

Consolidated Statements of Cash Flows

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2006	2005	2006
1. Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	¥ 1,043,362	¥ (108,535)	\$ 8,881
Depreciation of premises, equipment and others	82,671	84,120	704
Depreciation of lease assets.....	336,871	340,777	2,867
Losses on impairment of fixed assets.....	12,303	—	105
Amortization of goodwill	6,270	10,017	53
Equity in earnings of affiliates	(31,887)	(27,142)	(271)
Gains on sale of subsidiaries' shares and gains on change in equity of subsidiary	(63,257)	—	(538)
Net change in reserve for possible loan losses	(241,530)	(140,104)	(2,056)
Net change in reserve for employee bonuses	1,403	1,497	12
Net change in reserve for employee retirement benefits	1,993	134,819	17
Net change in reserve for expenses related to EXPO 2005 Japan	(231)	114	(2)
Interest income	(1,662,600)	(1,521,728)	(14,152)
Interest expenses.....	500,993	350,385	4,265
Net (gains) losses on securities	(27,853)	102,784	(237)
Net gains from money held in trust	(13)	(0)	(0)
Net exchange gains	(175,815)	(105,603)	(1,497)
Net (gains) losses from disposal of premises and equipment	(551)	63,973	(5)
Net gains from disposal of lease assets	(3,235)	(3,345)	(28)
Net change in trading assets	(225,005)	(468,577)	(1,915)
Net change in trading liabilities	746,642	246,434	6,356
Net change in loans and bills discounted.....	(2,311,499)	468,339	(19,676)
Net change in deposits	2,210,634	3,137,797	18,817
Net change in negotiable certificates of deposit	(8,026)	(806,192)	(68)
Net change in borrowed money (excluding subordinated debt).....	90,612	(180,888)	771
Net change in deposits with banks	175,960	(245,726)	1,498
Net change in call loans, bills bought, receivables under resale agreements, and commercial paper and other debt purchased	342,387	(743,218)	2,914
Net change in receivables under securities borrowing transactions	(1,388,310)	440,987	(11,817)
Net change in call money, bills sold and payables under repurchase agreements	3,027,037	(2,013,905)	25,766
Net change in commercial paper	(364,100)	91,400	(3,099)
Net change in payables under securities lending transactions	(1,120,876)	(2,078,345)	(9,541)
Net change in foreign exchanges (assets).....	(46,473)	(151,254)	(396)
Net change in foreign exchanges (liabilities)	(31,381)	(94,405)	(267)
Net change in short-term bonds (liabilities).....	382,900	1,000	3,259
Issuance and redemption of bonds (excluding subordinated bonds).....	(365,646)	130,498	(3,112)
Net change in due to trust account	268,140	14,424	2,282
Interest received	1,691,320	1,553,995	14,397
Interest paid	(509,760)	(336,234)	(4,339)
Net change in payable on trading and securities contracts	—	(1,020,879)	—
Other, net.....	(104,996)	(350,488)	(894)
Subtotal	2,238,450	(3,223,208)	19,054
Income taxes paid.....	(30,096)	(56,914)	(256)
Net cash provided by (used in) operating activities	2,208,354	(3,280,122)	18,798

(Continued)

Year ended March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2006	2005	2006
2. Cash flows from investing activities:			
Purchases of securities.....	¥(43,620,790)	¥(46,309,832)	\$(371,304)
Proceeds from sale of securities.....	33,089,259	36,134,383	281,659
Proceeds from maturity of securities.....	10,164,213	13,118,211	86,519
Purchases of money held in trust.....	(2,851)	—	(24)
Proceeds from sale of money held in trust.....	3,789	0	32
Purchases of premises and equipment.....	(43,066)	(56,945)	(367)
Proceeds from sale of premises and equipment.....	17,733	93,474	151
Purchases of lease assets.....	(380,894)	(396,497)	(3,242)
Proceeds from sale of lease assets.....	55,186	43,702	470
Proceeds from sale of stocks of subsidiaries.....	54,937	—	467
Purchases of stocks of subsidiaries.....	—	(2,970)	—
Net cash (used in) provided by investing activities.....	(662,482)	2,623,525	(5,639)
3. Cash flows from financing activities:			
Proceeds from issuance of subordinated debt.....	103,000	36,000	877
Repayment of subordinated debt.....	(215,884)	(72,212)	(1,838)
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights.....	431,458	440,237	3,673
Repayment of subordinated bonds and bonds with stock acquisition rights.....	(198,800)	(234,983)	(1,692)
Proceeds from issuance of stocks.....	136,451	210,003	1,162
Dividends paid.....	(44,373)	(46,463)	(378)
Proceeds from minority stockholders.....	59,640	21,024	508
Dividends paid to minority stockholders.....	(42,366)	(39,457)	(361)
Purchases of treasury stock.....	(2,209)	(269,012)	(19)
Proceeds from sale of treasury stock.....	—	9,063	—
Proceeds from disposal of treasury stock.....	452,549	—	3,852
Net cash provided by financing activities.....	679,464	54,199	5,784
4. Effect of exchange rate changes on cash and due from banks.....	3,840	(378)	32
5. Net change in cash and due from banks.....	2,229,177	(602,776)	18,975
6. Cash and due from banks at beginning of year.....	2,930,645	3,529,479	24,946
7. Change in cash and due from banks due to merger of consolidated subsidiaries.....	—	3,941	—
8. Change in cash and due from banks due to exclusion of consolidated subsidiaries.....	(0)	—	(0)
9. Cash and due from banks at end of year.....	¥ 5,159,822	¥ 2,930,645	\$ 43,921

See accompanying notes to consolidated financial statements.