries..... | 1 | 2 |

Risk-Monitored Loans

| March 31 | Millions of yen | |
|---|-----------------|-----------|
| | 2008 | 2007 |
| Bankrupt loans | ¥ 48,734 | ¥ 33,754 |
| Non-accrual loans | 437,699 | 357,632 |
| Past due loans (3 months or more) | 23,747 | 20,543 |
| Restructured loans | 260,405 | 309,133 |
| Total | ¥ 770,587 | ¥ 721,064 |
| Amount of direct reduction | ¥ 291,246 | ¥ 266,873 |

Note: Definition of risk-monitored loan categories

1. Bankrupt loans: Credits for which accrued interest is not accounted in revenue; credits extended to borrowers that are undergoing bankruptcy, corporate reorganization and rehabilitation proceedings or debtors receiving orders of disposition by suspension of business at bill clearinghouses
2. Non-accrual loans: Credits for which accrued interest is not accounted in revenue; credits, excluding loans to bankrupt borrowers and loans with grace for interest payment to assist in corporate reorganization or to support business
3. Past due loans (3 months or more): Loans with payment of principal or interest in arrears for more than 3 months, calculated from the day following the contractual due date, excluding borrowers in categories 1. and 2.
4. Restructured loans: Loans to borrowers in severe financial condition given certain favorable terms and conditions to assist in corporate rehabilitation or to support business, excluding borrowers in categories 1. through 3.

Problem Assets Based on the Financial Reconstruction Law

| March 31 | Millions of yen | |
|--|-----------------|--------------|
| | 2008 | 2007 |
| Bankrupt and quasi-bankrupt assets | ¥ 117,757 | ¥ 108,893 |
| Doubtful assets | 402,028 | 300,097 |
| Substandard loans | 284,153 | 329,677 |
| Total of problem assets | 803,939 | 738,667 |
| Normal assets | 63,928,140 | 60,542,238 |
| Total | ¥ 64,732,080 | ¥ 61,280,906 |
| Amount of direct reduction | ¥ 333,811 | ¥ 298,314 |

Note: Definition of problem asset categories

These assets are disclosed based on the provisions of Article 7 of the Financial Reconstruction Law (Law No.132 of 1998) and classified into the 4 categories based on financial position and business performance of obligors in accordance with Article 6 of the Law. Assets in question include private placement bonds, loans and bills discounted, foreign exchanges, accrued interest, and advance payment in "other assets," customers' liabilities for acceptance and guarantees, and securities lent under the loan for consumption or leasing agreements.

1. Bankrupt and quasi-bankrupt assets: Credits to borrowers undergoing bankruptcy, corporate reorganization, and rehabilitation proceedings, as well as claims of a similar nature
2. Doubtful assets: Credits for which final collection of principal and interest in line with original agreements is highly improbable due to deterioration of financial position and business performance, but not insolvency of the borrower
3. Substandard loans: Past due loans (3 months or more) and restructured loans, excluding 1. and 2.
4. Normal assets: Credits to borrowers with good business performance and in financial standing without identified problems and not classified into the three categories above

Problem Assets Based on the Financial Reconstruction Law, and Risk-Monitored Loans

| Category of borrowers under self-assessment | Problem assets based on the Financial Reconstruction Law | | Risk-monitored loans | |
|---|--|--------------------|-----------------------------------|-------------------|
| | Total loans | Other assets | Total loans | Other assets |
| Bankrupt Borrowers | Bankrupt and quasi-bankrupt assets | | Bankrupt loans | Other assets ⊙ |
| Effectively Bankrupt Borrowers | | | Non-accrual loans | |
| Potentially Bankrupt Borrowers | | | Past due loans (3 months or more) | |
| Borrowers Requiring Caution | Substandard loans | Restructured loans | | |
| Normal Borrowers | (Normal assets) | | | |
| | Ⓐ | | Ⓑ = Ⓒ | |

Classification under Self-Assessment, Disclosure of Problem Assets, and Write-Offs/Reserves

March 31, 2008

(Billions of yen)

| Category of borrowers under self-assessment | Problem assets based on the Financial Reconstruction Law | Classification under self-assessment | | | | Reserve for possible loan losses | Reserve ratio | |
|---|--|---|-------------------------------------|--|---|--|-------------------------|-----------------|
| | | Classification I | Classification II | Classification III | Classification IV | | | |
| Bankrupt Borrowers | Bankrupt and quasi-bankrupt assets (1) ¥117.8 | Portion of claims secured by collateral or guarantees, etc. (5) ¥104.3 | Fully reserved ¥13.5 | Direct write-offs (Note 1) | Specific reserve ¥18.3 (Note 2) | 100% (Note 3) | | |
| Effectively Bankrupt Borrowers | | | | | | | | |
| Potentially Bankrupt Borrowers | Doubtful assets (2) ¥402.0 | Portion of claims secured by collateral or guarantees, etc. (6) ¥180.8 | Necessary amount reserved ¥221.2 | | ¥170.8 (Note 2) | 77.21% (Note 3) | | |
| Borrowers Requiring Caution | Substandard loans (3) ¥284.1 | Portion of substandard loans secured by collateral or guarantees, etc. (7) ¥85.2 | | | General reserve ¥430.9 | General reserve for substandard loans ¥88.5 | 44.57% (Note 3) | |
| | (Claims to substandard borrowers) | | | | | Claims to borrowers requiring caution, excluding claims to substandard borrowers | 6.25% [10.38%] (Note 4) | 14.56% (Note 3) |
| Normal Borrowers | Normal assets ¥63,928.2 | Claims to normal borrowers | | | | 0.20% (Note 4) | | |
| | | | | | Loan loss reserve for specific overseas countries | ¥0.0 | | |
| Total (4) ¥64,732.1 | | NPL ratio (A) / (4) 1.24% (Note 5) | | Total reserve for possible loan losses ¥620.0 | | Reserve ratio (B) / (D) 64.02% (Note 6) | | |
| (A) = (1) + (2) + (3) ¥803.9 | | Portion secured by collateral or guarantees, etc. (C) = (5) + (6) + (7) ¥370.3 | | Unsecured portion (D) = (A) - (C) ¥433.6 | | | | |
| | | | | | | Coverage ratio {(B) + (C)} / (A) | | 80.60% |

- Notes: 1. Includes amount of direct reduction totaling ¥333.8 billion.
2. Includes reserves for assets that are not subject to disclosure under the Financial Reconstruction Law. (Bankrupt/Effectively Bankrupt Borrowers: ¥4.8 billion; Potentially Bankrupt Borrowers: ¥6.6 billion)
3. Reserve ratios for claims on Bankrupt/Effectively Bankrupt Borrowers, Potentially Bankrupt Borrowers, Substandard Borrowers, and Borrowers Requiring Caution: The proportion of each category's total unsecured claims covered by reserve for possible loan losses.
4. Reserve ratios for claims on Normal Borrowers and Borrowers Requiring Caution (excluding claims to Substandard Borrowers): The proportion of each category's total claims covered by reserve for possible loan losses. The reserve ratio for unsecured claims on Borrowers Requiring Caution (excluding claims to Substandard Borrowers) is shown in brackets.
5. Ratio of problem assets to total assets subject to the Financial Reconstruction Law
6. Reserve ratio = (Specific reserve + General reserve for substandard loans) ÷ (Bankrupt and quasi-bankrupt assets + Doubtful assets + Substandard loans — Portion secured by collateral or guarantees, etc.)

Off-Balancing Problem Assets

Billions of yen

| | March 31, 2006 | Fiscal 2006 | | March 31, 2007 | Fiscal 2007 | | March 31, 2008 |
|--|----------------|-----------------|--------------|----------------------------|-----------------|--------------|----------------------------|
| | ① | New occurrences | Off-balanced | ② | New occurrences | Off-balanced | ③ |
| Bankrupt and quasi-bankrupt assets | ¥164.5 | ¥ 56.8 | ¥(112.4) | ¥ 108.9 | ¥ 71.8 | ¥ (62.9) | ¥117.8 |
| Doubtful assets | 473.4 | 300.8 | (474.1) | 300.1 | 382.9 | (281.0) | 402.0 |
| Total | ¥637.9 | ¥357.6 | ¥(586.5) | ¥ 409.0 | ¥454.7 | ¥(343.9) | ¥519.8 |
| | | | | Increase/Decrease ② — ① | | | Increase/Decrease ③ — ② |
| Bankrupt and quasi-bankrupt assets | | | | ¥ (55.6) | | | ¥ 8.9 |
| Doubtful assets | | | | (173.3) | | | 101.9 |
| Total | | | | ¥(228.9) | | | ¥110.8 |

- Notes: 1. The off-balancing (also known as "final disposal") of problem assets refers to the removal of such assets from the bank's balance sheet by way of sale, direct write-off or other means.
2. The figures shown in the above table under "new occurrences" and "off-balanced" are simple additions of the figures for the first and second halves of the two periods reviewed. Amounts of ¥78.8 billion for fiscal 2006 and ¥84.7 billion in fiscal 2007, recognized as "new occurrences" in the first halves of the terms, were included in the amounts off-balanced in the respective second halves.

Securities (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Balance of Securities

Year-End Balance

| March 31 | Millions of yen | |
|---------------------------------------|-----------------|-------------|
| | 2008 | 2007 |
| Domestic operations: | | |
| Japanese government bonds | ¥ 8,799,249 | ¥ 6,927,353 |
| Japanese local government bonds | 331,178 | 520,708 |
| Japanese corporate bonds | 3,506,181 | 3,831,945 |
| Japanese stocks | 3,668,150 | 4,830,277 |
| Others | 425,814 | 932,657 |
| Foreign bonds | / | / |
| Foreign stocks | / | / |
| Subtotal | ¥16,730,573 | ¥17,042,942 |
| International operations: | | |
| Japanese government bonds | ¥ — | ¥ — |
| Japanese local government bonds | — | — |
| Japanese corporate bonds | — | — |
| Japanese stocks | — | — |
| Others | 6,027,667 | 3,017,931 |
| Foreign bonds | 4,812,110 | 1,699,133 |
| Foreign stocks | 1,215,556 | 1,318,798 |
| Subtotal | ¥ 6,027,667 | ¥ 3,017,931 |
| Total | ¥22,758,241 | ¥20,060,873 |

Average Balance

| Year ended March 31 | Millions of yen | |
|---------------------------------------|-----------------|-------------|
| | 2008 | 2007 |
| Domestic operations: | | |
| Japanese government bonds | ¥ 7,341,261 | ¥ 8,566,945 |
| Japanese local government bonds | 470,333 | 550,770 |
| Japanese corporate bonds | 3,632,377 | 3,804,985 |
| Japanese stocks | 2,904,058 | 2,920,211 |
| Others | 775,090 | 920,559 |
| Foreign bonds | / | / |
| Foreign stocks | / | / |
| Subtotal | ¥15,123,121 | ¥16,763,472 |
| International operations: | | |
| Japanese government bonds | ¥ — | ¥ — |
| Japanese local government bonds | — | — |
| Japanese corporate bonds | — | — |
| Japanese stocks | — | — |
| Others | 3,528,429 | 4,095,307 |
| Foreign bonds | 2,255,870 | 2,821,607 |
| Foreign stocks | 1,272,559 | 1,273,700 |
| Subtotal | ¥ 3,528,429 | ¥ 4,095,307 |
| Total | ¥18,651,550 | ¥20,858,779 |

Note: The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method.

Balance of Securities Held, Classified by Maturity

| March 31 | Millions of yen | |
|---------------------------------------|-----------------|-------------|
| | 2008 | 2007 |
| One year or less | | |
| Japanese government bonds | ¥ 1,637,379 | ¥ 2,784,983 |
| Japanese local government bonds | 64,060 | 83,763 |
| Japanese corporate bonds | 349,571 | 555,185 |
| Others | 471,036 | 413,472 |
| Foreign bonds..... | 456,965 | 349,371 |
| Foreign stocks | — | — |
| One — three years | | |
| Japanese government bonds | 1,448,219 | 456,226 |
| Japanese local government bonds | 43,929 | 72,335 |
| Japanese corporate bonds | 1,104,278 | 1,175,630 |
| Others | 2,227,909 | 265,958 |
| Foreign bonds..... | 2,163,254 | 153,931 |
| Foreign stocks | 141 | 15,835 |
| Three — five years | | |
| Japanese government bonds | 3,639,495 | 897,565 |
| Japanese local government bonds | 70,114 | 60,149 |
| Japanese corporate bonds | 1,028,132 | 931,372 |
| Others | 1,523,728 | 138,547 |
| Foreign bonds..... | 1,478,032 | 84,577 |
| Foreign stocks | — | — |
| Five — seven years | | |
| Japanese government bonds | 292,217 | 583,079 |
| Japanese local government bonds | 102,245 | 212,590 |
| Japanese corporate bonds | 576,636 | 635,881 |
| Others | 174,050 | 173,241 |
| Foreign bonds..... | 122,496 | 136,925 |
| Foreign stocks | 1,595 | — |
| Seven — 10 years | | |
| Japanese government bonds | 146,871 | 301,441 |
| Japanese local government bonds | 50,430 | 91,447 |
| Japanese corporate bonds | 401,459 | 437,479 |
| Others | 413,635 | 532,189 |
| Foreign bonds..... | 384,846 | 410,492 |
| Foreign stocks | — | 7,976 |
| More than 10 years | | |
| Japanese government bonds | 1,635,066 | 1,904,058 |
| Japanese local government bonds | 398 | 421 |
| Japanese corporate bonds | 46,102 | 96,396 |
| Others | 386,561 | 783,940 |
| Foreign bonds..... | 206,517 | 563,835 |
| Foreign stocks | 180,043 | 220,105 |
| No designated term | | |
| Japanese government bonds | — | — |
| Japanese local government bonds | — | — |
| Japanese corporate bonds | — | — |
| Japanese stocks | 3,668,150 | 4,830,277 |
| Others | 1,256,560 | 1,643,238 |
| Foreign bonds..... | — | — |
| Foreign stocks | 1,033,775 | 1,074,880 |
| Total | | |
| Japanese government bonds | ¥ 8,799,249 | ¥ 6,927,353 |
| Japanese local government bonds | 331,178 | 520,708 |
| Japanese corporate bonds | 3,506,181 | 3,831,945 |
| Japanese stocks | 3,668,150 | 4,830,277 |
| Others | 6,453,481 | 3,950,589 |
| Foreign bonds..... | 4,812,110 | 1,699,133 |
| Foreign stocks | 1,215,556 | 1,318,798 |

Ratios (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Income Ratio

| Year ended March 31 | Percentage | |
|---|------------|-------|
| | 2008 | 2007 |
| Ordinary profit to total assets | 0.56% | 0.62% |
| Ordinary profit to stockholders' equity | 14.28 | 18.57 |
| Net income to total assets | 0.22 | 0.34 |
| Net income to stockholders' equity | 5.64 | 10.13 |

Notes: 1. Ordinary profit (net income) to total assets = Ordinary profit (net income) / Average balance of total assets excluding customers' liabilities for acceptances and guarantees x 100
 2. Ordinary profit (net income) to stockholders' equity = (Ordinary profit (net income) - Preferred dividends) / {(Stockholders' equity at beginning of the fiscal year - Number of shares of preferred stock outstanding at beginning of the fiscal year x Issue price) + (Net assets at end of the fiscal year - Number of shares of preferred stock outstanding at end of the fiscal year x Issue price)} divided by 2 x 100

Yield/Interest Rate

| Year ended March 31 | Percentage | |
|--|------------|--------|
| | 2008 | 2007 |
| Domestic operations | | |
| Interest-earning assets (A) | 1.78% | 1.56% |
| Interest-bearing liabilities (B) | 1.25 | 0.98 |
| (A) - (B) | 0.53 | 0.58 |
| International operations | | |
| Interest-earning assets (A) | 4.30% | 4.61% |
| Interest-bearing liabilities (B) | 4.43 | 4.90 |
| (A) - (B) | (0.13) | (0.29) |
| Total | | |
| Interest-earning assets (A) | 2.34% | 2.12% |
| Interest-bearing liabilities (B) | 1.91 | 1.66 |
| (A) - (B) | 0.43 | 0.46 |

Loan-Deposit Ratio

| March 31 | Millions of yen | |
|--|-----------------|--------------|
| | 2008 | 2007 |
| Domestic operations | | |
| Loans and bills discounted (A) | ¥ 47,935,924 | ¥ 47,262,094 |
| Deposits (B) | 60,751,641 | 59,933,911 |
| Loan-deposit ratio (%) | | |
| (A) / (B) | 78.90% | 78.85% |
| Ratio by average balance for the fiscal year | 77.99 | 78.59 |
| International operations | | |
| Loans and bills discounted (A) | ¥ 9,021,889 | ¥ 6,494,346 |
| Deposits (B) | 8,631,193 | 8,875,426 |
| Loan-deposit ratio (%) | | |
| (A) / (B) | 104.52% | 73.17% |
| Ratio by average balance for the fiscal year | 81.61 | 70.82 |
| Total | | |
| Loans and bills discounted (A) | ¥ 56,957,813 | ¥ 53,756,440 |
| Deposits (B) | 69,382,834 | 68,809,338 |
| Loan-deposit ratio (%) | | |
| (A) / (B) | 82.09% | 78.12% |
| Ratio by average balance for the fiscal year | 78.47 | 77.58 |

Note: Deposits include negotiable certificates of deposit.

Securities-Deposit Ratio

| March 31 | Millions of yen | |
|---|-----------------|--------------|
| | 2008 | 2007 |
| Domestic operations | | |
| Securities (A) | ¥ 16,730,573 | ¥ 17,042,942 |
| Deposits (B) | 60,751,641 | 59,933,911 |
| Securities-deposit ratio (%) | | |
| (A) / (B) | 27.53% | 28.43% |
| Ratio by average balance for the fiscal year..... | 25.26 | 27.92 |
| International operations | | |
| Securities (A) | ¥ 6,027,667 | ¥ 3,017,931 |
| Deposits (B) | 8,631,193 | 8,875,426 |
| Securities-deposit ratio (%) | | |
| (A) / (B) | 69.83% | 34.00% |
| Ratio by average balance for the fiscal year..... | 38.02 | 45.52 |
| Total | | |
| Securities (A) | ¥ 22,758,241 | ¥ 20,060,873 |
| Deposits (B) | 69,382,834 | 68,809,338 |
| Securities-deposit ratio (%) | | |
| (A) / (B) | 32.80% | 29.15% |
| Ratio by average balance for the fiscal year..... | 26.98 | 30.21 |

Note: Deposits include negotiable certificates of deposit.

Capital (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Changes in Number of Shares Issued and Capital Stock

| | Number of shares issued | | Millions of yen | | | |
|--|-------------------------|------------|-----------------|----------|-----------------|-----------|
| | Changes | Balances | Capital stock | | Capital reserve | |
| | | | Changes | Balances | Changes | Balances |
| April 1, 2004 ^{*1} | — | 55,778,805 | ¥ — | ¥559,985 | ¥ (220,966) | ¥ 658,726 |
| September 21, 2004 ^{*2} | 2 | 55,778,807 | — | 559,985 | 246,205 | 904,932 |
| March 30, 2005 ^{*3} | 70,001 | 55,848,808 | 105,001 | 664,986 | 105,001 | 1,009,933 |
| April 1, 2004 — March 31, 2005 ^{*4} | 264,140 | 56,112,948 | — | 664,986 | — | 1,009,933 |
| August 9, 2005 ^{*5} | — | 56,112,948 | — | 664,986 | (344,900) | 665,033 |
| May 17, 2006 ^{*6} | 214,194 | 56,327,142 | — | 664,986 | — | 665,033 |
| September 6, 2006 ^{*7} | 173,770 | 56,500,912 | — | 664,986 | — | 665,033 |
| September 29, 2006 ^{*8} | 601,757 | 57,102,669 | — | 664,986 | — | 665,033 |
| October 11, 2006 ^{*9} | 153,181 | 57,255,850 | — | 664,986 | — | 665,033 |
| October 31, 2006 ^{*10} | (830,000) | 56,425,850 | — | 664,986 | — | 665,033 |

Remarks:

*1 Reduction in capital reserve due to a corporate split resulting from the spin-off of certain subsidiaries

*2 Share exchange due to a restructuring of Group companies

*3 Allotment to third parties: Preferred stock (1st series Type 6): 70,001 shares

Issue price: ¥3,000 thousand Capitalization: ¥1,500 thousand

*4 Conversion of 32,000 shares of preferred stock (Type 1) and 105,000 shares of preferred stock (Type 3) to 401,140 shares of common stock

*5 Capital reserve was transferred to other capital surplus pursuant to Article 289-2 of the Commercial Code and Article 18-2 of the Banking Law

*6 Conversion of 35,000 shares of preferred stock (Type 1) and 33,000 shares of preferred stock (Type 2) to 214,194 shares of common stock

*7 Conversion of 67,000 shares of preferred stock (Type 2) to 173,770 shares of common stock

*8 Conversion of 500,000 shares of preferred stock (Type 3) to 601,757 shares of common stock

*9 Conversion of 195,000 shares of preferred stock (Type 3) to 153,181 shares of common stock

*10 Cancellation of 35,000 shares of preferred stock (Type 1), 100,000 shares of preferred stock (Type 2) and 695,000 shares of preferred stock (Type 3)

Number of Shares Issued

| March 31, 2008 | Number of shares issued |
|--|-------------------------|
| Common stock..... | 56,355,849 |
| Preferred stock (1st series Type 6)..... | 70,001 |
| Total..... | 56,425,850 |

Note: The shares above are not listed on any stock exchange.

Principal Shareholders

a. Common Stock

| March 31, 2008 | Number of shares | Percentage of shares outstanding |
|--|-------------------|----------------------------------|
| Sumitomo Mitsui Financial Group, Inc. | 56,355,849 | 100.00% |

b. Preferred Stock (1st series Type 6)

| March 31, 2008 | Number of shares | Percentage of shares outstanding |
|--|------------------|----------------------------------|
| Sumitomo Mitsui Financial Group, Inc. | 70,001 | 100.00% |

Others (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Employees

| March 31 | 2008 | 2007 |
|---|--------|--------|
| Number of employees..... | 17,886 | 16,407 |
| Average age (years–months)..... | 35–11 | 36–4 |
| Average length of employment (years–months) | 13–2 | 13–8 |
| Average annual salary (thousands of yen) | ¥8,290 | ¥7,712 |

Notes: 1. Temporary and part-time staff are excluded from the above calculations but includes overseas local staff. Executive officers who do not concurrently serve as Directors are excluded from "Number of employees."
 2. "Average annual salary" includes bonus, overtime pay and other fringe benefits.
 3. Overseas local staff are excluded from the above calculations other than "Number of employees."

Number of Offices

| March 31 | 2008 | 2007 |
|--------------------------------|------|------|
| Domestic network: | | |
| Main offices and branches..... | 473 | 463 |
| Subbranches..... | 157 | 156 |
| Agency..... | 1 | 1 |
| Overseas network: | | |
| Branches..... | 19 | 18 |
| Subbranches..... | 6 | 5 |
| Representative offices | 15 | 13 |
| Total..... | 671 | 656 |

Note: "Main offices and branches" includes the International Business Operations Dept. (2008, 2 branches; 2007, 2 branches), specialized deposit account branches (2008, 38 branches; 2007, 38 branches) and ATM administration branches (2008, 17 branches; 2007, 17 branches).

Number of Automated Service Centers

| March 31 | 2008 | 2007 |
|---------------------------------|--------|--------|
| Automated service centers | 28,120 | 25,283 |

Domestic Exchange Transactions

| Year ended March 31 | Millions of yen | |
|---|-----------------|----------------|
| | 2008 | 2007 |
| Exchange for remittance: | | |
| Destined for various parts of the country: | | |
| Number of accounts (thousands)..... | 405,059 | 387,493 |
| Amount | ¥ 871,073,089 | ¥ 713,802,911 |
| Received from various parts of the country: | | |
| Number of accounts (thousands)..... | 301,655 | 295,072 |
| Amount | ¥ 881,410,435 | ¥ 842,628,980 |
| Collection: | | |
| Destined for various parts of the country: | | |
| Number of accounts (thousands)..... | 3,444 | 4,201 |
| Amount | ¥ 9,101,611 | ¥ 10,897,627 |
| Received from various parts of the country: | | |
| Number of accounts (thousands)..... | 1,214 | 1,218 |
| Amount | ¥ 2,801,793 | ¥ 3,545,842 |
| Total..... | ¥1,764,386,929 | ¥1,570,875,362 |

Foreign Exchange Transactions

| Year ended March 31 | Millions of U.S. dollars | |
|--------------------------------|--------------------------|--------------------|
| | 2008 | 2007 |
| Outward exchanges: | | |
| Foreign bills sold | \$ 1,143,759 | \$ 913,008 |
| Foreign bills bought | 597,763 | 422,390 |
| Incoming exchanges: | | |
| Foreign bills payable | \$ 685,135 | \$ 670,892 |
| Foreign bills receivable | 30,156 | 28,076 |
| Total | \$2,456,815 | \$2,034,368 |

Note: The figures above include foreign exchange transactions by overseas branches.

Breakdown of Collateral for Customers' Liabilities for Acceptances and Guarantees

| March 31 | Millions of yen | |
|-------------------------|-------------------|-------------------|
| | 2008 | 2007 |
| Securities | ¥ 10,334 | ¥ 17,427 |
| Commercial claims | 25,040 | 22,217 |
| Commercial goods | 4,373 | 4,451 |
| Real estate | 62,754 | 58,403 |
| Others | 13,943 | 28,780 |
| Subtotal | ¥ 116,446 | ¥ 131,280 |
| Guaranteed | 535,278 | 454,673 |
| Unsecured | 4,013,337 | 3,591,862 |
| Total | ¥4,665,062 | ¥4,177,816 |

Trust Assets and Liabilities (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Statement of Trust Assets and Liabilities

| March 31 | Millions of yen | |
|--|-------------------|-------------------|
| | 2008 | 2007 |
| Assets: | | |
| Loans and bills discounted | ¥ 223,740 | ¥ 5,350 |
| Loans on deeds | 223,740 | 5,350 |
| Securities | 273,504 | 267,110 |
| Japanese government bonds | 202,845 | 168,798 |
| Corporate bonds | 12,000 | 12,000 |
| Foreign securities | 58,358 | 86,312 |
| Other securities | 300 | — |
| Securities held in custody accounts | 3,451 | 3,000 |
| Monetary claims | 571,072 | 703,199 |
| Monetary claims for housing loans | 84,419 | 123,148 |
| Other monetary claims | 486,653 | 580,051 |
| Premises and equipment | 25 | 25 |
| Equipment | 25 | 25 |
| Other claims | 1,318 | 1,245 |
| Call loans | 263 | — |
| Due from banking account | 80,796 | 65,062 |
| Cash and due from banks | 20,000 | 129,401 |
| Deposits with banks | 20,000 | 129,401 |
| Others | 1,540 | — |
| Others | 1,540 | — |
| Total assets | ¥1,175,711 | ¥1,174,396 |
| Liabilities: | | |
| Designated money trusts | ¥ 292,193 | ¥ 358,058 |
| Specified money trusts | 61,864 | 91,741 |
| Pecuniary trusts other than money trusts | 223,130 | — |
| Security trusts | 3,462 | 3,000 |
| Monetary claims trusts | 501,920 | 598,236 |
| Composite trusts | 91,600 | 123,359 |
| Other trusts | 1,540 | — |
| Total liabilities | ¥1,175,711 | ¥1,174,396 |

- Notes: 1. Amounts less than one million yen have been omitted.
 2. SMBC has no co-operative trusts under other trust bank's administration as of year-end.
 3. SMBC does not deal with any trusts with principal indemnification.

Year-End Balance of Money Trusts and Others

| March 31 | Millions of yen | |
|--------------------------------------|-----------------|-----------------|
| | 2008 | 2007 |
| Money trusts | ¥354,058 | ¥449,800 |
| Pension trusts | — | — |
| Asset formation benefit trusts | — | — |
| Loan trusts | — | — |
| Total | ¥354,058 | ¥449,800 |

Year-End Balance of Trusts with Principal Indemnification

There are no corresponding items.

Risk-Monitored Loans Related with Trusts with Principal Indemnification

There are no corresponding items.

Balance of Principal Amounts of Money Trusts and Loan Trusts, Classified by Maturity

| March 31 | Millions of yen | |
|---------------------------|-----------------|-----------------|
| | 2008 | 2007 |
| Money trusts: | | |
| Less than one year | ¥ 6,457 | ¥ 71,658 |
| One — two years | 79,747 | 15,871 |
| Two — five years | 50,334 | 111,503 |
| Five years and more | 213,028 | 244,253 |
| No designated term | — | — |
| Total | ¥349,568 | ¥443,287 |
| Loan trusts: | | |
| Less than one year | ¥ — | ¥ — |
| One — two years | — | — |
| Two — five years | — | — |
| Five years and more | — | — |
| No designated term | — | — |
| Total | ¥ — | ¥ — |

Year-End Balance of Money Trusts and Others

| March 31 | Millions of yen | |
|---|-----------------|----------|
| | 2008 | 2007 |
| Money trusts: | | |
| Loans and bills discounted | ¥ 3,740 | ¥ 5,350 |
| Securities | 270,476 | 267,110 |
| Subtotal | ¥274,216 | ¥272,460 |
| Pension trusts: | | |
| Loans and bills discounted | ¥ — | ¥ — |
| Securities | — | — |
| Subtotal | ¥ — | ¥ — |
| Asset formation benefit trusts: | | |
| Loans and bills discounted | ¥ — | ¥ — |
| Securities | — | — |
| Subtotal | ¥ — | ¥ — |
| Loan trusts: | | |
| Loans and bills discounted | ¥ — | ¥ — |
| Securities | — | — |
| Subtotal | ¥ — | ¥ — |
| Total of loans and bills discounted | ¥ 3,740 | ¥ 5,350 |
| Total of securities | ¥270,476 | ¥267,110 |
| Total | ¥274,216 | ¥272,460 |

Year-End Balance of Loans and Bills Discounted

| March 31 | Millions of yen | |
|------------------------|-----------------|--------|
| | 2008 | 2007 |
| Loans on deeds | ¥ 3,740 | ¥5,350 |
| Loans on notes | — | — |
| Bills discounted | — | — |
| Total | ¥ 3,740 | ¥5,350 |

Year-End Balance of Loans and Bills Discounted, Classified by Maturity

| March 31 | Millions of yen | |
|-----------------------------|-----------------|--------|
| | 2008 | 2007 |
| Loans and bills discounted | | |
| One year or less | ¥ 2,540 | ¥1,350 |
| One — three years | — | 1,800 |
| Three — five years | — | 1,000 |
| Five — seven years | 220,000 | — |
| More than seven years | 1,200 | 1,200 |
| Total | ¥223,740 | ¥5,350 |

Balance of Loans and Bills Discounted, Classified by Collateral

| March 31 | Millions of yen | |
|-------------------------|-----------------|--------|
| | 2008 | 2007 |
| Securities | ¥ — | ¥ — |
| Commercial claims | — | — |
| Real estate | — | — |
| Factory | — | — |
| Fund | — | — |
| Ships and vessels | — | — |
| Others | — | — |
| Subtotal | ¥ — | ¥ — |
| Guaranteed | ¥ — | ¥ — |
| Unsecured | 223,740 | 5,350 |
| Total | ¥223,740 | ¥5,350 |

Balance of Loans and Bills Discounted, Classified by Purpose

| March 31 | Millions of yen | | | |
|------------------------------------|-----------------|---------|--------|---------|
| | 2008 | | 2007 | |
| Funds for capital investment | ¥ 1,000 | 0.45% | ¥1,000 | 18.69% |
| Funds for working capital | 222,740 | 99.55 | 4,350 | 81.31 |
| Total | ¥223,740 | 100.00% | ¥5,350 | 100.00% |

Breakdown of Loan Portfolio, Classified by Industry

| March 31 | Millions of yen | | | |
|--|-----------------|---------|--------|---------|
| | 2008 | | 2007 | |
| Manufacturing | ¥ 1,000 | 0.45% | ¥1,000 | 18.69% |
| Agriculture, forestry, fisheries and mining..... | 100,000 | 44.70 | — | — |
| Construction..... | — | — | — | — |
| Transportation, communications and public enterprises..... | 1,040 | 0.46 | 1,650 | 30.84 |
| Wholesale and retail | — | — | 1,000 | 18.69 |
| Finance and insurance..... | 1,200 | 0.54 | 1,200 | 22.43 |
| Real estate..... | 120,000 | 53.63 | — | — |
| Services | 500 | 0.22 | 500 | 9.35 |
| Municipalities | — | — | — | — |
| Others | — | — | — | — |
| Total | ¥223,740 | 100.00% | ¥5,350 | 100.00% |

Loans to Individuals/Small and Medium-Sized Corporations

Balance of Loans

| March 31 | 2008 | | 2007 | |
|---|-----------------|--|--------|--|
| | Millions of yen | | | |
| Total to individuals, and small and medium-sized enterprises (A)..... | ¥ 1,040 | | ¥1,650 | |
| Total loans (B)..... | 223,740 | | 5,350 | |
| (A) / (B) | 0.46% | | 30.84% | |

Number of Loans Lent

| March 31 | 2008 | | 2007 | |
|---|-----------------|--|--------|--|
| | Number of loans | | | |
| Total to individuals, and small and medium-sized enterprises (C)..... | 2 | | 3 | |
| Total loans (D) | 7 | | 7 | |
| (C) / (D) | 28.57% | | 42.85% | |

Note: Small and medium-sized enterprises are individuals or companies with capital stock of ¥300 million or less, or an operating staff of 300 or fewer employees. (Exceptions to these capital stock and staff restrictions include wholesalers: ¥100 million, 100 employees; retailers: ¥50 million, 50 employees; and service industry companies: ¥50 million, 100 employees.)

Year-End Balance of Securities Related with Money Trusts and Others

| March 31 | Millions of yen | | | |
|---|-----------------|---------|----------|---------|
| | 2008 | | 2007 | |
| Japanese government bonds..... | ¥199,818 | 73.87% | ¥168,798 | 63.20% |
| Japanese local government bonds | — | — | — | — |
| Short-term Japanese corporate bonds | — | — | — | — |
| Japanese corporate bonds | 12,000 | 4.44 | 12,000 | 4.49 |
| Japanese stocks | — | — | — | — |
| Others | 58,658 | 21.69 | 86,312 | 32.31 |
| Total | ¥270,476 | 100.00% | ¥267,110 | 100.00% |

Capital Ratio Information

Sumitomo Mitsui Banking Corporation and Subsidiaries

■ Capital Structure Information (Consolidated Capital Ratio (International Standards))

| March 31 | | Millions of yen | |
|-------------------------------------|--|-----------------|--------------|
| | | 2008 | 2007 |
| Tier I capital: | Capital stock..... | ¥ 664,986 | ¥ 664,986 |
| | Capital surplus..... | 1,603,512 | 1,603,512 |
| | Retained earnings..... | 861,508 | 581,619 |
| | Cash dividends..... | (15,383) | — |
| | Foreign currency translation adjustments..... | (28,468) | (37,194) |
| | Stock acquisition rights..... | 43 | 14 |
| | Minority interests..... | 1,462,222 | 1,374,169 |
| | Goodwill and others..... | (2) | (4) |
| | Gain on sale on securitization transactions..... | (44,045) | (40,057) |
| | Total Tier I capital (A)..... | 4,504,375 | 4,147,047 |
| Tier II capital: | Unrealized gains on other securities after 55% discount..... | 338,561 | 830,321 |
| | Land revaluation excess after 55% discount..... | 37,220 | 39,367 |
| | General reserve for possible loan losses..... | 44,969 | 28,115 |
| | Excess amount of provision..... | 89,794 | 193,977 |
| | Subordinated debt..... | 2,523,062 | 2,564,195 |
| | Total Tier II capital..... | 3,033,608 | 3,655,976 |
| | Tier II capital included as qualifying capital (B)..... | 3,033,608 | 3,655,976 |
| Deductions: | (C)..... | 339,552 | 320,319 |
| Total qualifying capital: | (D) = (A) + (B) - (C)..... | ¥ 7,198,431 | ¥ 7,482,705 |
| Risk-adjusted assets: | On-balance sheet items..... | ¥ 45,445,432 | ¥ 44,878,966 |
| | Off-balance sheet items..... | 10,194,881 | 8,756,301 |
| | Market risk items..... | 402,197 | 401,455 |
| | Operational risk..... | 2,971,224 | 3,701,598 |
| | Total risk-adjusted assets (E)..... | ¥ 59,013,736 | ¥ 57,738,321 |
| Tier I risk-adjusted capital ratio: | (A) / (E) x 100..... | 7.63% | 7.18% |
| Total risk-adjusted capital ratio: | (D) / (E) x 100..... | 12.19% | 12.95% |
| Required capital: | (E) x 8%..... | ¥ 4,721,098 | ¥ 4,619,065 |

■ Capital Structure Information (Nonconsolidated Capital Ratio (International Standards))

| March 31 | | Millions of yen | |
|-------------------------------------|---|-----------------|-------------|
| | | 2008 | 2007 |
| Tier I capital: | Capital stock..... | ¥ 664,986 | ¥ 664,986 |
| | Capital reserve | 665,033 | 665,033 |
| | Other capital surplus | 702,514 | 702,514 |
| | Other retained earnings..... | 894,560 | 760,100 |
| | Other | 953,936 | 933,063 |
| | Cash dividends..... | (15,383) | — |
| | Gain on sale on securitization transactions..... | (44,045) | (40,057) |
| | Deductions of deferred tax assets..... | (58,930) | — |
| | Total Tier I capital (A) | 3,762,673 | 3,685,641 |
| Tier II capital: | Unrealized gains on other securities after 55% discount | 339,932 | 824,998 |
| | Land revaluation excess after 55% discount..... | 30,774 | 32,920 |
| | General reserve for possible loan losses | — | — |
| | Excess amount of provision | 8,282 | 32,467 |
| | Subordinated debt | 2,683,172 | 2,710,870 |
| | Total Tier II capital | 3,062,160 | 3,601,257 |
| | Tier II capital included as qualifying capital (B) | 3,062,160 | 3,601,257 |
| Deductions: | (C) | 272,393 | 286,295 |
| Total qualifying capital: | (D) = (A) + (B) - (C) | ¥ 6,552,440 | ¥ 7,000,603 |
| Risk-adjusted assets: | On-balance sheet items | ¥40,580,140 | ¥40,755,261 |
| | Off-balance sheet items | 8,619,697 | 7,871,270 |
| | Market risk items | 257,905 | 334,631 |
| | Operational risk | 2,241,099 | 3,053,199 |
| | Total risk-adjusted assets (E)..... | ¥51,698,842 | ¥52,014,363 |
| Tier I risk-adjusted capital ratio: | (A) / (E) x 100 | 7.27% | 7.08% |
| Total risk-adjusted capital ratio: | (D) / (E) x 100 | 12.67% | 13.45% |
| Required capital: | (E) x 8%..... | ¥ 4,135,907 | ¥ 4,161,149 |



Corporate Data

Sumitomo Mitsui Financial Group, Inc.

■ Board of Directors, Corporate Auditors, and Executive Officers (as of June 30, 2008)

BOARD OF DIRECTORS

Masayuki Oku

Chairman of the Board and Representative Director

Teisuke Kitayama

President and Representative Director

Hiroki Nishio

Senior Managing Director and Representative Director
Audit Dept.

Osamu Endo

Director
Consumer Business Planning Dept.

Junsuke Fujii

Director
General Affairs Dept., Human Resources Dept.,
Corporate Risk Management Dept.

Takeshi Kunibe

Director
Public Relations Dept., Corporate Planning Dept.,
Financial Accounting Dept., Strategic Financial Planning Dept.,
Subsidiaries & Affiliates Dept.

Yoshiaki Yamauchi

Director (outside)

Yoichiro Yamakawa

Director (outside)

Yoshinori Yokoyama

Director (outside)

CORPORATE AUDITORS

Masahide Hirasawa

Corporate Auditor

Yoji Yamaguchi

Corporate Auditor

Katsuya Onishi

Corporate Auditor (outside)

Hiroshi Araki

Corporate Auditor (outside)

Ikuo Uno

Corporate Auditor (outside)

EXECUTIVE OFFICERS

Wataru Ohara

Senior Managing Director
Corporate Risk Management Dept.

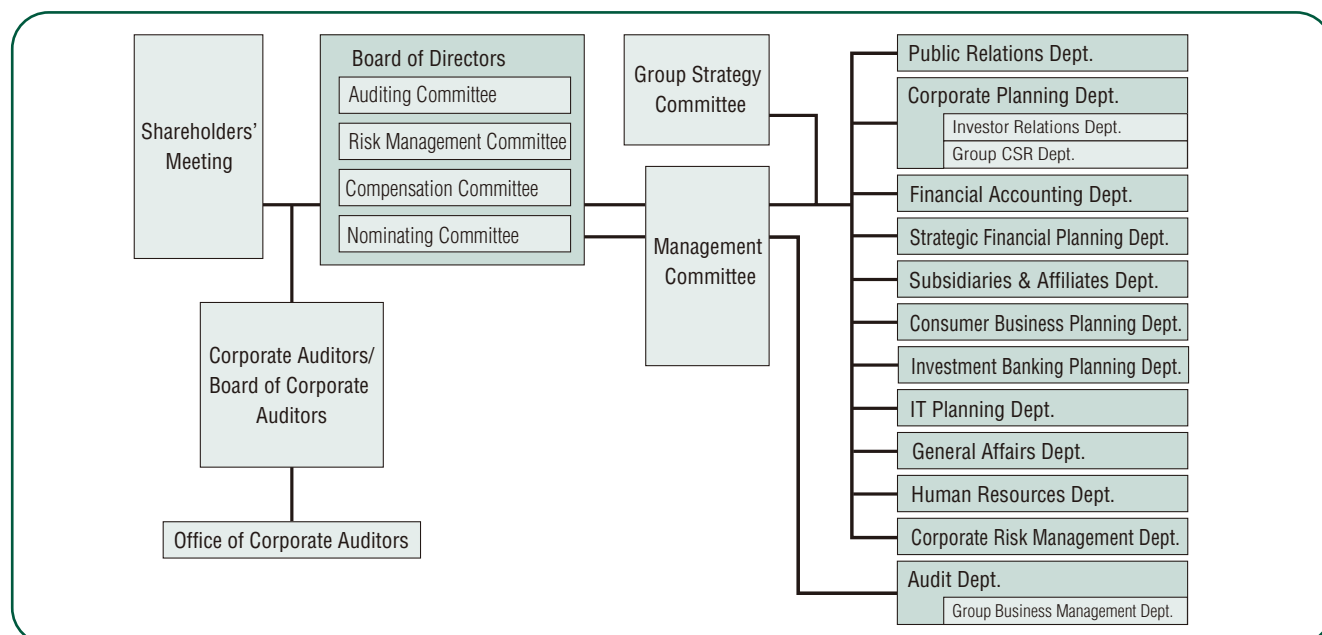
Hideo Shimada

Senior Managing Director
IT Planning Dept.

Tetsuya Kubo

Managing Director
Investment Banking Planning Dept.

■ SMFG Organization (as of June 30, 2008)



Sumitomo Mitsui Banking Corporation

■ Board of Directors, Corporate Auditors, and Executive Officers (as of June 30, 2008)

BOARD OF DIRECTORS

Chairman of the Board

Teisuke Kitayama

President

Masayuki Oku*

Vice Chairman of the Board

Kenjiro Nakano

Deputy Presidents

Shigenobu Aikyo*

Head of Middle Market Banking Unit

Osamu Endo*

Head of Consumer Banking Unit

Hirosumi Tsusue*

Head of Corporate Banking Unit,
International Business Promotion Dept., Global Advisory Division

Senior Managing Directors

Akira Kitamura*

Corporate Research Dept., Credit Administration Dept.,
Deputy Head of Corporate Banking Unit (Credit Dept.),
Investment Banking Unit (Structured Finance Credit Dept.),
Corporate Advisory Division

Wataru Ohara*

Corporate Risk Management Dept., Credit & Investment Planning Dept.,
Trust Services Dept.

Yoshinori Kawamura*

Head of International Banking Unit

Hideo Shimada*

IT Planning Dept., Operations Planning Dept., Operations Support
Dept., Director of JRI

Directors (outside)

Yoshiaki Yamauchi

Yoichiro Yamakawa

Yoshinori Yokoyama

*Executive Officers

CORPORATE AUDITORS

Nobuo Tsukuni

Corporate Auditor

Hiroki Yaze

Corporate Auditor

Katsuya Onishi

Corporate Auditor (outside)

Hiroshi Araki

Corporate Auditor (outside)

Ikuo Uno

Corporate Auditor (outside)

Masahide Hirasawa

Corporate Auditor

EXECUTIVE OFFICERS

Managing Directors

Keiichi Ando

Osaka Corporate Banking Division
(Osaka Corporate Banking Dept. I, II, and III)

Satoru Nakanishi

Nagoya Corporate Banking Division (Nagoya Corporate Banking
Dept.), and Head of the Nagoya Middle Market Banking Division

Koki Nomura

Deputy Head of Middle Market Banking Unit (in charge of East Japan)

Junsuke Fujii

Human Resources Dept.,
Human Resources Development Dept., Quality Management Dept.,
General Affairs Dept., Legal Dept., and Administrative Services Dept.

Tetsuya Kubo

Investment Banking Unit

Takeshi Kunibe

Public Relations Dept., Corporate Planning Dept.,
Financial Accounting Dept., Strategic Financial Planning Dept.,
Subsidiaries & Affiliates Dept.

Fumihiko Tanizawa

Internal Audit Dept. and Credit Review Dept.

Koichi Miyata

Head of Treasury Unit, Human Resources Dept. and
Human Resources Development Dept.

Kazumasa Hashimoto

Deputy Head of Middle Market Banking Unit (in charge of West Japan)

Kozo Masaki

Head of China Division, and General Manager, Shanghai Branch

Jun Mizoguchi

Head of Europe Division, and President of Sumitomo Mitsui Banking
Corporation Europe Limited

Tatsuo Yamanaka

Head of Corporate Advisory Division

Kazuya Jono

Deputy Head of Consumer Banking Unit
Head of Private Advisory Dept.

Hideo Hiyama

Deputy Head of International Banking Unit

Naoyuki Kawamoto

General Manager, Corporate Risk Management Dept.

Koichi Minami

Deputy Head of Middle Market Banking Unit (Credit Dept. II)

Yoshihiko Shimizu

General Manager, Planning Dept., Corporate Banking Unit
& Middle Market Banking Unit

Yuichiro Takada

Tokyo Corporate Banking Division
(Corporate Banking Dept.s I, II, and III)

Koichi Danno

Head of Asia Pacific Division

Hiroshi Minoura

Head of Americas Division

Mitsunori Watanabe

Tokyo Corporate Banking Division
(Corporate Banking Dept.s IV, V, and VI)

Directors**Tsuyoshi Isono**

Chairman of SMBC Capital Markets, Inc.

Yujiro Ito

General Manager, General Affairs Dept.

Seiichiro Takahashi

General Manager, Planning Dept., Treasury Unit

Hidetoshi Furukawa

Deputy Head of Corporate Banking Unit,
International Banking Unit,
International Banking Unit, Global Advisory Division

Ikuhiko Morikawa

General Manager, Planning Dept., Consumer Banking Unit

Takayuki Hayakawa

Head of Tokyo Higashi Middle Market Banking Division

Katsunori Okubo

General Manager, Hong Kong Branch

Kenichi Gogami

General Manager, Quality Management Dept.

Takashi Saito

Assistant Head of Corporate Advisory Division

Ryusuke Itakura

Deputy Head of Consumer Banking Unit (in charge of West Japan)

Shuichi Kageyama

Head of Kyoto Hokuriku Middle Market Banking Division,
and General Manager

Kazuhiro Shibata

Deputy Head of Corporate Banking Unit (Credit Dept. I)

Kuniaki Fujiwara

General Manager, Kobe Block Consumer Business Office

Hiroyuki Iwami

General Manager, Tokyo Corporate Banking Dept. III

Yuichiro Ueda

General Manager, Credit Dept., Corporate Banking Unit

Hiroyasu Okano

General Manager, Private Banking Business Office

Shusuke Kurose

IT Planning Dept.

Tatsuya Nishimoto

General Manager, Shibuya Corporate Business Office,
General Manager, Yokohama Corporate Business Office

Masahiro Fuchizaki

Operations Planning Dept. and
Operations Support Dept.

Nobuaki Kurumatani

General Manager, Corporate Planning Dept.

Toshimi Tagata

General Manager, Real Estate Finance Dept.

Masaki Tachibana

General Manager, Human Resources Dept.

Kohei Hirota

Head of Osaka Minami Middle Market Banking Division II

Yoshimi Miura

General Manager, Nagoya Corporate Banking Dept.

William M. Ginn

General Manager, Specialized Industries Dept., and The Americas
Division and Chairman of SMBC Leasing and Finance, Inc.

Nicholas Andrew Pitts-Tucker

Co-General Manager, Structured Finance Dept., Europe Division,
and International Finance Dept., Europe Division, and Executive
Director, General Manager, Co-Head of International & Structured
Finance Department
Sumitomo Mitsui Banking Corporation Europe Ltd.

Hikota Koshika

Head of Kobe Middle Market Banking Division

Ryosuke Harada

Head of Tokyo Toshin Middle Market Banking Division

Haruhide Maeda

General Manager, Himeji Corporate Business Office

Nobuo Iida

Head of Osaka Kita Middle Market Banking Division

Takahiko Kato

General Manager, Singapore Branch

Ichiro Onishi

General Manager, Tokyo Chu-o Block Consumer Business Office

Kazunori Okuyama

Head of Shinjuku Middle Market Banking Division, and Head of
Saitama Ikebukuro Middle Market Banking Division

Fumitoshi Onodera

General Manager, Tokyo Corporate Banking Dept. IV

Hiroshi Kobayashi

General Manager, Planning Dept., Investment Banking Unit

Toru Nagamoto

General Manager, Compliance Audit Group

Atsuhiko Inoue

General Manager, Osaka Corporate Banking Dept. I

Shogo Sekimoto

General Manager, Tokyo Corporate Banking Dept. I

Toshiyuki Teramoto

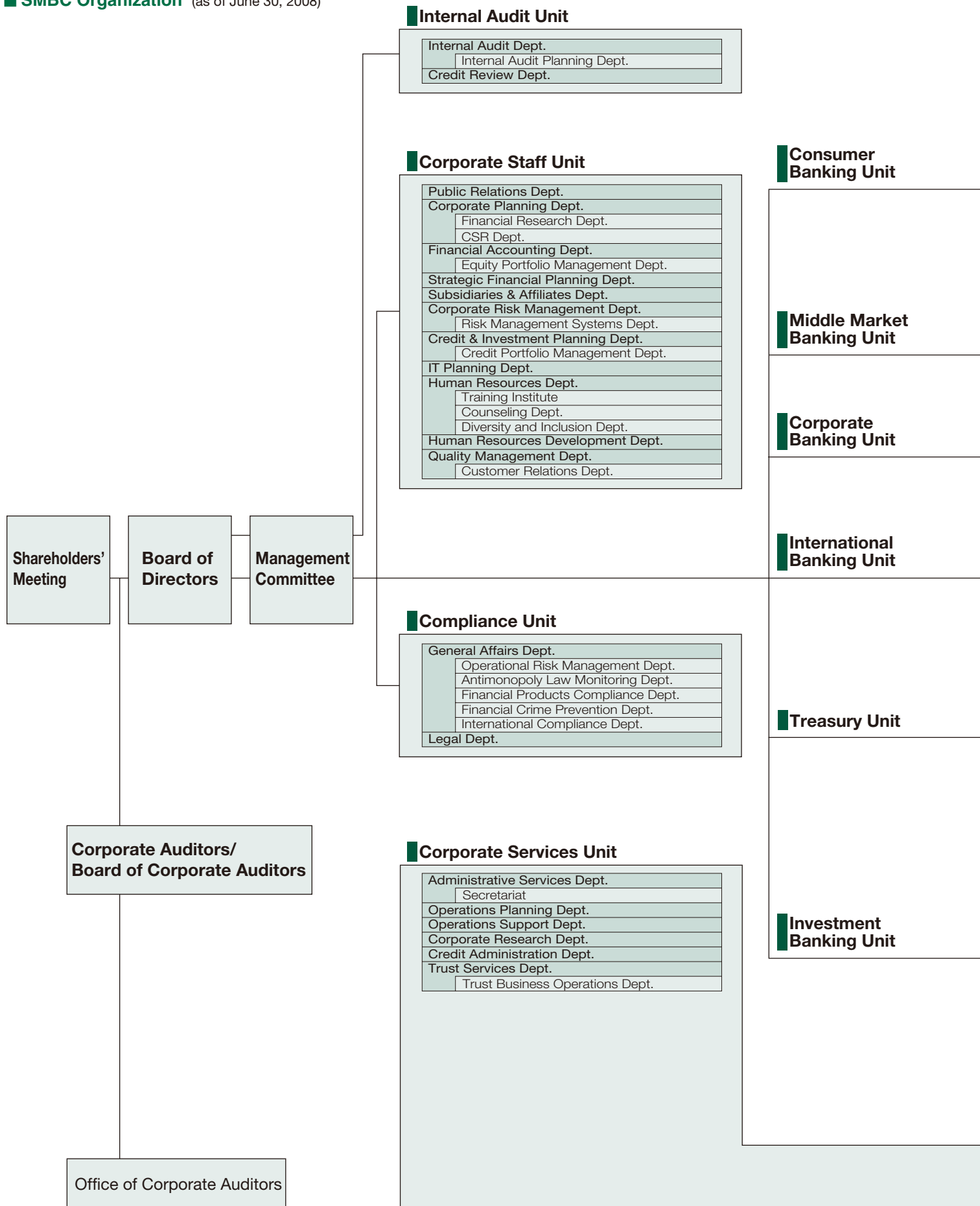
General Manager, Corporate Credit Dept. I, Middle Market Banking Unit

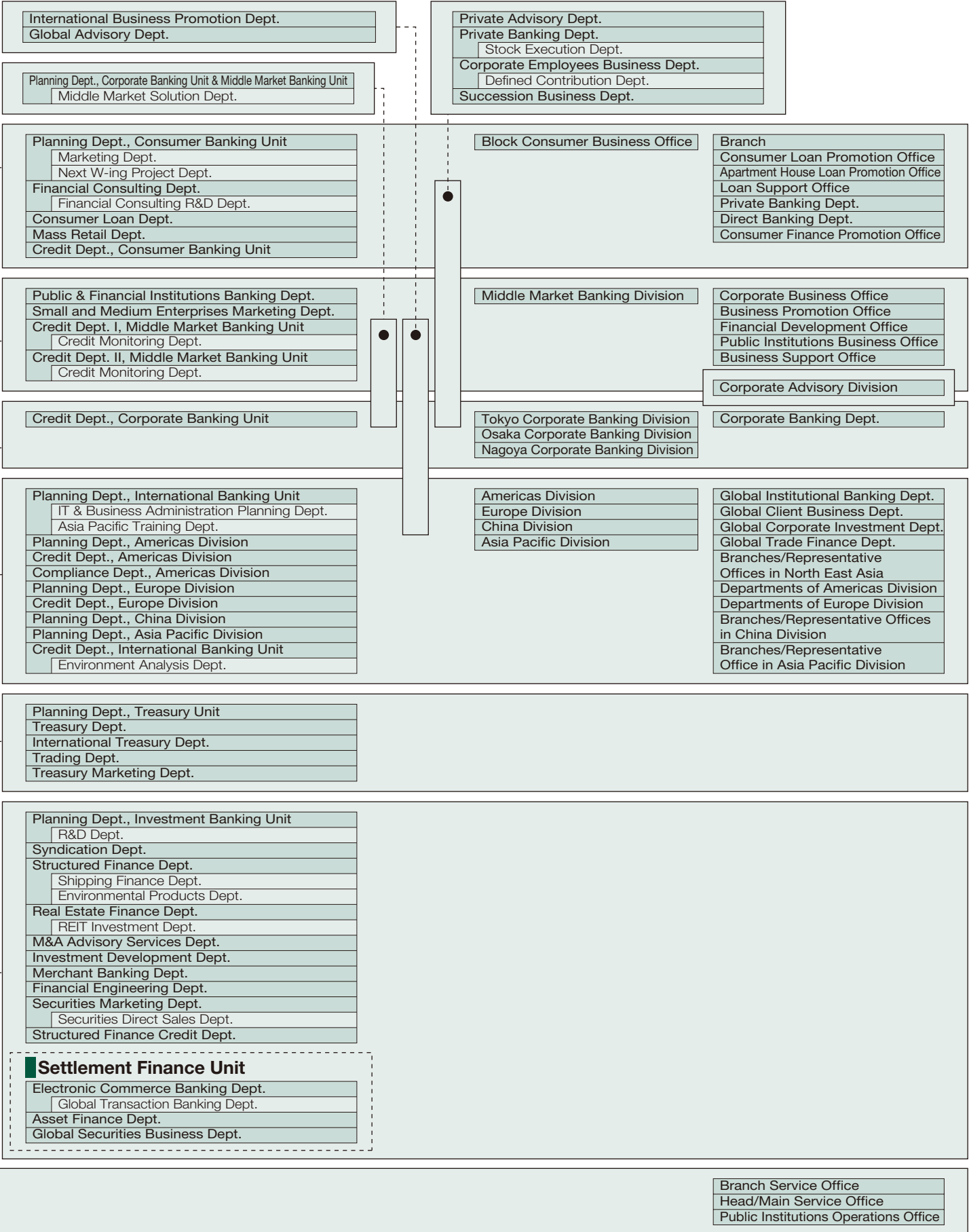
Manabu Narita

General Manager, Shinjuku Nishiguchi Middle Market Banking
Division I

Chris Chan Chi Keung

General Manager, Greater China Corporate Banking Dept.





Principal Subsidiaries and Affiliates (as of March 31, 2008)

All companies shown hereunder are consolidated subsidiaries or affiliates of Sumitomo Mitsui Financial Group, Inc. Those printed in green ink are consolidated subsidiaries or affiliates of Sumitomo Mitsui Banking Corporation.

■ Principal Domestic Subsidiaries*2

| Company Name | Issued Capital (Millions of Yen) | Percentage of SMFG's Voting Rights (%) | Percentage of SMBC's Voting Rights (%) | Established | Main Business |
|---|-------------------------------------|--|--|----------------|---|
| Sumitomo Mitsui Banking Corporation | 664,986 | 100 | — | June 6, 1996 | Commercial banking |
| Sumitomo Mitsui Card Company, Limited | 34,000 | 65.99 | — | Dec. 26, 1967 | Credit card services |
| Sumitomo Mitsui Finance and Leasing Co., Ltd. | 15,000 | 55.00 | — | Feb. 4, 1963 | Leasing |
| The Japan Research Institute, Limited | 10,000 | 100 | — | Nov. 1, 2002 | System engineering, data processing, management consulting, and economic research |
| JRI Solutions, Limited | 5,000 | 0 (100) | — | July 3, 2006 | System engineering, data processing |
| SMBC Friend Securities Co., Ltd. | 27,270 | 100 | — | Mar. 2, 1948 | Securities |
| SAKURA CARD CO., Ltd. | 7,438 | 0 (95.74) | 85.14 (10.59) | Feb. 23, 1983 | Credit card services |
| QUOQ Inc. | 4,750 | 0 (56.53) | 11.0 (32.82) | April 5, 1978 | Credit card services |
| The Japan Net Bank, Limited | 37,250 | 0 (59.70) | 59.70 | Sept. 19, 2000 | Commercial banking |
| SMBC Loan Business Planning Co., Ltd. | 100,010 | 0 (100) | 100 | April 1, 2004 | Management support services |
| SMBC Loan Adviser Co., Ltd. | 10 | 0 (100) | 0 (100) | April 1, 1998 | Consulting and agency services for consumer loans |
| SMBC Guarantee Co., Ltd. | 187,720 | 0 (100) | 0 (100) | July 14, 1976 | Credit guarantee |
| SMBC Finance Business Planning Co., Ltd. | 10 | 0 (100) | 100 | April 1, 2004 | Management support services |
| SMBC Finance Service Co., Ltd. | 71,705 | 0 (100) | 0 (100) | Dec. 5, 1972 | Loans, collecting agent and factoring |
| SMBC Business Support Co., Ltd. | 10 | 0 (100) | 0 (100) | July 1, 2004 | Clerical work outsourcer |
| Financial Link Company, Limited | 160 | 0 (100) | 0 (100) | Sept. 29, 2000 | Data processing service and e-trading consulting |
| SMBC Consulting Co., Ltd. | 1,100 | 0 (100) | 50 (50) | May 1, 1981 | Management consulting and seminar organizer |
| SMBC Support & Solution Co., Ltd. | 10 | 0 (100) | 100 | April 1, 1996 | Help desk and system support |
| SMBC Servicer Co., Ltd. | 1,000 | 0 (100) | 100 | Mar. 11, 1999 | Servicer |
| Sakura Information Systems Co., Ltd.*2 | 600 | 0 (66) | 66 | Nov. 29, 1972 | System engineering and data processing |
| SAKURA KCS Corporation | 2,054 | 0 (50.22) | 27.53 (5.00) | Mar. 29, 1969 | System engineering and data processing |
| THE MINATO BANK, LTD. | 27,484 | 0 (46.34) | 45.10 (1.23) | Sept. 6, 1949 | Commercial banking |
| Kansai Urban Banking Corporation | 37,040 | 0 (58.00) | 42.30 (5.94) | July 1, 1922 | Commercial banking |
| SMBC Staff Service Co., Ltd. | 90 | 0 (100) | 100 | July 15, 1982 | Temporary manpower service |
| SMBC Learning Support Co., Ltd. | 10 | 0 (100) | 100 | May 27, 1998 | Seminar organizer |
| SMBC PERSONNEL SUPPORT CO., LTD. | 10 | 0 (100) | 100 | April 15, 2002 | Banking clerical work |
| SMBC Center Service Co., Ltd. | 100 | 0 (100) | 100 | Oct. 16, 1995 | Banking clerical work |
| SMBC Delivery Service Co., Ltd. | 30 | 0 (100) | 100 | Jan. 31, 1996 | Banking clerical work |
| SMBC Green Service Co., Ltd. | 30 | 0 (100) | 100 | Mar. 15, 1990 | Banking clerical work |
| SMBC International Business Co., Ltd. | 20 | 0 (100) | 100 | Sept. 28, 1983 | Banking clerical work |
| SMBC International Operations Co., Ltd. | 40 | 0 (100) | 100 | Dec. 21, 1994 | Banking clerical work |
| SMBC Loan Business Service Co., Ltd. | 70 | 0 (100) | 100 | Sept. 24, 1976 | Banking clerical work |
| SMBC Market Service Co., Ltd. | 10 | 0 (100) | 100 | Feb. 3, 2003 | Banking clerical work |
| SMBC Loan Administration and Operations Service Co., Ltd. | 10 | 0 (100) | 100 | Feb. 3, 2003 | Banking clerical work |
| SMBC Property Research Service Co., Ltd. | 30 | 0 (100) | 100 | Feb. 1, 1984 | Banking clerical work |

*1 On April 1, 2008, both Sumitomo Mitsui Banking Corporation and Sumitomo Financial Group included PRIMUS Financial Services, Inc., within the scope of consolidation.

*2 On April 1, 2008, Sakura Information Services, Inc., became an affiliate of both Sumitomo Mitsui Banking Corporation and Sumitomo Financial Group.

■ Principal Overseas Subsidiaries

| Company Name | Country | Issued Capital | Percentage of SMFG's Voting Rights (%) | Percentage of SMBC's Voting Rights (%) | Established | Main Business |
|--|------------------------|---------------------|--|--|----------------|--|
| Sumitomo Mitsui Banking Corporation Europe Limited | U.K. | US\$1,700 million | 0 (100) | 100 | Mar. 5, 2003 | Commercial banking |
| Manufacturers Bank | U.S.A. | US\$80.786 million | 0 (100) | 100 | June 26, 1962 | Commercial banking |
| Sumitomo Mitsui Banking Corporation of Canada | Canada | C\$169 million | 0 (100) | 100 | April 1, 2001 | Commercial banking |
| Banco Sumitomo Mitsui Brasileiro S.A. | Brazil | R\$409.357 million | 0 (100) | 100 | Oct. 6, 1958 | Commercial banking |
| PT Bank Sumitomo Mitsui Indonesia | Indonesia | Rp1,502.4 billion | 0 (99) | 99 | Aug. 22, 1989 | Commercial banking |
| SMBC Leasing and Finance, Inc. | U.S.A. | US\$1,620 | 0 (100) | 89.7 (7.7) | Nov. 9, 1990 | Leasing, investments |
| SMBC Capital Markets, Inc. | U.S.A. | US\$100 | 0 (100) | 90 (10) | Dec. 4, 1986 | Derivatives and investments |
| SMBC Securities, Inc. | U.S.A. | US\$100 | 0 (100) | 90 (10) | Aug. 8, 1990 | Securities, investments |
| SMBC Financial Services, Inc. | U.S.A. | US\$3 million | 0 (100) | 100 | Aug. 8, 1990 | Investments, investment advisor |
| SMBC Cayman LC Limited * | Cayman Islands | US\$1,375 million | 0 (100) | 100 | Feb. 7, 2003 | Credit guarantee, bond investment |
| Sumitomo Finance (Asia) Limited | Cayman Islands | US\$35 million | 0 (100) | 100 | Sept. 26, 1973 | Investments |
| SBTC, Inc. | U.S.A. | US\$50 million | 0 (100) | 100 | Jan. 26, 1998 | Investments |
| SB Treasury Company L.L.C. | U.S.A. | US\$470 million | 0 (100) | 0 (100) | Jan. 26, 1998 | Loans |
| SB Equity Securities (Cayman), Limited | Cayman Islands | ¥25,000 million | 0 (100) | 100 | Dec. 15, 1998 | Finance |
| SFVI Limited | British Virgin Islands | US\$300 | 0 (100) | 100 | July 30, 1997 | Investments |
| Sakura Finance (Cayman) Limited | Cayman Islands | US\$100,000 | 0 (100) | 100 | Feb. 11, 1991 | Finance |
| Sakura Preferred Capital (Cayman) Limited | Cayman Islands | ¥10 million | 0 (100) | 100 | Nov. 12, 1998 | Finance |
| SMBC International Finance N.V. | Netherlands Antilles | US\$200,000 | 0 (100) | 100 | June 25, 1990 | Finance |
| SMBC Leasing Investment LLC | U.S.A. | US\$344,620 million | 0 (100) | 0 (100) | April 7, 2003 | Investments in leasing |
| SMBC Capital Partners LLC | U.S.A. | US\$10,000 | 0 (100) | 100 | Dec. 18, 2003 | Holding and trading securities |
| SMBC MVI SPC | Cayman Islands | US\$45 million | 0 (100) | 100 | Sept. 9, 2004 | Loans, buying/selling of monetary claims |
| SMBC DIP Limited | Cayman Islands | US\$1 million | 0 (100) | 100 | Mar. 16, 2005 | Loans, buying/selling of monetary claims |
| SMBC Capital Markets Limited | U.K. | US\$547 million | 0 (100) | 100 | Mar. 13, 1990 | Derivatives and investments |
| SMBC Derivative Products Limited | U.K. | US\$300 million | 0 (100) | 0 (100) | April 18, 1995 | Derivatives and investments |
| Sumitomo Finance International plc | U.K. | £90 million | 0 (100) | 100 | July 1, 1991 | Investments |
| Sumitomo Mitsui Finance Dublin Limited | Ireland | US\$18 million | 0 (100) | 100 | Sept. 19, 1989 | Finance |
| Sakura Finance Asia Limited | Hong Kong | US\$65.5 million | 0 (100) | 100 | Oct. 17, 1977 | Investments |
| Sumitomo Mitsui Finance Australia Limited | Australia | A\$156.5 million | 0 (100) | 100 | June 29, 1984 | Finance |
| SMFG Preferred Capital USD 1 Limited | Cayman Islands | US\$1,650 million | 100 | 0 | Nov. 28, 2006 | Finance |

* SMBC Cayman LC Limited, like other subsidiaries of SMBC, is a separate corporate entity with its own separate creditors and the claims of such creditors are prior to the claims of SMBC, as the direct or indirect holder of the equity in such subsidiary.

Note: Figures in parentheses () in the voting rights column indicate voting rights held indirectly via subsidiaries and/or affiliates.

| Company Name | Country | Issued Capital | Percentage of SMFG's Voting Rights (%) | Percentage of SMBC's Voting Rights (%) | Established | Main Business |
|--------------------------------------|----------------|-------------------|--|--|---------------|---------------|
| SMFG Preferred Capital GBP 1 Limited | Cayman Islands | £500 million | 100 | 0 | Nov. 28, 2006 | Finance |
| SMFG Preferred Capital JPY 1 Limited | Cayman Islands | ¥135,000 million | 100 | 0 | Jan. 11, 2008 | Finance |
| SMBC Preferred Capital USD 1 Limited | Cayman Islands | US\$1,664 million | 0 (100) | 100 | Nov. 28, 2006 | Finance |
| SMBC Preferred Capital GBP 1 Limited | Cayman Islands | £505 million | 0 (100) | 100 | Nov. 28, 2006 | Finance |
| SMBC Preferred Capital JPY 1 Limited | Cayman Islands | ¥137,000 million | 0 (100) | 100 | Jan. 11, 2008 | Finance |

■ Principal Affiliates

| Company Name | Issued Capital (Millions of Yen) | Percentage of SMFG's Voting Rights (%) | Percentage of SMBC's Voting Rights (%) | Established | Main Business |
|--|----------------------------------|--|--|----------------|---|
| Daiwa Securities SMBC Co. Ltd. | 255,700 | 40 | — | Feb. 5, 1999 | Securities |
| NIF SMBC Ventures Co., Ltd. | 18,767 | 0 (40) | 40 (40) | Oct. 20, 1983 | Venture capital |
| Daiwa Securities SMBC Principal Investments Co. Ltd. | 2,000 | 0 (100) | — | Sept. 4, 2001 | Investments |
| Daiwa SB Investments Ltd. | 2,000 | 43.96 | — | April 1, 1999 | Investment advisory and investment trust management |
| Japan Pension Navigator Co., Ltd.* | 1,600 | 0 (30) | 30 | Sept. 21, 2000 | Investment management, investment advisory, and agency services |
| Sumitomo Mitsui Asset Management Company, Limited | 2,000 | 0 (17.50) | 17.50 | Dec. 1, 2002 | Investment management, investment advisory, and agency services |
| Promise Co., Ltd. | 80,737 | 0 (22.02) | 22.02 | Mar. 20, 1962 | Consumer loans |
| At-Loan Co., Ltd. | 10,912 | 0 (100) | 49.99 (50.00) | June 8, 2000 | Consumer loans |
| Sanyo Shinpan Finance Co., Ltd. | 16,268 | 0 (100) | 0 (100) | Nov. 22, 1946 | Consumer loans |
| POCKETCARD Co., LTD. | 11,268 | 0 (47.02) | 4.99 (42.02) | May 25, 1982 | Credit card services |
| Central Finance Co., Ltd. | 23,254 | 9.41 (15.35) | 15.33 | Jan. 28, 1960 | Credit card services |
| OMC Card, Inc. | 43,343 | 0 (32.61) | 32.61 | Sept. 11, 1950 | Credit card services |
| Sumitomo Mitsui Auto Service Company, Limited | 6,950 | 39.99 | — | Feb. 21, 1981 | Leasing |

* On April 1, 2008, Sumitomo Mitsui Banking Corporation included Japan Pension Navigator Co., Ltd., within the scope of consolidation.

International Directory (as of June 30, 2008)

Asia and Oceania

SMBC

Branches, Sub-Branches and Representative Offices

Beijing Branch

16th Floor, North Tower, Beijing Kerry Center No. 1, Guanghua Road, Chaoyang District, Beijing, The People's Republic of China
Tel: 86 (10) 5920-4500
Fax: 86 (10) 5915-1080

Hong Kong Branch

7th and 8th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong Special Administrative Region, The People's Republic of China
Tel: 852-2206-2000
Fax: 852-2206-2888

Shanghai Branch

11th Floor, Shanghai World Financial Center, 100 Century Avenue, Pudong New Area, Shanghai, The People's Republic of China
Tel: 86 (21) 3860-9000
Fax: 86 (21) 3860-9999

Tianjin Branch

12th Floor, The Exchange Tower 2, 189 Nanjing Road, Heping District, Tianjin 300051, The People's Republic of China
Tel: 86 (22) 2330-6677
Fax: 86 (22) 2319-2111

Tianjin Binhai Sub-Branch

8F, E2B, Binhai Financial Street, No. 20, Guangchang East Road, TEDA, Tianjin, The People's Republic of China
Tel: 86 (22) 6622-6677
Fax: 86 (22) 6628-1333

Guangzhou Branch

12th Floor, International Finance Place, No. 8 Huaxia Road, Tianhe District, Guangzhou 510623, The People's Republic of China
Tel: 86 (20) 3819-1888
Fax: 86 (20) 3810-2028

Suzhou Branch

23F, Metropolitan Towers, No.199 Shi Shan Road, Suzhou New District, Suzhou, Jiangsu, 215011 The People's Republic of China
Tel: 86 (512) 6825-8205
Fax: 86 (512) 6825-6121

Suzhou Industrial Park Sub-Branch

16F, International Building, No. 2, Suhua Road, Suzhou Industrial Park, Jiangsu, The People's Republic of China
Tel: 86 (512) 6288-5018
Fax: 86 (512) 6288-5028

Hangzhou Branch

23F, Golden Plaza, No. 118, Qing Chun Road, Xia Cheng District, Hangzhou, Zhejiang 310006 The People's Republic of China
Tel: 86 (571) 2889-1111
Fax: 86 (571) 2889-6699

Beijing Representative Office*

2902, Jing Guang Centre, Hujialou, Chaoyang District, Beijing, 100020 The People's Republic of China
Tel: 86 (10) 6597-3351
Fax: 86 (10) 6597-3002

Dalian Representative Office

Senmao Building 9F, 147 Zhongshan Lu, Dalian, Liaoning 116011 The People's Republic of China
Tel: 86 (411) 8370-7873
Fax: 86 (411) 8370-7761

Chongqing Representative Office

5F, Holiday Inn Yangtze Chongqing, 15 Nan Ping Bei Lu, Chongqing, 400060 The People's Republic of China
Tel: 86 (23) 6280-3394
Fax: 86 (23) 6280-3748

Shenyang Representative Office

Room No. 606, Gloria Plaza Hotel Shenyang, No. 32 Yingbin Street, Shenhe District, Shenyang, Liaoning 110013 The People's Republic of China
Tel: 86 (24) 2252-8310
Fax: 86 (24) 2252-8769

Taipei Branch

Aurora International Building 9F, No. 2, Hsin Yi Rd. Sec. 5, Taipei, 110 Taiwan
Tel: 886 (2) 2720-8100
Fax: 886 (2) 2720-8287

Seoul Branch

Young Poong Bldg. 7F, 33, Seorin-dong, Jongno-gu, Seoul, 110-752, Korea
Tel: 82 (2) 732-1801
Fax: 82 (2) 399-6330

* Procedures are under way to close the Beijing Representative Office.

Singapore Branch

3 Temasek Avenue, #06-01,
Centennial Tower,
Singapore 039190,
The Republic of Singapore
Tel: 65-6882-0000/0001
Fax: 65-6887-0220/0330

Labuan Branch

Level 12 (B&C), Main Office Tower,
Financial Park Labuan, Jalan
Merdeka, 87000 Labuan,
Federal Territory, Malaysia
Tel: 60 (87) 410955
Fax: 60 (87) 410959

Labuan Branch Kuala Lumpur Marketing Office

Letter Box No. 25, 29th Floor,
UBN Tower, 10, Jalan P. Ramlee,
50250 Kuala Lumpur, Malaysia
Tel: 60 (3) 2026-8392
Fax: 60 (3) 2026-8395

Kuala Lumpur Representative Office

Letter Box No. 25, 29th Floor,
UBN Tower, 10, Jalan P. Ramlee,
50250 Kuala Lumpur, Malaysia
Tel: 60 (3) 2026-8392
Fax: 60 (3) 2026-8395

Hanoi Representative Office

Suite 1001, 10th Floor, Hanoi
Central Office Building, 44B Ly
Thuong Kiet Street, Hanoi, Vietnam
Tel: 84 (4) 936-3830
Fax: 84 (4) 936-3831

Ho Chi Minh City Branch

9th Floor, The Landmark,
5B Ton Duc Thang Street, District 1,
Ho Chi Minh City, Vietnam
Tel: 84 (8) 520-2525
Fax: 84 (8) 822-7762

Yangon Representative Office

Room No. 717/718, Traders Hotel,
223 Sule Pagoda Road,
Pabedan Township,
Yangon, Myanmar
Tel: 95 (1) 242828 ext.7717
Fax: 95 (1) 381227

Bangkok Branch

8th-10th Floor, Q.House
Lumpini Building, 1 South
Sathorn Road, Tungmahamek,
Sathorn, Bangkok 10120 Thailand
Tel: 66 (2) 353-8000
Fax: 66 (2) 353-8282

Manila Representative Office

20th Floor, Rufino Pacific Tower,
6784 Ayala Avenue, Makati City,
Metro Manila, The Philippines
Tel: 63 (2) 841-0098/9
Fax: 63 (2) 811-0877

Sydney Branch

Level 35, The Chifley Tower, 2
Chifley Square, Sydney,
NSW 2000, Australia
Tel: 61 (2) 9376-1800
Fax: 61 (2) 9376-1863

SMBC Principal Subsidiaries/
Affiliates
SMFG Network

Sumitomo Mitsui Finance Australia Limited

Level 35, The Chifley Tower, 2
Chifley Square, Sydney,
NSW 2000, Australia
Tel: 61 (2) 9376-1800
Fax: 61 (2) 9376-1863

PT Bank Sumitomo Mitsui Indonesia

Summitmas II, 10th Floor,
Jl. Jendral Sudirman Kav. 61-62,
Jakarta 12190, Indonesia
Tel: 62 (21) 522-7011
Fax: 62 (21) 522-7022

SMBC Metro Investment Corporation

20th Floor, Rufino Pacific Tower,
6784 Ayala Avenue, Makati City,
Metro Manila, The Philippines
Tel: 63 (2) 811-0845
Fax: 63 (2) 811-0876

BSL Leasing Co., Ltd.

19th Fl. Sathorn City Tower,
175 South Sathorn Road,
Bangkok, Thailand
Tel: 66 (2) 670-4700
Fax: 66 (2) 679-6160

SBCS Co., Ltd.

10th Floor, Q.House Lumpini
Building, 1 South Sathorn Road,
Tungmahamek, Sathorn,
Bangkok 10120 Thailand
Tel: 66 (2) 677-7270~5
Fax: 66 (2) 677-7279

**SMBC Capital Markets Limited
Hong Kong Branch**

7th Floor, One International Finance
Centre, 1 Harbour View Street,
Central, Hong Kong
Special Administrative Region,
The People's Republic of China
Tel: 852-2532-8500
Fax: 852-2532-8505

SMBC Capital India Private Limited

B-14/A, Qutab Institutional Area,
Katwaria Sarai,
New Delhi-1100016 India
Tel: 91 (11) 4607-8366
Fax: 91 (11) 4607-8355

**The Japan Research Institute
(Shanghai) Solution Co., Ltd.**

15F, Shanghai World
Financial Center,
100 Century Avenue,
Pudong New Area,
Shanghai, 200120 The People's
Republic of China
Tel: 86 (21) 5054-1688
Fax: 86 (21) 5054-6122

**The Japan Research Institute
(Shanghai) Consulting Co., Ltd.**

15F, Shanghai World
Financial Center,
100 Century Avenue,
Pudong New Area,
Shanghai, 200120 The People's
Republic of China
Tel: 86 (21) 5044-1677
Fax: 86 (21) 5054-6122

**Sumitomo Mitsui Finance and
Leasing (Singapore) Pte. Ltd.**

152 Beach Road,
Gateway East #21-5,
Singapore 189721
Tel: 65-6224-2955
Fax: 65-6225-3570

**Sumitomo Mitsui Finance and
Leasing (Hong Kong) Ltd.**

Room 2703, Tower I,
Admiralty Centre, 18 Harcourt
Road, Hong Kong Special
Administrative Region,
The People's Republic of China
Tel: 852-2523-4155
Fax: 852-2845-9246

SMFL Leasing (Thailand) Co., Ltd.

30th Floor, Q. House
Lumpini Building,
1 South Sathorn Road,
Tungmahamek, Sathorn,
Bangkok 10120, Thailand
Tel: 66 (2) 677-7400
Fax: 66 (2) 677-7413

**Sumitomo Mitsui Finance and
Leasing (China) Co., Ltd.**

Room 2502-2503, Goldlion Tower,
138, Ti Yu Dong Road,
Guangzhou, 510620
The People's Republic of China
Tel: 86 (20) 8755-0021
Fax: 86 (20) 8755-0422

SMFL Leasing (Malaysia) Sdn. Bhd.

Letter Box No. 58, 11th Floor,
UBN Tower, 10, Jalan P. Ramlee,
50250 Kuala Lumpur, Malaysia
Tel: 60 (3) 2026-2619
Fax: 60 (3) 2026-2627

**Sumitomo Mitsui Auto Leasing
& Service (Thailand) Co., Ltd.**

161, Nuntawan Building, 10th Floor,
Rajdamri Road,
Khwaeng Lumpinee,
Khet Pathumwan,
Bangkok Metropolis, Thailand
Tel: 66 2252-9511
Fax: 66 2255-3130

Americas

SMBC

Branches and Representative
Offices

New York Branch

277 Park Avenue, New York,
NY 10172, U.S.A.
Tel: 1 (212) 224-4000
Fax: 1 (212) 593-9522

Cayman Branch

P.O. Box 694, Edward Street,
George Town, Grand Cayman,
Cayman Islands

Los Angeles Branch

601 South Figueroa Street
Suite 1800, Los Angeles,
CA 90017, U.S.A.
Tel: 1 (213) 452-7800
Fax: 1 (213) 623-6832

San Francisco Branch

555 California Street, Suite 3350,
San Francisco, CA 94104, U.S.A.
Tel: 1 (415) 616-3000
Fax: 1 (415) 397-1475

Houston Representative Office

Two Allen Center, 1200 Smith Street,
Suite 1140 Houston, TX 77002,
U.S.A.
Tel: 1 (713) 277-3500
Fax: 1 (713) 277-3555

SMBC Principal Subsidiaries
SMFG Network

Manufacturers Bank

515 South Figueroa Street,
Los Angeles, CA 90071, U.S.A.
Tel: 1 (213) 489-6200
Fax: 1 (213) 489-6254

Sumitomo Mitsui Banking Corporation of Canada

Ernst & Young Tower, Toronto
Dominion Centre, Suite 1400,
P.O. Box 172, 222 Bay Street,
Toronto, Ontario M5K 1H6, Canada
Tel: 1 (416) 368-4766
Fax: 1 (416) 367-3565

Banco Sumitomo Mitsui Brasileiro S.A.

Avenida Paulista, 37,
São Paulo, Brazil
Tel: 55 (11) 3178-8000
Fax: 55 (11) 3289-1668

SMBC Capital Markets, Inc.

277 Park Avenue, New York,
NY 10172, U.S.A.
Tel: 1 (212) 224-5100
Fax: 1 (212) 224-5181

SMBC Leasing and Finance, Inc.

277 Park Avenue, New York,
NY 10172, U.S.A.
Tel: 1 (212) 224-5200
Fax: 1 (212) 224-5222

SMBC Securities, Inc.

277 Park Avenue, New York,
NY 10172, U.S.A.
Tel: 1 (212) 224-5300
Fax: 1 (212) 224-5333

SFVI Limited

P.O. Box 961,
30 De Castro Street,
Road Town, Tortola,
British Virgin Islands

Sumitomo Finance (Asia) Limited

P.O. Box 694, Edward Street,
George Town, Grand Cayman,
Cayman Islands

JRI America, Inc.

277 Park Avenue, New York,
NY 10172, U.S.A.
Tel: 1 (212) 224-4200
Fax: 1 (212) 224-4611

Europe, Middle-East and Africa

SMBC

Branches and Representative
Offices

Düsseldorf Branch

Prinzenallee 7, 40549 Düsseldorf,
Federal Republic of Germany
Tel: 49 (211) 36190
Fax: 49 (211) 3619236

Brussels Branch

Avenue des Arts, 58, Bte. 18,
1000 Brussels, Belgium
Tel: 32 (2) 551-5000
Fax: 32 (2) 513-4100

Dubai Branch

Building One, 5th Floor, Gate
Precinct, Dubai International
Financial Centre, P.O. Box 506559
Dubai, United Arab Emirates
Tel: 971 (4) 428-8000
Fax: 971 (4) 428-8001

SMBC Amsterdam Representative Office

Strawinskylaan 1733 Toren D-12,
1077XX Amsterdam,
The Netherlands
Tel: 31 (20) 718-3888
Fax: 31 (20) 718-3889

Prague Representative Office

International Business Centre,
Pobrezni 3 186 00, Prague 8,
Czech Republic
Tel: 420-224-832-911
Tel: 420-224-832-933

Madrid Representative Office

Serrano 16, 28001 Madrid, Spain
Tel: 34 (91) 576-6196
Fax: 34 (91) 577-7525

Doha QFC Office

Unit 1504, The Ministry of Economy
and Commerce Building,
P.O. Box 23769, Doha, Qatar
Tel: 974-496-7572
Tel: 974-496-7576

Bahrain Representative Office

No. 406 & 407 (Entrance 3, 4th Floor)
Manama Centre, Government Road,
Manama, State of Bahrain
Tel: 973-1722-3211
Fax: 973-1722-4424

Tehran Representative Office

4th Floor, 80 Nezami Gangavi
Street, Vali-e-Asr Avenue, Tehran
14348, Islamic Republic of Iran
Tel: 98 (21) 8879-4586
Fax: 98 (21) 8820-6523

Cairo Representative Office

Flat No. 6, 14th Fl., 3 Ibn
Kasir Street, Cornish El Nile,
Giza, Arab Republic of Egypt
Tel: 20 (2) 3761-7657
Fax: 20 (2) 3761-7658

Johannesburg Representative Office

Building Four, First Floor,
Commerce Square, 39 Rivona Road,
Sadhurst, Sandton, Republic of
South Africa
Tel: 27 (11) 502-1780
Fax: 27 (11) 502-1790

SMBC Principal Subsidiaries SMFG Network

Sumitomo Mitsui Banking Corporation Europe Limited

99 Queen Victoria Street, London
EC4V 4EH, U.K.
Tel: 44 (20) 7786-1000
Fax: 44 (20) 7236-0049

SMBC Capital Markets Limited

99 Queen Victoria Street, London
EC4V 4EH, U.K.
Tel: 44 (20) 7786-1400
Fax: 44 (20) 7786-1490

SMBC Derivative Products Limited

99 Queen Victoria Street, London
EC4V 4EH, U.K.
Tel: 44 (20) 7786-1400
Fax: 44 (20) 7786-1490

Sumitomo Mitsui Banking Corporation Europe Limited Paris Branch

20, Rue de la Ville l'Evêque,
75008 Paris, France
Tel: 33 (1) 44 (71) 40-00
Fax: 33 (1) 44 (71) 40-50

Sumitomo Mitsui Banking Corporation Europe Limited Milan Branch

Via della Spiga 30/ Via Senato 25,
20121 Milan, Italy
Tel: 39 (027) 636-1700
Fax: 39 (027) 636-1701

Sumitomo Mitsui Banking Corporation Europe Limited Moscow Representative Office

Room No. 305, Building 5,
Ilyinka St. 3/8 Moscow, 109012
Russian Federation
Tel: 7 (495) 789-3973
Fax: 7 (495) 789-3975

Sumitomo Mitsui Finance Dublin Limited

La Touche House, International
Financial Services Centre, Custom
House Docks, Dublin 1, Ireland
Tel: 353 (1) 670-0066
Fax: 353 (1) 670-0353

JRI Europe, Limited

99 Queen Victoria Street, London
EC4V 4EH, U.K.
Tel: 44 (20) 7406-2700
Fax: 44 (20) 7406-2799



GLOBAL NETWORK

Asia and Oceania

- Beijing Branch
- Shanghai Branch
- Tianjin Branch
- Tianjin Binhai Sub-Branch
- Guangzhou Branch
- Suzhou Branch
- Suzhou Industrial Park Sub-Branch
- Hangzhou Branch
- Dalian Representative Office
- Chongqing Representative Office
- Shenyang Representative Office
- Beijing Representative Office***
- Hong Kong Branch
- SMBC Capital Markets Limited Hong Kong Branch
- Taipei Branch
- Seoul Branch
- Singapore Branch
- Labuan Branch
- Labuan Branch Kuala Lumpur Marketing Office
- Kuala Lumpur Representative Office
- Ho Chi Minh City Branch
- Hanoi Representative Office
- Yangon Representative Office
- Bangkok Branch
- Manila Representative Office
- Sydney Branch
- Sumitomo Mitsui Finance Australia Limited
- PT Bank Sumitomo Mitsui Indonesia

*** Procedures are under way to close the Beijing Representative Office.

Overseas service network (as of June 30, 2008)

Branches*: 19 Sub-Bbranches*: 6

Representative Offices*: 16 Total: 41

Also showing principal overseas subsidiaries

* Number of each status is based on the definition in Japan



The Americas

- New York Branch
SMBC Capital Markets, Inc.
SMBC Leasing and Finance, Inc.
- Los Angeles Branch*
- San Francisco Branch*
- Houston Representative Office*
- Cayman Branch
- Manufacturers Bank
- Sumitomo Mitsui Banking Corporation of Canada
- Banco Sumitomo Mitsui Brasileiro S.A.

Europe, Middle East and Africa

- Sumitomo Mitsui Banking Corporation Europe Limited
SMBC Capital Markets Limited
- Sumitomo Mitsui Banking Corporation Europe Limited Paris Branch
- Sumitomo Mitsui Banking Corporation Europe Limited Milan Branch
- Düsseldorf Branch
- Brussels Branch
- SMBC Amsterdam Representative Office
- Madrid Representative Office
- Prague Representative Office
- Sumitomo Mitsui Banking Corporation Europe Limited Moscow Representative Office
- Sumitomo Mitsui Finance Dublin Limited
- Dubai Branch
- Doha QFC Office
- Bahrain Representative Office
- Tehran Representative Office
- Cairo Representative Office
- Johannesburg Representative Office

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SMFG SUMITOMO MITSUI
FINANCIAL GROUP