

Financial Results
Fiscal Year 2006
-Supplementary Information-

Sumitomo Mitsui Financial Group, Inc.
Sumitomo Mitsui Banking Corporation

<Table of Contents>

	Page
Financial Highlights for FY2006	
1. Income Analysis	1
2. Banking Profit per Employee / Overhead Ratio	3
3. Interest Spread (Domestic)	3
4. Gains (Losses) on Securities	3
5. Unrealized Gains (Losses) on Securities	4
6. Redemption Schedule of Other Securities	5
7. Overview of Derivative Transactions (on Deferred Hedge Accounting Basis)	5
8. Employee Retirement Benefits	6
9. Capital Ratio	7
10. ROE	7
11. Classification under Self-Assessment, Disclosure of Problem Assets, and Write-Offs / Reserves	8
12. Risk-Monitored Loans	9
13. Reserve for Possible Loan Losses	10
14. Reserve Ratio to Risk-Monitored Loans	10
15. Problem Assets Based on the Financial Reconstruction Law and the Coverage	11
16. Progress in Off-Balancing of Problem Assets	12
17. Loan Portfolio, Classified by Industry	13
18. Loan Portfolio, Classified by Country	15
19. Deposits and Loans	16
20. Other Financial Data	17
21. Number of Directors and Employees	17
22. Number of Offices	17
23. Deferred Tax Assets	18
24. Earnings Forecast for FY2007	20
(Reference 1) Overview of New Medium-term Management Plan and FY2007 Management Policy	21
(Reference 2) Financial Statements of SMBC	22

(Notes) 1. <Consolidated>: Consolidated figures of Sumitomo Mitsui Financial Group, Inc. ("SMFG")

2. <Non-consolidated>: Non-consolidated figures of Sumitomo Mitsui Banking Corporation ("SMBC")

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

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

Financial Highlights for FY2006

1. Income Analysis

<SMBC Non-consolidated>

(Millions of yen)

		FY2006		FY2005
			Change	
Gross banking profit	1	1,344,490	(207,543)	1,552,033
<i>Excluding gains (losses) on bonds</i>	2	<i>1,456,903</i>	<i>(105,451)</i>	<i>1,562,354</i>
Gross domestic profit	3	1,149,941	(116,547)	1,266,488
<i>Excluding gains (losses) on bonds</i>	4	<i>1,224,645</i>	<i>(53,149)</i>	<i>1,277,794</i>
Net interest income	5	904,189	(39,681)	943,870
Trust fees	6	3,479	(5,146)	8,625
Net fees and commissions	7	289,878	(9,537)	299,415
Net trading income	8	3,885	4,119	(234)
Net other operating income	9	(51,491)	(66,302)	14,811
<i>Gains (losses) on bonds</i>	10	<i>(74,703)</i>	<i>(63,398)</i>	<i>(11,305)</i>
Gross international profit	11	194,548	(90,997)	285,545
<i>Excluding gains (losses) on bonds</i>	12	<i>232,258</i>	<i>(52,301)</i>	<i>284,559</i>
Net interest income	13	33,263	22,589	10,674
Net fees and commissions	14	63,540	(3,721)	67,261
Net trading income	15	97,735	85,563	12,172
Net other operating income	16	9	(195,427)	195,436
<i>Gains (losses) on bonds</i>	17	<i>(37,709)</i>	<i>(38,694)</i>	<i>985</i>
Expenses (excluding non-recurring losses)	18	(603,888)	(17,429)	(586,459)
Personnel expenses	19	(190,630)	1,729	(192,359)
Non-personnel expenses	20	(378,240)	(17,520)	(360,720)
Taxes	21	(35,017)	(1,638)	(33,379)
Banking profit (before provision for general reserve for possible loan losses)	22	740,601	(224,972)	965,573
<i>Excluding gains (losses) on bonds</i>	23	<i>853,015</i>	<i>(122,879)</i>	<i>975,894</i>
Provision for general reserve for possible loan losses	24	41,728	196,708	(154,980)
Banking profit	25	782,330	(28,263)	810,593
<i>Gains (losses) on bonds</i>	26	<i>(112,413)</i>	<i>(102,093)</i>	<i>(10,320)</i>
Non-recurring gains (losses)	27	(209,017)	(119,358)	(89,659)
Credit related costs	28	(131,676)	(25,116)	(106,560)
Gains (losses) on stocks	29	11,098	(14,362)	25,460
Gains on sale of stocks	30	50,204	(19,881)	70,085
Losses on sale of stocks	31	(546)	12,821	(13,367)
Losses on devaluation of stocks	32	(38,559)	(7,302)	(31,257)
Other non-recurring gains (losses)	33	(88,439)	(79,880)	(8,559)
Ordinary profit	34	573,313	(147,620)	720,933
Extraordinary gains (losses)	35	13,615	(12,124)	25,739
Gains (losses) on disposal of premises and equipment	36	-	(1,457)	1,457
Gains (losses) on disposal of fixed assets	37	(1,680)	(1,680)	-
Losses on impairment of fixed assets	38	(3,680)	2,620	(6,300)
Gains on collection of written-off claims	39	455	(30,150)	30,605
Gains on return of securities from retirement benefits trust	40	36,330	36,330	-
Losses on liquidation of subsidiary	41	(17,809)	(17,809)	-
Income before income taxes	42	586,928	(159,744)	746,672
Income taxes, current	43	(16,507)	(2,995)	(13,512)
Income taxes, deferred	44	(254,680)	(41,041)	(213,639)
Net income	45	315,740	(203,780)	519,520
Total credit cost (24+28+39)	46	(89,491)	141,444	(230,935)
Provision for general reserve for possible loan losses	47	41,728	196,708	(154,980)
Write-off of loans	48	(50,468)	(37,818)	(12,650)
Provision for specific reserve for possible loan losses	49	(44,358)	(28,533)	(15,825)
Losses on sales of delinquent loans	50	(37,262)	42,397	(79,659)
Provision for loan loss reserve for specific overseas countries	51	412	(1,163)	1,575
Gains on collection of written-off claims	52	455	(30,150)	30,605

(Note) Amounts less than JPY 1 million are rounded down. Figures in parenthesis indicate the amount of loss or decrease.

<Consolidated>

(Millions of yen)

		FY2006		FY2005
			Change	
Consolidated gross profit	1	1,906,173	(183,976)	2,090,149
Net interest income	2	1,168,592	6,985	1,161,607
Trust fees	3	3,508	(5,123)	8,631
Net fees and commissions	4	609,185	(10,406)	619,591
Net trading income	5	125,625	92,818	32,807
Net other operating income	6	(738)	(268,249)	267,511
General and administrative expenses	7	(888,561)	(34,765)	(853,796)
Credit related costs	8	(146,186)	187,385	(333,571)
Write-off of loans	9	(81,415)	(12,060)	(69,355)
Provision for specific reserve for possible loan losses	10	(77,446)	(32,399)	(45,047)
Provision for general reserve for possible loan losses	11	53,370	173,448	(120,078)
Other credit cost	12	(40,695)	58,396	(99,091)
Gains (losses) on stocks	13	44,730	(2,389)	47,119
Equity in earnings (losses) of affiliates	14	(104,170)	(136,057)	31,887
Other income (expenses)	15	(13,374)	4,859	(18,233)
Ordinary profit	16	798,610	(164,944)	963,554
Extraordinary gains (losses)	17	8,180	(71,627)	79,807
Losses on impairment of fixed assets	18	(30,548)	(18,245)	(12,303)
Gains on collection of written-off claims	19	1,236	(30,348)	31,584
Gains on return of securities from retirement benefits trust	20	36,330	36,330	-
Income before income taxes and minority interests	21	806,790	(236,572)	1,043,362
Income taxes, current	22	(87,818)	(18,000)	(69,818)
Income taxes, deferred	23	(218,770)	8,131	(226,901)
Minority interests in net income	24	(58,850)	950	(59,800)
Net income	25	441,351	(245,490)	686,841

(Note) 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)

Total credit cost (8+19)	26	(144,950)	157,037	(301,987)
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(Reference)

(Billions of yen)

Consolidated net business profit	27	9,242	(3,012)	12,254
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(Note) Consolidated net business profit = (SMBC Non-consolidated banking profit (before provision for general reserve for possible loan losses)) + (Other consolidated subsidiaries' ordinary profit (excluding non-recurring items)) + (Affiliates' ordinary profit) X (Ownership ratio) - (Internal transaction (dividends, etc.))

(Number of consolidated subsidiaries and affiliates)

		Mar. 31, 2007	Change	Mar. 31, 2006
Consolidated subsidiaries	28	181	19	162
Affiliated companies accounted for by equity method	29	62	(1)	63

2. Banking Profit per Employee / Overhead Ratio <SMBC Non-consolidated>

(Millions of yen, %)

	FY2006		FY2005
		Change	
(1) Banking profit (before provision for general reserve for possible loan losses)	740,601	(224,972)	965,573
Per employee (thousands of yen)	44,283	(13,456)	57,739
(2) Banking profit	782,330	(28,263)	810,593
Per employee (thousands of yen)	46,778	(1,693)	48,471
(3) Banking profit (before provision for general reserve for possible loan losses, excluding gains (losses) on bonds)	853,015	(122,879)	975,894
Per employee (thousands of yen)	51,005	(7,351)	58,356
Overhead ratio	44.9	7.1	37.8

(Notes) 1. Employees include executive officers (who are not board members) and overseas local staff, and exclude temporary staff, employees temporarily transferred from other companies, and transferred staff to other companies.

2. Banking profit per employee is calculated on the basis of the average number of employees during the period.

3. Overhead ratio = Expenses (excluding non-recurring losses) / Gross banking profit

3. Interest Spread (Domestic) <SMBC Non-consolidated>

(%)

	FY2006			FY2005
		2H FY2006		
		Change from 1H FY2006		
Yield on interest earning assets (A)	1.56	1.67	0.20	1.51
Interest earned on loans and bills discounted (C)	1.73	1.81	0.16	1.71
Interest earned on securities	1.17	1.37	0.37	1.03
Total cost of funding (including expenses) (B)	0.98	1.09	0.21	0.82
Cost of interest bearing liabilities	0.19	0.27	0.16	0.07
Interest paid on deposits, etc. (D)	0.10	0.15	0.09	0.02
Interest paid on other liabilities	0.42	0.55	0.24	0.22
Expense ratio	0.79	0.82	0.05	0.75
Overall interest spread (A) - (B)	0.58	0.58	(0.01)	0.69
Interest spread (C) - (D)	1.63	1.66	0.07	1.69

4. Gains (Losses) on Securities <SMBC Non-consolidated>

(Millions of yen)

	FY2006		FY2005
		Change	
Gains (losses) on bonds	(112,413)	(102,093)	(10,320)
Gains on sales	20,859	(22,243)	43,102
Losses on sales	(130,903)	(77,586)	(53,317)
Gains on redemption	1,119	1,029	90
Losses on redemption	(3,488)	(3,293)	(195)
Losses on devaluation	-	-	-
Gains (losses) on stocks	11,098	(14,362)	25,460
Gains on sales	50,204	(19,881)	70,085
Losses on sales	(546)	12,821	(13,367)
Losses on devaluation	(38,559)	(7,302)	(31,257)

5. Unrealized Gains (Losses) on Securities

(1) Evaluation method of securities

Trading purpose		Fair value method (net valuation gains (losses) are recognized in income statement)
Held-to-maturity purpose		Amortized cost method
Other securities	With market value	Fair value method (net valuation gains (losses)* are directly included in Net assets)
	Without market value	Cost method or amortized cost method
Investments in subsidiaries and affiliates		Cost method

*The amount recognized in income statement by application of fair value hedge accounting is excluded from the amount directly included in Net assets.

(Reference) Securities in money held in trust

Investment purpose		Fair value method (net valuation gains (losses) are recognized in income statement)
Other money held in trust	With market value	Fair value method (net valuation gains (losses) are directly included in Net assets)
	Without market value	Cost method or amortized cost method

(2) Unrealized gains (losses)

<SMBC Non-consolidated>

(Millions of yen)

	Mar. 31, 2007				Mar. 31, 2006		
	Net unrealized gains (losses)				Net unrealized gains (losses)		
	(a)	(a) - (b)	Gains	Losses	(b)	Gains	Losses
Held-to-maturity purpose	(13,064)	17,718	200	(13,265)	(30,782)	577	(31,359)
Stocks of subsidiaries and affiliates	7,958	(259,617)	85,505	(77,547)	267,575	270,285	(2,710)
Other securities	1,832,891	516,685	2,028,694	(195,802)	1,316,206	1,695,589	(379,383)
Stocks	1,978,749	346,345	1,990,476	(11,727)	1,632,404	1,649,881	(17,476)
Bonds	(151,444)	130,810	748	(152,193)	(282,254)	727	(282,981)
Others	5,587	39,530	37,469	(31,882)	(33,943)	44,980	(78,924)
Other money held in trust	322	113	322	-	209	209	-
Total	1,828,107	274,899	2,114,723	(286,615)	1,553,208	1,966,661	(413,453)
Stocks	1,986,707	86,728	2,075,981	(89,274)	1,899,979	1,920,166	(20,186)
Bonds	(164,690)	148,617	768	(165,458)	(313,307)	1,033	(314,341)
Others	6,090	39,553	37,972	(31,882)	(33,463)	45,460	(78,924)

- (Notes) 1. The figures above include unrealized gains (losses) on negotiable certificates of deposit in 'Cash and due from banks & Deposits with banks' and on beneficiary claims on loan trust and commodity investment trusts in 'Commercial paper and other debt purchased'.
2. Unrealized gains (losses) of stocks (excluding stocks of subsidiaries and affiliates) are calculated with the average market price during the final month of the interim period. Rest of the securities are valued at market prices 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 difference between the acquisition costs (or amortized costs) and the balance sheet amounts.
- Net unrealized gains on other securities as of Mar. 31, 2006 include losses of JPY 3,193 million that were recognized in income statement by applying fair value hedge accounting, which are included in the amount to be directly included in Stockholders' equity.

<Consolidated>

(Millions of yen)

	Mar. 31, 2007				Mar. 31, 2006		
	Net unrealized gains (losses)				Net unrealized gains (losses)		
	(a)	(a) - (b)	Gains	Losses	(b)	Gains	Losses
Held-to-maturity purpose	(13,065)	17,716	200	(13,266)	(30,781)	580	(31,361)
Other securities	1,825,168	451,831	2,032,120	(206,952)	1,373,337	1,771,170	(397,833)
Stocks	1,972,647	269,957	1,987,337	(14,689)	1,702,690	1,722,129	(19,438)
Bonds	(157,367)	139,866	1,805	(159,173)	(297,233)	988	(298,222)
Others	9,888	42,008	42,977	(33,089)	(32,120)	48,052	(80,172)
Other money held in trust	322	113	322	-	209	209	-
Total	1,812,424	469,659	2,032,643	(220,218)	1,342,765	1,771,960	(429,195)
Stocks	1,972,647	269,957	1,987,337	(14,689)	1,702,690	1,722,129	(19,438)
Bonds	(170,613)	157,675	1,825	(172,439)	(328,288)	1,294	(329,583)
Others	10,391	42,027	43,480	(33,089)	(31,636)	48,535	(80,172)

- (Notes) 1. The figures above include unrealized gains (losses) on negotiable certificates of deposit in 'Cash and due from banks & Deposits with banks' and on beneficiary claims on loan trust in 'Commercial paper and other debt purchased'.
2. Unrealized gains (losses) of stocks are mainly calculated with the average market price during the final month of the interim period. Rest of the securities are valued at market prices 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 difference between the acquisition costs (or amortized costs) and the balance sheet amounts.
- Net unrealized gains on other securities as of Mar. 31, 2006 include losses of JPY 3,193 million that were recognized in income statement by applying fair value hedge accounting, which are included in the amount to be directly included in Stockholders' equity.

6. Redemption Schedule of Other Securities <SMBC Non-consolidated>

Redemption schedule of other securities with maturities and bonds classified as held-to-maturity

(Billions of yen)

	Mar. 31, 2007					Mar. 31, 2006				
	1 year or less	More than 1 year to 5 years	More than 5 years to 10 years	More than 10 years	Total	1 year or less	More than 1 year to 5 years	More than 5 years to 10 years	More than 10 years	Total
Bonds	3,423.9	3,593.2	2,261.9	2,000.8	11,280.0	5,684.0	4,501.5	2,297.1	2,918.1	15,400.9
Japanese government bonds	2,784.9	1,353.7	884.5	1,904.0	6,927.3	5,284.2	1,961.9	1,084.4	2,806.9	11,137.6
Japanese local government bonds	83.7	132.4	304.0	0.4	520.7	21.0	207.3	317.4	0.4	546.1
Japanese corporate bonds	555.1	2,107.0	1,073.3	96.3	3,831.9	378.8	2,332.2	895.3	110.7	3,717.1
Other	501.5	422.8	678.1	783.9	2,386.5	720.6	1,508.4	666.4	671.7	3,567.2
Total	3,925.5	4,016.1	2,940.0	2,784.8	13,666.5	6,404.7	6,009.9	2,963.5	3,589.9	18,968.2

7. Overview of Derivative Transactions (on Deferred Hedge Accounting Basis)

<SMBC Non-consolidated>

(Billions of yen)

	Mar. 31, 2007				Mar. 31, 2006			
	Assets (a)	Liabilities (b)	Net assets (a) - (b)	Net deferred gains (losses)	Assets (c)	Liabilities (d)	Net assets (c) - (d)	Net deferred gains (losses)
Interest rate swaps	49.6	78.1	(28.5)	(143.1)	46.5	101.0	(54.5)	(170.4)
Currency swaps	7.1	6.4	0.7	0.6	3.3	5.6	(2.3)	0.8
Others	0.4	0.5	(0.1)	(2.0)	6.4	3.3	3.1	2.4
Total	57.1	85.0	(27.9)	(144.5)	56.2	109.9	(53.7)	(167.2)

(Notes) 1. Derivative transactions are valued at fair value on the balance sheet.

2. SMBC applied deferred hedge or fair value hedge accounting based on Practical Guidelines for Accounting Standard for Financial Instrument as well as deferred hedge accounting for banking industry based on JICPA Industry Audit Committee Report No.24 and No.25.

3. Figures for Net deferred gains (losses) are those before application of tax effect accounting.

(Appendix) Contract amount of interest rate swaps (on deferred hedge accounting basis), classified by maturity

(Billions of yen)

	Mar. 31, 2007				Mar. 31, 2006			
	1 year or less	More than 1 year to 5 years	More than 5 years	Total	1 year or less	More than 1 year to 5 years	More than 5 years	Total
Receivable fixed rate /payable floating rate	7,118.7	11,868.4	4,429.8	23,416.9	5,587.5	16,061.5	5,045.3	26,694.3
Receivable floating rate /payable fixed rate	1,103.2	5,191.6	5,218.6	11,513.4	903.4	5,564.3	5,635.5	12,103.2
Receivable floating rate /payable floating rate	200.0	30.5	20.3	250.8	253.8	230.7	20.8	505.3
Total contract amount	8,421.9	17,090.5	9,668.7	35,181.1	6,744.7	21,856.5	10,701.6	39,302.8

8. Employee Retirement Benefits

(1) Projected benefit obligation

<SMBC Non-consolidated>		(Millions of yen)		
		Mar. 31, 2007	Change	Mar. 31, 2006
Projected benefit obligation	(A)	841,484	(960)	842,444
<Discount rate>		<2.5%>	< - >	<2.5%>
Fair value of plan assets	(B)	1,150,023	(57,269)	1,207,292
Reserve for employee retirement benefits	(C)	-	-	-
Prepaid pension cost	(D)	175,844	(1,132)	176,976
Unrecognized prior service cost (deductible from the obligation)	(E)	(47,915)	11,084	(58,999)
Unrecognized actuarial net gain (loss)	(A-B-C+D-E)	(84,779)	44,092	(128,871)

(Reference) <Consolidated>		(Millions of yen)		
		Mar. 31, 2007	Change	Mar. 31, 2006
Projected benefit obligation	(A)	910,139	337	909,802
Fair value of plan assets	(B)	1,186,060	(50,475)	1,236,535
Reserve for employee retirement benefits	(C)	34,424	(2,362)	36,786
Prepaid pension cost	(D)	178,182	1,206	176,976
Unrecognized prior service cost (deductible from the obligation)	(E)	(48,257)	11,470	(59,727)
Unrecognized actuarial net gain (loss)	(A-B-C+D-E)	(83,905)	42,911	(126,816)

(2) Cost for employee retirement benefits

<SMBC Non-consolidated>		(Millions of yen)		
		FY2006	Change	FY2005
Cost for employee retirement benefits	(A)	(309)	(29,261)	28,952
Service cost		15,715	(562)	16,277
Interest cost on projected benefit obligation		21,061	347	20,714
Expected returns on plan assets		(29,665)	(5,585)	(24,080)
Amortization of unrecognized prior service cost		(11,084)	(1,845)	(9,239)
Amortization of unrecognized actuarial net gain (loss)		2,723	(21,467)	24,190
Others		939	(152)	1,091
Gains on return of securities from retirement benefits trust	(B)	(36,330)	(36,330)	-
Total	(A+B)	(36,639)	(65,591)	28,952

(Reference) <Consolidated>		(Millions of yen)		
		FY2006	Change	FY2005
Pension expenses	(A)	7,607	(27,812)	35,419
Gains on return of securities from retirement benefits trust	(B)	(36,330)	(36,330)	-
Total	(A+B)	(28,722)	(64,141)	35,419

9. Capital Ratio <Consolidated>

	(Billions of yen, %)	
	Mar.31, 2007	Mar.31, 2006
(1) Capital ratio	11.28	12.39
Tier I ratio	6.42	7.11
(2) Tier I	3,903.3	4,645.9
(3) Tier II	3,638.9	4,067.7
(4) Subtraction items	690.8	619.3
(5) Total capital (2) + (3) - (4)	6,851.4	8,094.4
(6) Risk-adjusted assets	60,711.0	65,322.3
(7) Required capital (6) X 8%	4,856.9	

(Notes) Capital ratio as of March 31, 2007 is calculated under Basel II. Capital ratio as of March 31, 2006 was calculated under the former method.

<SMBC consolidated>

Capital ratio (BIS Guidelines)	12.91	10.77
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<SMBC Non-consolidated>

Capital ratio (BIS Guidelines)	13.40	11.35
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(Notes) Capital ratio as of March 31, 2007 is calculated under Basel II. Capital ratio as of March 31, 2006 was calculated under the former method.

10. ROE <Consolidated>

	FY2006		FY2005
		change	
ROE (numerator: Net income)	13.1	(20.1)	33.2

(Note)

$$\text{ROE} = \frac{(\text{Net income} - \text{Dividends on preferred stocks})}{\frac{\{(\text{Stockholders' equity at the beginning of the term}) - (\text{Number of preferred shares outstanding at the beginning of the term}) \times (\text{Issue price}) + (\text{Net assets at the end of the term}) - (\text{Number of preferred shares outstanding at the end of the term}) \times (\text{Issue price}) - (\text{Stock acquisition rights at the end of the term}) - (\text{Minority interests at the end of the term})\}}{2}} \times 100$$

	FY2006		FY2005
		change	
Diluted ROE (numerator: Net income)	10.5	(8.5)	19.0

(Note)

$$\text{Diluted ROE} = \frac{\text{Net income}}{\frac{\{(\text{Stockholders' equity at the beginning of the term}) + (\text{Net assets at the end of the term}) - (\text{Stock acquisition rights at the end of the term}) - (\text{Minority interests at the beginning of the term})\}}{2}} \times 100$$

11. Classification under Self-Assessment, Disclosure of Problem Assets, and Write-Offs / Reserves <SMBC Non-consolidated>

Category of Borrowers under Self-Assessment		Classification under Self-Assessment				Reserve for possible loan losses		Reserve Ratio	
Bankrupt Borrowers	Bankrupt and Quasi-Bankrupt Assets 108.9 (i) (Change from Mar. 31, 2006: -55.6)	Portion of claims secured by collateral or guarantees, etc. 97.3 (a)	Fully reserved 11.6	Direct Write-offs (*1)	Specific Reserve	15.7 (*2)	100% (*3)		
Effectively Bankrupt Borrowers									
Potentially Bankrupt Borrowers	Doubtful Assets 300.1 (ii) (Change from Mar. 31, 2006: -173.3)	Portion of claims secured by collateral or guarantees, etc. 138.7 (b)	Necessary amount reserved 161.4		Specific Reserve	129.1 (*2)	80.0% (*3)		
Borrowers Requiring Caution	Substandard Loans 329.7 (iii) (Change from Mar. 31, 2006: +7.5) (Claims to Substandard Borrowers)	Portion of Substandard Loans secured by collateral or guarantees, etc. 107.0 (c)					General Reserve	98.9	44.9% (*3)
	Normal Assets 60,542.2	Claims to Borrowers Requiring Caution, excluding claims to Substandard Borrowers			General Reserve	530.8			6.5% [12.7%] (*4)
Normal Borrowers		Claims to Normal Borrowers							0.3% (*4)

Total 61,280.9 (iv)		Loan Loss Reserve for Specific Overseas Countries 1.9	
A=(i)+(ii)+(iii) 738.7 (v) (Change from Mar. 31, 2006: -221.4) <Problem asset ratio ((v)/(iv)) 1.2%>	B: Portion secured by collateral or guarantees, etc. (a)+(b)+(c) 343.0	C: Unsecured portion (A - B) 395.7	D: Specific Reserve + General Reserve for Substandard Loans (*2) 243.7
			Reserve Ratio (*)5 $\frac{D}{C}$ 61.6%

$$\text{Coverage Ratio} = (B+D)/A \quad 79.4\%$$

(*1) Includes amount of direct reduction totaling JPY 298.3 billion.

(*2) Includes reserve for assets that are not subject to disclosure based on the Financial Reconstruction Law standards.
(Bankrupt/Effectively Bankrupt Borrowers: JPY 4.1 billion, Potentially Bankrupt Borrowers: JPY 11.9 billion)

(*3) Reserve ratios for claims on Bankrupt Borrowers, Effectively Bankrupt Borrowers, Potentially Bankrupt Borrowers, Substandard Borrowers and Borrowers Requiring Caution including Substandard Borrowers are the proportion of reserve for the possible loan losses to each category's total unsecured claims.

(*4) Reserve ratios for claims on Normal Borrowers and Borrowers Requiring Caution (excluding claims to Substandard Borrowers) are the proportion of the reserve for possible loan losses to the respective claims of each category.

The reserve ratio for unsecured claims on Borrowers Requiring Caution (excluding claims to Substandard Borrowers) is shown in [].

(*5) The proportion of the reserve to the claims, excluding the portion secured by collateral or guarantees, etc.

12. Risk-Monitored Loans

<SMBC Non-consolidated>

(Millions of yen)

		Mar. 31, 2007		Mar. 31, 2006
		(a)	(a) - (b)	(b)
Risk-monitored loans	Bankrupt loans	33,754	(7,160)	40,914
	Non-accrual loans	357,632	(193,451)	551,083
	Past due loans (3 months or more)	20,543	(2,903)	23,446
	Restructured loans	309,133	10,405	298,728
	Total	721,064	(193,109)	914,173

Amount of direct reduction 266,873 (320,743) 587,616

Total loans (term-end balance)	53,756,440	1,898,881	51,857,559
--------------------------------	------------	-----------	------------

(%)

Ratio to total loans	Bankrupt loans	0.1	0.0	0.1
	Non-accrual loans	0.7	(0.4)	1.1
	Past due loans (3 months or more)	0.0	0.0	0.0
	Restructured loans	0.6	0.0	0.6
	Total	1.3	(0.5)	1.8

<Consolidated>

(Millions of yen)

		Mar. 31, 2007		Mar. 31, 2006
		(a)	(a) - (b)	(b)
Risk-monitored loans	Bankrupt loans	60,715	1,383	59,332
	Non-accrual loans	507,289	(207,077)	714,366
	Past due loans (3 months or more)	22,018	(2,553)	24,571
	Restructured loans	477,362	32,473	444,889
	Total	1,067,386	(175,774)	1,243,160

Amount of direct reduction 430,335 (323,784) 754,119

Total loans (term-end balance)	58,689,322	1,422,119	57,267,203
--------------------------------	------------	-----------	------------

(%)

Ratio to total loans	Bankrupt loans	0.1	0.0	0.1
	Non-accrual loans	0.9	(0.3)	1.2
	Past due loans (3 months or more)	0.0	0.0	0.0
	Restructured loans	0.8	0.0	0.8
	Total	1.8	(0.4)	2.2

15. Problem Assets Based on the Financial Reconstruction Law and the Coverage

<SMBC Non-consolidated>

(Millions of yen, %)

	Mar. 31, 2007		Mar. 31, 2006
	(a)	(a) - (b)	(b)
Bankrupt and quasi-bankrupt assets	108,893	(55,617)	164,510
Doubtful assets	300,097	(173,312)	473,409
Substandard loans	329,677	7,502	322,175
Total (A)	738,667	(221,428)	960,095
Normal assets	60,542,238	4,557,301	55,984,937
Total (B)	61,280,906	4,335,874	56,945,032
Problem asset ratio (A/B)	1.2	(0.5)	1.7

Amount of direct reduction 298,314 (305,308) 603,622

(Note) Problem Assets Based on the Financial Reconstruction Law include loans, acceptances and guarantees, suspense payments, and other credit-type assets.

Privately-placed bonds guaranteed by SMBC has newly been included in Problem Assets since March 31, 2007, because of the amendment of Ordinance for Enforcement of The Law concerning Emergency Measures the Revitalization of the Financial Functions.

(Millions of yen)

	Mar. 31, 2007		Mar. 31, 2006
	(a)	(a) - (b)	(b)
Total coverage (C)	586,681	(286,783)	873,464
Reserve for possible loan losses* (D)	243,703	(112,434)	356,137
Amount recoverable due to guarantees, collateral and others (E)	342,977	(174,350)	517,327

* Sum of general reserve for Substandard loans and specific reserve.

(%)

Coverage ratio (C) / (A)	79.4	(11.6)	91.0
Coverage ratio calculated with total reserve for possible loan losses included in the numerator	138.2	(0.7)	138.9

(%)

Reserve ratio to unsecured assets (D) / (A - E)	61.6	(18.8)	80.4
Reserve ratio calculated with total reserve for possible loan losses included in the numerator	171.2	(13.2)	184.4

<Consolidated>

(Millions of yen, %)

	Mar. 31, 2007		Mar. 31, 2006
	(a)	(a) - (b)	(b)
Bankrupt and quasi-bankrupt assets	193,792	(56,309)	250,101
Doubtful assets	384,817	(180,132)	564,949
Substandard loans	506,024	28,619	477,405
Total (A)	1,084,632	(207,825)	1,292,457
Normal assets	64,815,607	4,084,513	60,731,094
Total (B)	65,900,240	3,876,689	62,023,551
Problem asset ratio (A/B)	1.6	(0.5)	2.1

(Millions of yen)

	Mar. 31, 2007		Mar. 31, 2006
	(a)	(a) - (b)	(b)
Total coverage (C)	881,501	(251,420)	1,132,921
Reserve for possible loan losses (D)	281,658	(117,221)	398,879
Amount recoverable due to guarantees, collateral and others (E)	599,843	(134,199)	734,042

(%)

Coverage ratio (C) / (A)	81.3	(6.4)	87.7
Coverage ratio calculated with total reserve for possible loan losses included in the numerator	137.3	0.4	136.9

(%)

Reserve ratio to unsecured assets (D) / (A - E)	58.1	(13.3)	71.4
Reserve ratio calculated with total reserve for possible loan losses included in the numerator	183.4	(2.0)	185.4

16. Progress in Off-Balancing of Problem Assets <SMBC Non-consolidated>
(Performance of the first half-year)

(Billions of yen)

	Mar. 31, 2006	Change in the six months ended Sep. 30, 2006	Problem assets newly classified during the six months ended Sep. 30, 2006	Amount of off-balancing	Sep. 30, 2006
Bankrupt and quasi-bankrupt assets	164.5	(28.5)	27.2	(55.7)	136.0
Doubtful assets	473.4	(48.3)	96.7	(145.0)	425.1
Total	637.9	(76.8)	123.9*1	(200.7)	561.1
Result of measures connected to off-balancing*2	112.9				97.0

Breakdown of off-balancing by factor*2		
	Disposition by borrowers' liquidation	(53.2)
Reconstructive disposition --- (a)	(20.1)	
Improvement in debtors' performance due to (a)	(12.2)	
Loan sales to market	(60.5)	
Direct write-offs	64.6	
Others	(119.3)	
	Collection/repayment, etc.	(93.6)
	Improvement in debtors' performance	(25.7)
Total	(200.7)	

(Performance of the second half-year)

(Billions of yen)

	Sep. 30, 2006	Change in the six months ended Mar. 31, 2007	Problem assets newly classified during the six months ended Mar. 31, 2007	Amount of off-balancing	Mar. 31, 2007
Bankrupt and quasi-bankrupt assets	136.0	(27.1)	29.6	(56.7)	108.9
Doubtful assets	425.1	(125.0)	204.1	(329.1)	300.1
Total	561.1	(152.1)	233.7	(385.8)*1	409.0
Result of measures connected to off-balancing*2	97.0				80.9

Breakdown of off-balancing by factor*3		
	Disposition by borrowers' liquidation	(3.8)
Reconstructive disposition --- (a)	(45.6)	
Improvement in debtors' performance due to (a)	-	
Loan sales to market	(279.7)	
Direct write-offs	143.1	
Others	(199.8)	
	Collection/repayment, etc.	(168.0)
	Improvement in debtors' performance	(31.8)
Total	(385.8)	

(*1) The amount of Problem assets newly classified during the six months ended Sep. 30, 2006 and off-balanced in the six months ended Mar. 31, 2007 was JPY 78.8 billion.

(*2) The measures connected to off-balancing are legal reorganizations, measures associated with legal reorganizations, corporate splits to good companies and bad companies, partial direct write-offs of retail exposure to individuals and small- and medium-sized enterprises, and trusts to RCC for the purpose of revitalization which is scheduled to be off-balanced before the maturity.

(*3) 1. "Disposition by borrowers' liquidation" refers to abandonment or write-off of loans involved in bankruptcy liquidation proceedings (bankruptcy or special liquidations).
2. "Reconstructive disposition" refers to abandonment of loans involved in rehabilitative bankruptcy proceedings (corporate reorganization, civil rehabilitation, composition and arrangement), debt forgiveness involved in special mediation or other types of civil mediation, or debt forgiveness for restructuring involved in private reorganization.

17. Loan Portfolio, Classified by Industry <SMBC Non-consolidated>

(1) Loans and bills discounted, classified by industry

(Millions of yen)

	Mar. 31, 2007		Mar. 31, 2006
	(a)	(a) - (b)	(b)
Domestic offices (excluding offshore banking account)	48,190,509	729,257	47,461,252
Manufacturing	5,236,097	63,393	5,172,704
Agriculture, forestry, fisheries, and mining	132,196	(1,560)	133,756
Construction	1,224,951	(58,248)	1,283,199
Transportation, communications and public enterprises	2,886,168	227,806	2,658,362
Wholesale and retail	5,089,297	(81,304)	5,170,601
Finance and insurance	5,675,905	603,557	5,072,348
Real estate	6,369,243	52,378	6,316,865
Various services	5,742,376	10,754	5,731,622
Municipalities	592,238	(65,517)	657,755
Others	15,242,033	(22,002)	15,264,035
Overseas offices and offshore banking accounts	5,565,931	1,169,624	4,396,307
Public sector	19,029	(19,963)	38,992
Financial institutions	287,898	(60,566)	348,464
Commerce and industry	5,038,808	1,223,025	3,815,783
Others	220,195	27,129	193,066
Total	53,756,440	1,898,881	51,857,559

Risk-Monitored Loans

(Millions of yen)

	Mar. 31, 2007		Mar. 31, 2006
	(a)	(a) - (b)	(b)
Domestic offices (excluding offshore banking account)	679,494	(187,304)	866,798
Manufacturing	58,751	(5,869)	64,620
Agriculture, forestry, fisheries, and mining	2,818	(359)	3,177
Construction	34,327	(5,583)	39,910
Transportation, communications and public enterprises	103,980	24,581	79,399
Wholesale and retail	91,464	418	91,046
Finance and insurance	1,304	(12,223)	13,527
Real estate	170,083	(87,124)	257,207
Various services	149,978	(104,628)	254,606
Municipalities	—	—	—
Others	66,786	3,485	63,301
Overseas offices and offshore banking accounts	41,570	(5,805)	47,375
Public sector	—	—	—
Financial institutions	—	—	—
Commerce and industry	41,570	(5,805)	47,375
Others	—	—	—
Total	721,064	(193,109)	914,173

(2) Problem Assets Based on the Financial Reconstruction Law classified by industry, and reserve ratio

(Millions of yen, %)

	Mar. 31, 2007			Mar. 31, 2006
	(a)	Reserve ratio	(a) - (b)	(b)
Domestic offices (excluding offshore banking account)	695,189	62.7	(213,665)	908,854
Manufacturing	60,765	59.7	(7,254)	68,019
Agriculture, forestry, fisheries, and mining	2,818	48.6	(359)	3,177
Construction	34,514	51.3	(6,565)	41,079
Transportation, communications and public enterprises	104,849	61.8	17,891	86,958
Wholesale and retail	96,272	58.8	2,615	93,657
Finance and insurance	2,441	61.2	(12,265)	14,706
Real estate	170,112	57.7	(104,047)	274,159
Various services	154,784	58.8	(107,072)	261,856
Municipalities	—	—	—	—
Others	68,630	100.0	3,393	65,237
Overseas offices and offshore banking accounts	43,478	50.9	(7,763)	51,241
Public sector	—	—	—	—
Financial institutions	—	—	—	—
Commerce and industry	43,478	50.9	(7,763)	51,241
Others	—	—	—	—
Total	738,667	61.6	(221,428)	960,095

(Notes) 1. Problem Assets Based on the Financial Reconstruction Law include loans, acceptances and guarantees, suspense payments, and other credit-type assets.

2. Reserve Ratio = (Reserve for possible loan losses) / (Assets excluding amounts recoverable due to guarantees, collateral and others) X 100

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

(3) Consumer loans outstanding

(Millions of yen)

	Mar. 31, 2007		Mar. 31, 2006
	(a)	(a) - (b)	(b)
Consumer loans	14,492,814	(232,700)	14,725,514
Housing loans	13,557,521	(214,291)	13,771,812
Residential purpose	9,918,884	(125,650)	10,044,534
Other consumer loans	935,292	(18,409)	953,701

(4) Loans to small- and medium-sized enterprises, etc.

(Millions of yen, %)

	Mar. 31, 2007		Mar. 31, 2006
	(a)	(a) - (b)	(b)
Outstanding balance	36,276,238	780,180	35,496,058
Ratio to total loans	75.3	0.5	74.8

(Note) Outstanding balance does not include loans at overseas offices and offshore banking accounts.

18. Loan Portfolio, Classified by Country <SMBC Non-consolidated>

(1) Loans to specific overseas countries

(Millions of yen)

	Mar. 31, 2007		Mar. 31, 2006
	(a)	(a) - (b)	(b)
Loan balance	32,578	(2,933)	35,511
Number of countries	2	—	2

(2) Loans to Asian, Central American, and South American countries

(i) Loans to major countries

(Millions of yen)

	Mar. 31, 2007		Mar. 31, 2006
	(a)	(a) - (b)	(b)
Indonesia	51,889	(14,453)	66,342
Thailand	386,033	33,252	352,781
Korea	268,160	9,253	258,907
Hong Kong	400,550	108,683	291,867
China	387,463	44,811	342,652
Singapore	348,464	56,193	292,271
India	48,936	16,174	32,762
Malaysia	75,828	7,765	68,063
Pakistan	1,488	(134)	1,622
Others	98,419	8,165	90,254
Total	2,067,235	269,712	1,797,523

(Notes) Classified by domicile of debtors (same for the following tables).

(ii) Loans to major Central and South American countries

(Millions of yen)

	Mar. 31, 2007		Mar. 31, 2006
	(a)	(a) - (b)	(b)
Chile	1,180	(2,108)	3,288
Columbia	-	(935)	935
Mexico	36,635	(974)	37,609
Argentina	14	-	14
Brazil	30,223	(26,082)	56,305
Venezuela	3,835	(1,480)	5,315
Panama	392,064	151,785	240,279
Others	2,653	(604)	3,257
Total	466,607	119,603	347,004

(3) Problem Assets Based on the Financial Reconstruction Law, classified by domicile

(Millions of yen, %)

	Mar. 31, 2007			Mar. 31, 2006
	(a)	Reserve ratio	(a) - (b)	(b)
Overseas offices and Japan offshore banking accounts	43,478	50.9	(7,763)	51,241
Asia	32,898	47.0	(2,749)	35,647
Indonesia	482	42.6	(1,731)	2,213
Hong Kong	19,388	46.4	5,656	13,732
Thailand	571	55.0	(1,137)	1,708
China	3,544	43.2	1,796	1,748
Others	8,911	49.7	(7,335)	16,246
North America	10,401	83.4	(4,836)	15,237
Central and South America	—	—	—	—
Western Europe	177	72.3	(180)	357
Eastern Europe	—	—	—	—

(Notes) 1. Problem Assets Based on the Financial Reconstruction Law include loans, acceptances and guarantees, suspense payments, and other credit-type assets.

2. Reserve Ratio

= (Reserve for possible loan losses) / (Assets excluding amounts recoverable due to guarantees, collateral and others) X 100
Reserve for possible loan losses is sum of general reserve for substandard loans and specific reserve.

3. Classified by domicile of debtors.

19. Deposits and Loans <SMBC Non-consolidated>

(1) Deposits and loans outstanding

(Millions of yen, %)

	FY2006		FY2005
	(a)	(a) - (b)	(b)
Deposits (term-end balance)	66,235,002	1,164,218	65,070,784
Deposits (average balance)	65,850,146	2,024,513	63,825,633
Domestic units	57,374,302	936,763	56,437,539
Average yield	0.10	0.08	0.02
Loans (term-end balance)	53,756,440	1,898,881	51,857,559
Loans (average balance)	53,559,601	2,408,916	51,150,685
Domestic units	47,188,557	1,181,262	46,007,295
Average yield	1.73	0.02	1.71

(Note) Deposits do not include "negotiable certificates of deposit."

(2) Deposits outstanding, classified by type of depositor

(Millions of yen)

	Mar. 31, 2007		Mar. 31, 2006
	(a)	(a) - (b)	(b)
Domestic deposits	62,680,764	(426,947)	63,107,711
Individual	33,623,712	863,383	32,760,329
Corporate	29,057,052	(1,290,330)	30,347,382

(Note) Figures are before adjustment on interoffice accounts in transit.

Excludes "negotiable certificates of deposit" and Japan offshore banking accounts.

(Reference)

(Millions of yen)

	Mar. 31, 2007		Mar. 31, 2006
	(a)	(a) - (b)	(b)
Outstanding balance of investment trusts	3,545,392	621,783	2,923,609
Balance to individuals	3,421,470	618,350	2,803,120

(Note) Balance of investment trusts is recognized on a contract basis and measured according to each fund's net asset balance at the term-end.

20. Other Financial Data <SMBC Non-consolidated>

(1) Debt Forgiveness

(Billions of yen)

	FY2006
Number of companies whose debts have been forgiven	3
Principal amount forgiven	3.7

(Note) Debt forgiveness associated with legal settlement is not included.

(2) Outstanding Balance and the Amount Sold of Stocks in Other Securities

(Billions of yen)

	Mar. 31, 2007
Balance sheet amount	4,262.1
Acquisition cost	2,283.4

(Billions of yen)

	FY2006
Amount sold	approx. (80.0)

21. Number of Directors and Employees <SMBC Non-consolidated>

	Mar. 31, 2007		Mar. 31, 2006
	(a)	(a) - (b)	(b)
Directors and auditors ^{*1}	22	-	22
Executive officers ^{*2}	59	1	58
Employees ^{*3}	16,407	357	16,050

^{*1} Include those of SMFG.^{*2} Who are not board members^{*3} Include overseas local staff but exclude executive officers, contract employees, and temporary staff.

Number of employees is reported on the basis of full-time workers.

22. Number of Offices <SMBC Non-consolidated>

	Mar. 31, 2007		Mar. 31, 2006
	(a)	(a) - (b)	(b)
Domestic branches*	406	(5)	411
Domestic sub-branches and agents	157	9	148
Overseas branches	18	3	15
Overseas sub-branches	5	2	3
Overseas representative offices	13	(1)	14

(Reference)

Number of offices of SMBC Europe	4	1	3
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(*) Branches specialized in receiving money transfers, branches specialized in controlling ATMs in convenience stores, and International Business Operations Department are excluded.

23. Deferred Tax Assets <SMBC Non-consolidated>

(1) Deferred Tax Assets on the Balance Sheet

(Billions of yen)

(Reference)
Temporary
differences

		Mar. 31, 2007 (a)	(a)-(b)	Mar. 31, 2006 (b)	Mar. 31, 2007
(a) Total deferred tax assets	(b-c) 1	1,389.3	(183.4)	1,572.7	
(b) Subtotal of deferred tax assets	2	1,925.0	(152.3)	2,077.3	4,714.5
Reserve for possible loan losses	3	79.5	(171.2)	250.7	195.7
Write-off of loans	4	101.5	(68.7)	170.2	249.9
Write-off of securities	5	425.9	(21.8)	447.7	1,048.2
Reserve for employee retirement benefits	6	57.8	(16.6)	74.4	142.3
Depreciation	7	6.8	0.3	6.5	16.9
Reserve for investment losses	8	31.5	31.5	-	77.5
Net unrealized losses on other securities	9	-	-	-	-
Net deferred losses on hedges	10	59.8	59.8	-	147.1
Net operating loss carryforwards	11	1,112.3	24.9	1,087.4	2,714.1
Other	12	49.9	9.5	40.4	122.8
(c) Valuation allowance	13	535.7	31.1	504.6	
(d) Total deferred tax liabilities	14	645.7	49.2	596.5	2,011.2
Gains on securities contributed to employee retirement benefits trust	15	41.7	(9.9)	51.6	102.7
Net unrealized gains on other securities	16	573.4	37.2	536.2	1,833.2
Net deferred gains on hedges	17	-	-	-	-
Other	18	30.6	21.9	8.7	75.3
Net deferred tax assets (Balance sheet amount)	(a-d) 19	743.6	(232.6)	976.2	
Amount corresponding to the deferred tax assets shown in line 9	(Note1) 20	59.8	59.8	-	147.1
Amount corresponding to the deferred tax liabilities shown in line 15	(Note2) 21	(573.4)	(37.2)	(536.2)	(1,833.2)
Net deferred tax assets excluding the amount shown in line 20 and 21	22	1,257.2	(255.2)	1,512.4	3,092.6
Effective income tax rate	23	40.63%	-	40.63%	

<Consolidated>

(e) Net deferred tax assets	24	836.3	(165.8)	1,002.1	
(f) Tier I	25	3,903.3	(742.6)	4,645.9	
Net deferred tax assets/Tier I	(e/f) 26	21.4%	(0.2%)	21.6%	

(Notes) 1. Companies may consider net deferred losses on hedges to be collectable, in case they assess the collectability of deferred tax assets on the basis of their future taxable income as stipulated in examples (4) proviso of the practical guidelines on assessing the collectability of deferred tax assets issued by the JICPA. ["Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No.8)].

2. Deferred tax assets are recognized on the balance sheet on a net basis after offsetting against deferred tax liabilities arising from net unrealized gains on other securities. But the collectability is assessed for the gross deferred tax assets, before offsetting against deferred tax liabilities.

(JICPA Auditing Committee Report No.70 "Auditing Treatment Regarding Application of Tax Effect Accounting to Valuation Differences on Other Securities and Losses on Impairment of Fixed Assets")

(2) Reason for Recognition of Deferred Tax Assets

(a) Recognition Criteria

Practical Guideline, examples (4) proviso

- (1) SMBC has significant tax loss carryforwards resulting from taking the measures described below in order to quickly strengthen its financial base under the prolonged deflationary pressure, and are accordingly judged to be attributable to extraordinary factors. As a result, with regard to temporary differences which are considered to be reversible, SMBC recognized deferred tax assets within the limits of the estimated future taxable income for the period (approximately 5 years) pursuant to the practical guidelines on assessing the collectability of deferred tax assets issued by the JICPA ("Practical Guidelines") (*).
- (a) Disposal of Non-performing Loans
- SMBC established internal standards for write-offs and provisions based on self-assessment in accordance with the "Prompt Corrective Action" adopted in fiscal 1998 pursuant to the law concerning the maintenance of sound management of financial institutions (June 1996). SMBC has been aggressively disposing of non-performing loans and bolstering provisions against the risk of asset deterioration under the severe business environment of a prolonged sluggish economy
- In addition, pursuant to the government's "Program for Financial Revival" of October 2002, SMBC accelerated the disposal of non-performing loans in order to reduce the problem asset ratio to half by the end of fiscal 2004. As a result, SMBC achieved this target 6 months ahead of schedule, in the first half of fiscal 2004.
- In these processes, the amount of taxable disposals of non-performing loans increased and accumulated. Afterwards, the realized amount of taxable disposals(**) also increased steadily.
- (b) Disposal of Unrealized Losses on Stocks
- SMBC has been accelerating its effort to reduce stockholdings in order to lower the risk of stock price fluctuations, and to comply, at an early date, with the regulation limiting stockholdings that was adopted in fiscal 2001.
- During fiscal 2002, SMBC sold stocks and reduced the balance by approximately ¥1.1 trillion, and also disposed in lump sum unrealized losses on stocks of approximately ¥1.2 trillion by writing off impaired stocks and using the gains on the March 2003 merger. Consequently, SMBC complied with the regulation limiting stockholdings at the end of fiscal 2002, before the deadline.
- As a result, the outstanding balance of taxable write-offs on securities (**) increased temporarily (from approximately ¥0.1 trillion as of March 31, 1999 to approximately ¥1.5 trillion as of March 31, 2003). Afterwards, taxable write-offs of securities carried out in the past are realized through the sales of the securities stocks.
- (2) Consequently, tax loss carryforwards (**) amounted to approximately ¥2.7 trillion as of March 31, 2007, but they are certain to be offset by the end of their carry-over period by the taxable income that will be generated in the future. No material tax loss carryforwards have expired in the past.

(*) JICPA Auditing Committee Report No.66 "Auditing Treatment Regarding Judgment of Realizability of Deferred Tax Assets"

(**) Corresponds to "Temporary differences" in the table on the previous page.

(b) Period for Future Taxable Income to be estimated

5 years

(c) Accumulated Amount of Estimated Future Taxable Income before Adjustments for the Next 5 Years

		(Billions of yen)	
		Estimates of next 5 years	
	Banking profit (before provision for general reserve for possible loan losses)	1	4,274.1
A	Income before income taxes	2	2,600.3
B	Adjustments to taxable income (excluding reversal of temporary differences as of Mar. 31, 2007)	3	635.6
C	Taxable income before adjustments (A+B)	4	3,235.9
	Deferred tax assets corresponding to taxable income before adjustments	5	1,314.7

[Basic Policy]

- (1) Estimate when the temporary differences will be reversed
- (2) Conservatively estimate the taxable income before adjustments for the next 5 years
 - (a) Rationally make earnings projection for up to the ended March 31, 2012 based on the medium-term management plan, "LEAD THE VALUE Plan (up to fiscal 2009)", launched in April 2007.
 - (b) Reduce the earnings projection by reasonable amount, reflecting the uncertainty of the projection.
 - (c) Add the necessary adjustments if any.
- (3) Calculate and record the amount of "deferred tax assets" by multiplying effective tax rate and the taxable income before adjustments estimated above.

(Reference) Income of final return (before deducting operating loss carryforwards) for the last 5 years

(Billions of yen)

	FY2002	FY2003	FY2004	FY2005	FY2006
Income of final return (before deducting operating loss carryforwards)	(745.5)	(1,437.8)	317.2	(652.4)	(69.8)

- (Notes) 1. (Income of final return before deduction of operating loss carryforwards)
= (Taxable income before adjustments for each fiscal year) - (Temporary differences to be reversed for each fiscal year)
2. Since the final declaration for the corporate income tax is being done in the end of June, the figures for income of final return as of March 31, 2007 are estimated.
3. The figures above include amounts arising from "extraordinary factors" that are specified in the Practical Guideline. Taxable income has been reported each year when these amounts are excluded.

24. Earnings Forecast for FY2007

Sumitomo Mitsui Financial Group, Inc.

<Non-consolidated> (Billions of yen)

	FY2007 Forecast		FY2006 Result
	1H FY2007		
Operating income	24.0	105.0	376.5
Operating profit	22.0	100.0	372.9
Ordinary profit	17.0	90.0	364.5
Net income	14.0	85.0	363.6

Dividend per share forecast (Yen)

	FY2007 Forecast		FY2006 Result
	1H FY2007		
Common stock	5,000	10,000	7,000
1st - 12th series Type 4 Preferred stock	67,500	135,000	135,000
1st Series Type 6 Preferred stock	44,250	88,500	88,500

(Reference) (Billions of yen)

Total dividend planned	44.8	89.6	66.6
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<Consolidated> (Billions of yen)

	FY2007 Forecast		FY2006 Result
	1H FY2007		
Ordinary income	1,950.0	4,100.0	3,901.3
Ordinary profit	400.0	980.0	798.6
Net income	220.0	540.0	441.4

(Reference)

Sumitomo Mitsui Banking Corporation

<Non-consolidated> (Billions of yen)

	FY2007 Forecast		FY2006 Result
	1H FY2007		
Gross banking profit	695.0	1,490.0	1,344.5
Expenses	(330.0)	(660.0)	(603.9)
Banking profit (before provision for general reserve for possible loan losses)	365.0	830.0	740.6
Ordinary profit	260.0	700.0	573.3
Net income	150.0	410.0	315.7

Total credit cost (*)	(70.0)	(90.0)	(89.5)
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(*) (Provision for general reserve for possible loan losses) + (Credit cost included in non-recurring losses)

+ (Gains on collection of written-off claims included in Extraordinary gains)

(Reference 2) Financial Statements of SMBC

1. Balance Sheet (Condensed) <SMBC Non-consolidated>

(Millions of yen)

	March 31, 2007 (A)	March 31, 2006 (B)	Change (A-B)
Assets			
Cash and due from banks and Deposits with banks	3,999,561	6,589,967	(2,590,406)
Call loans	1,003,796	576,909	426,887
Receivables under resale agreements	39,725	81,470	(41,745)
Receivables under securities borrowing transactions	2,213,314	1,956,650	256,664
Bills bought	2,861	-	2,861
Commercial paper and other debt purchased	333,524	115,637	217,887
Trading assets	2,914,023	3,694,791	(780,768)
Money held in trust	2,924	2,912	12
Securities	20,060,873	25,202,541	(5,141,668)
Loans and bills discounted	53,756,440	51,857,559	1,898,881
Foreign exchanges	835,617	877,570	(41,953)
Other assets	1,442,066	1,567,812	(125,746)
Premises and equipment	-	639,538	(639,538)
Tangible fixed assets	678,581	-	678,581
Intangible fixed assets	87,615	-	87,615
Deferred tax assets	743,605	976,203	(232,598)
Customers' liabilities for acceptances and guarantees	4,177,816	4,120,300	57,516
Reserve for possible loan losses	(677,573)	(816,437)	138,864
Reserve for possible losses on investments	(77,547)	-	(77,547)
Total assets	91,537,228	97,443,428	(5,906,200)
Liabilities			
Deposits	66,235,002	65,070,784	1,164,218
Negotiable certificates of deposit	2,574,335	3,151,382	(577,047)
Call money	2,291,128	2,833,865	(542,737)
Payables under repurchase agreements	104,640	382,082	(277,442)
Payables under securities lending transactions	1,516,342	2,709,084	(1,192,742)
Bills sold	-	5,104,100	(5,104,100)
Trading liabilities	1,578,730	2,515,932	(937,202)
Borrowed money	3,371,846	2,023,023	1,348,823
Foreign exchanges	329,695	449,560	(119,865)
Bonds	3,647,483	3,776,707	(129,224)
Due to trust account	65,062	318,597	(253,535)
Other liabilities	1,588,683	1,295,135	293,548
Reserve for employee bonuses	8,892	8,691	201
Reserve for executive retirement benefits	4,757	-	4,757
Reserve for point service program	990	-	990
Other reserves	18	18	-
Deferred tax liabilities for land revaluation	48,917	49,384	(467)
Acceptances and guarantees	4,177,816	4,120,300	57,516
Total liabilities	87,544,344	93,808,652	(6,264,308)

(Millions of yen)

	March 31, 2007 (A)	March 31, 2006 (B)	Change (A-B)
Stockholders' equity			
Capital stock	-	664,986	(664,986)
Capital surplus	-	1,367,548	(1,367,548)
Capital reserve	-	665,033	(665,033)
Other capital surplus	-	702,514	(702,514)
Retained earnings	-	794,033	(794,033)
Voluntary reserves	-	221,502	(221,502)
Unappropriated retained earnings at end of term (year)	-	572,531	(572,531)
Land revaluation excess	-	24,716	(24,716)
Net unrealized gains on other securities	-	783,491	(783,491)
Total stockholders' equity	-	3,634,776	(3,634,776)
Total liabilities and stockholders' equity	-	97,443,428	(97,443,428)
Net assets			
Capital stock	664,986	-	664,986
Capital surplus	1,367,548	-	1,367,548
Capital reserve	665,033	-	665,033
Other capital surplus	702,514	-	702,514
Retained earnings	761,028	-	761,028
Other retained earnings	761,028	-	761,028
Reserve for losses on overseas investments	0	-	-
Voluntary reserve for retirement allowances	1,656	-	1,656
Voluntary reserve	219,845	-	219,845
Retained earnings brought forward	539,526	-	539,526
Total stockholders' equity	2,793,563	-	2,793,563
			-
Net unrealized gains on other securities	1,259,814	-	1,259,814
Net deferred losses on hedges	(84,733)	-	(84,733)
Land revaluation excess	24,240	-	24,240
Total valuation and translation adjustments	1,199,320	-	1,199,320
Total net assets	3,992,884	-	3,992,884
Total liabilities and net assets	91,537,228	-	91,537,228

(Note) Amounts less than JPY 1 million are rounded down. Figures in parenthesis indicate the amount of loss or decrease.

2. Income Statement (Condensed) <SMBC Non-consolidated>

(Millions of yen)

	FY2006 (A)	FY2005 (B)	Change (A-B)
Ordinary income	2,451,351	2,287,935	163,416
Interest income	1,706,170	1,426,546	279,624
<i>Interest on loans and discounts</i>	1,143,361	990,853	152,508
<i>Interest and dividends on securities</i>	369,039	317,180	51,859
Trust fees	3,482	8,626	(5,144)
Fees and commissions	465,171	474,972	(9,801)
Trading profits	103,719	13,250	90,469
Other operating income	106,725	273,861	(167,136)
Other income	66,082	90,678	(24,596)
Ordinary expenses	1,878,037	1,567,002	311,035
Interest expenses	768,722	472,002	296,720
<i>Interest on deposits</i>	396,300	226,926	169,374
Fees and commissions	111,754	108,296	3,458
Trading losses	2,098	1,312	786
Other operating expenses	158,207	63,613	94,594
General and administrative expenses	609,816	604,098	5,718
Other expenses	227,438	317,679	(90,241)
Ordinary profit	573,313	720,933	(147,620)
Extraordinary gains	41,226	34,763	6,463
Extraordinary losses	27,610	9,024	18,586
Income before income taxes	586,928	746,672	(159,744)
Income taxes, current	16,507	13,512	2,995
Income taxes, deferred	254,680	213,639	41,041
Net income	315,740	519,520	(203,780)
Unappropriated retained earnings carried forward	-	69,774	(69,774)
Transfer from land revaluation excess	-	17,629	(17,629)
Interim dividends	-	34,393	(34,393)
Unappropriated retained earnings at end of term	-	572,531	(572,531)

(Note) Amounts less than JPY 1 million are rounded down. Figures in parenthesis indicate the amount of loss or decrease.

3. Statement of Changes in Net Assets <SMBC Non-consolidated>

(From Apr. 1, 2006 to Mar. 31, 2007)

(Millions of yen)

	Capital stock	Capital surplus		Retained earnings				Total stockholders' equity
		Capital reserve	Other capital reserve	Other retained earnings				
				Reserve for losses on overseas investments	Voluntary reserve for retirement allowances	Voluntary reserve	Retained earnings brought forward	
Balance at March 31, 2006	664,986	665,033	702,514	1	1,656	219,845	572,531	2,826,568
Change in FY2006								
Transfer of reserve for losses on overseas investments				(1)			1	-
Cash dividends							(349,221)	(349,221)
Net income							315,740	315,740
Transfer from land revaluation excess							475	475
Net change in the items other than stockholder's equity in FY2006								
Total	-	-	-	(1)	-	-	(33,004)	(33,005)
Balance at March 31, 2007	664,986	665,033	702,514	0	1,656	219,845	539,526	2,793,563

(Millions of yen)

	Valuation and translation adjustments				Total net assets
	Net unrealized gains on other securities	Net deferred losses on hedges	Land revaluation excess	Total valuation and translation adjustments	
Balance at March 31, 2006	783,491	-	24,716	808,207	3,634,776
Change in FY2006					
Transfer of reserve for losses on overseas investments					-
Cash dividends					(349,221)
Net income					315,740
Transfer from land revaluation excess					475
Net change in the items other than stockholder's equity in FY2006	476,323	(84,733)	(475)	391,113	391,113
Total	476,323	(84,733)	(475)	391,113	358,108
Balance at March 31, 2007	1,259,814	(84,733)	24,240	1,199,320	3,992,884

(Note) Amounts less than JPY 1 million are rounded down. Figures in parenthesis indicate the amount of loss or decrease.

4. Market Value Information on Securities <SMBC Non-consolidated>

[1] Securities

In addition to "Securities" stated in the non-consolidated balance sheet, negotiable certificates of deposit classified as "Cash and due from banks & Deposits with banks", are included in the amount below, as well as beneficiary claims on loan trust and beneficiary claims on commodity investment trusts classified as "Commercial paper and other debt purchased."

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

(Millions of yen)

	March 31, 2007				
	Balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds	629,562	621,518	(8,044)	20	8,064
Japanese local government bonds	97,102	95,307	(1,794)	-	1,794
Japanese corporate bonds	380,142	376,735	(3,406)	-	3,406
Other	5,326	5,507	180	180	-
Total	1,112,133	1,099,069	(13,064)	200	13,265

(2) Investments in subsidiaries or affiliates with market value

(Millions of yen)

	March 31, 2007		
	Balance sheet amount	Market value	Net unrealized gains (losses)
Stocks of subsidiaries	43,569	102,243	58,674
Stocks of affiliates	228,334	177,618	(50,716)
Total	271,903	279,861	7,958

(3) Other securities with market value

(Millions of yen)

	March 31, 2007				
	Acquisition cost	Balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	1,924,707	3,903,456	1,978,749	1,990,476	11,727
Bonds	7,511,158	7,359,713	(151,444)	748	152,193
Japanese government bonds	6,433,016	6,297,790	(135,225)	367	135,593
Japanese local government bonds	431,667	423,605	(8,062)	112	8,175
Japanese corporate bonds	646,474	638,317	(8,157)	267	8,425
Other	2,478,521	2,484,108	5,587	37,469	31,882
Total	11,914,387	13,747,279	1,832,891	2,028,694	195,802

(Notes)

- Net unrealized gains of JPY 1,259,623 million (after deducting JPY 573,268 million of deferred tax liabilities from JPY 1,832,891 million of net unrealized gains shown in the above table) are included in Net assets under 'Net unrealized gains on other securities.'
- Other securities with market value are considered impaired if the market value declines materially below the acquisition cost, and such decline is not considered recoverable. The market value is recognized as the balance sheet amount and the amount of write-down is accounted for as valuation loss (impaired) for this term. Valuation loss (impaired) for this term is JPY 6,453 million. The rule for determining "material decline" is as follows and is based on the classification of issuers under the rules of 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 currently bankrupt but 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

(4) Securities with no available market value

(Millions of yen)	
March 31, 2007	
Investments in subsidiaries and affiliates	
Stocks of subsidiaries	1,164,526
Stocks of affiliates	10,417
Other	46,711
Other securities	
Unlisted stocks (excluding OTC stocks)	358,692
Unlisted bonds	2,813,486
Unlisted foreign securities	428,635
Other	447,546

[2] Money Held in Trust

Other money held in trust (Other than classified as trading or held-to-maturity purpose)

(Millions of yen)					
March 31, 2007					
	Acquisition cost	Balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Other money held in trust	2,602	2,924	322	322	-

(Note) Net unrealized gains of 191 million yen (after deducting 130 million yen in deferred tax liabilities from 217 million yen in net unrealized gains) are included in the Net assets under 'Net unrealized gains on other securities.'

5. Statements of Trust Assets and Liabilities <SMBC Non-consolidated>

(Millions of yen)			
	March 31, 2007 (A)	March 31, 2006 (B)	Change (A-B)
Loans and bills discounted	5,350	7,870	(2,520)
Securities	267,110	238,205	28,905
Securities held in custody accounts	3,000	33,590	(30,590)
Monetary claims	703,199	706,349	(3,150)
Premises and equipment	25	85	(60)
Other claims	1,245	1,216	29
Due from banking account	65,062	318,597	(253,535)
Cash and due from banks and Deposits with banks	129,401	-	129,401
Total assets	1,174,396	1,305,915	(131,519)
designated money in trusts	358,058	445,346	(87,288)
specified monetary trusts	91,741	84,908	6,833
Securities trusts	3,000	33,590	(30,590)
Monetary claims trusts	598,236	603,656	(5,420)
Composite trusts	123,359	138,413	(15,054)
Total liabilities	1,174,396	1,305,915	(131,519)

- (Notes) 1. Amounts less than JPY 1 million are rounded down. Figures in parenthesis indicate the amount of loss or decrease.
 2. SMBC has no co-operative trusts under other trust bank's administration.
 3. SMBC does not handle any trusts with principal indemnification.