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(Translation)

Documents Attached to the Notice of Convocation of the Ordinary General Meeting of Shareholders

Business Report for the 6th Fiscal Year

April 1, 2007 to March 31, 2008

Sumitomo Mitsui Financial Group, Inc.

Business Report for the 6th Fiscal Year

(April 1, 2007 to March 31, 2008)

1. Matters regarding the Current State of the Company

(1) Business Progress and Results of the Group

Financial and Economic Environment

Over the fiscal year ended March 31, 2008, the economy in Europe grew steadily and the economy in Asia continued to grow at a high rate in general. In the U.S., however, the effects of the subprime loan problem aggravated the economic downturn, prompting the Federal Reserve to progressively lower interest rates from September 2007 onward. The impact of the subprime loan problem was limited in Japan, but declines in housing investment and sharp rises in the prices of energy and raw materials raised the need for adjustments in the economy toward the end of the fiscal year.

In the Japanese financial and capital markets, long-term market interest rates remained on a downward trend from the summer of 2007. Intensifying concerns over the downturn in the U.S. economy and other factors continued to fuel the upward movement of the yen against the dollar. The Nikkei stock average fell significantly from the levels recorded at the end of the previous fiscal year. Further, a number of financial institutions in Europe and the U.S. recognized huge losses in connection with subprime loans, leading to intensified concerns over credit crunch.

Under these circumstances, in the Japanese financial market, the Financial Instruments and Exchange Law (the law elaborating the framework for the protection of users of wide-ranging financial products in a cross-sectional manner) and Amended Trust Act (a full-fledged revision of the former Trust Act) were enforced in September 2007, and Japan's postal business was privatized in October 2007. In addition, the sale of insurance products by banks was completely deregulated in December 2007.

Business Progress and Results

Under these economic and financial circumstances, the Group, which conducts banking, credit card, leasing, system development/information processing, and securities, has aggressively implemented two strategic initiatives of "strengthen targeted growth business areas" and "fortify platform for supporting sustainable growth" under its medium-term management plan ("LEAD THE VALUE" plan) started fiscal 2007.

First, the Company implemented the following measures as initiatives for "strengthening targeted growth business areas."

Sumitomo Mitsui Banking Corporation (SMBC) actively developed various types of channels for individual customers (such as branches, SMBC Consulting Plazas and SMBC Consulting Offices) and strengthened its network to enable more customers to use the asset management consulting services, loan consulting services, etc. SMBC also worked to realize a "Total Consulting" capability with "One Stop Shopping" of various financial products and services. Specifically, SMBC started to provide 16 insurance products of 6 types (whole life, term, medical, etc.) in December 2007, when the full-range sale of insurance products by banks was deregulated. SMBC also enhanced a lineup of investment products such as investment trusts, pension-type insurances, and asset management services offered under a discretionary investment management agreement provided by SMBC Friend Securities Co., Ltd.

In the credit card business, the Company, SMBC, Central Finance Co., Ltd., OMC Card, Inc., and Sumitomo Mitsui Card Company, Limited formulated and announced (in February 2008) a credit card business strategy with the objective of establishing "the number one credit card business entity in Japan."

For corporate customers, the Group further strengthened solution providing. SMBC proposed financial solutions regarding customers' business and financial strategies through collaboration between marketing offices such as Corporate Business Offices and Corporate Advisory Division. Also, in order to further improve solution providing capability, SMBC strengthened collaboration with Daiwa Securities SMBC Co. Ltd.

To strengthen business succession consulting, workplace banking, and other business areas where the needs of individual customers and corporate customers co-exist, SMBC's marketing offices collaborated with Private Advisory Dept. established in April 2007, and endeavored to provide solutions for customer need such as investment by corporate owners and business succession.

SMBC established Merchant Banking Dept. in April 2007 and strengthened its support for venture companies and growth companies with high technology and innovative business models through responding to the fundraising needs of such companies. SMBC also aggressively reinforced the environmental business, a new growth area.

Overseas, SMBC promoted initiatives to improve its business platform in the rapidly growing markets of China, Southeast Asia, Middle East and so on. Specifically, it strengthened channel network by opening Beijing branch etc. Also, to strengthen support for Japanese clients, SMBC actively promoted strategic alliances with overseas financial institutions such as the Vietnam Export Import Commercial Joint Stock Bank and the First Commercial Bank in Taiwan.

In the leasing business, Sumitomo Mitsui Finance & Leasing Company Limited was established when SMBC Leasing Company, Limited and Sumisho Lease Co., Ltd. merged in October 2007 in accordance with the strategic alliance between the Group and the Sumitomo Corporation group. The new company aims to provide its customers with high value-added products and services by diversifying and differentiating products.

Second, to fortify platform for supporting sustainable growth, the Group promoted initiatives such as (a) implement an internal business performance evaluation system centered on medium to long-term targets and strategic measures, (b) establish a framework for developing professionals capable of challenging and achieving top quality in growth business areas, (c) reinforcing IT and operational infrastructure to support the Company's business in a flexible manner, (d) strengthening compliance, CS("customer satisfaction") and quality management, and (e) improve risk management system.

Specifically, upon the enforcement of the Financial Instruments and Exchange Law in September 2007, SMBC formulated sales rules for each product categories, implemented regular training program, introduced system supporting compliance with the Law on the sales of financial products. To strengthen compliance in overseas such as anti-money laundering, International Compliance Dept. was established within Compliance Unit. With regard to CS and quality management, at the same time SMBC improved products and services based on customers' suggestions and demands centered on Quality Management Department, it promoted a customer-centric approach centered on CS and Quality Improvement Committee.

With regard to risk management, in March 2008, the Company became the first financial institution in Japan to introduce a high-level management procedures (the "Advanced Measurement Approaches"), with the approval of the Financial Services Agency. By introducing the approaches, the Company seeks to manage operational risks such as losses caused by operational errors, system failures, and disasters, in response to the Basel II accord (new BIS standard) implemented at the end of fiscal 2006.

To strengthen the capital base supporting sustainable growth, the Group issued ¥135 billion of preferred securities to institutional investors in Japan in February 2008.

These initiatives resulted in ordinary profits of ¥831.1 billion and net income of ¥461.5 billion in this fiscal year on a consolidated basis.

Subprime-loan related securities, etc. were sold early and appropriately written-off or reserved. As a result, subprime-loan related exposure after write-offs and provisions as of March 31, 2008 was merely approximately ¥6 billion. Therefore, the future impact on financial results of the Company is expected to be limited.

As of March 31, 2008, problem assets based on the Financial Reconstruction Law of SMBC totaled ¥803.9 billion, a ¥65.2 billion increase year over year, and the ratio of problem assets to total credit was 1.24%.

In order to increase return to shareholders, the Company, under the medium-term management plan, forecasts an annual dividend per common share of ¥12,000 for fiscal 2007 (of which ¥5,000 was paid as

interim dividend), which is a ¥5,000 increase compared with fiscal 2006.

Issues to be Addressed

Having designated fiscal 2008 as “the year for taking a step forward to accomplishing the medium-term management plan, while coping with uncertainty in business environment,” the Group will endeavor to implement the strategic initiatives defined in the medium-term plan.

First, the Group will continue to focus on strengthening targeted growth business areas. For individual customers, SMBC will further strengthen lineup of insurance products and investment trusts etc. while increasing the number of consultants and improve the consultants’ skills.

In the credit card business, the Group plans to complete the merger of Central Finance Co., Ltd., OMC Card, Inc., and QUOQ Inc. in April 2009. The Group will strengthen its credit card business with the newly merged company and Sumitomo Mitsui Card Company, Limited, at the core, pursuing the economies of scale, and leveraging the strengths of the allied companies to maximize the effects of the collaboration.

For corporate customers, SMBC will further improve capability to provide solutions that respond accurately to the diversifying needs of the customers. Specifically, in addition to Corporate Advisory Division and Private Advisory Dept., Global Advisory Dept. was established in April 2008. Through the department, SMBC will enhance the collaborative efforts of organization in Japan and overseas to further strengthen solution providing capability for customers who seek to expand and develop their businesses overseas.

Overseas, the Company will strengthen products with competitive advantages, such as project finance and ship finance. In addition, the Company will further promote the strategic alliances with local banks in Asia, one of the most important market, for capturing business opportunities.

Moreover, the Group will further promote group-wide solution providing together with group companies such as Daiwa Securities SMBC Co. Ltd., Sumitomo Mitsui Finance & Leasing Company Limited, and The Japan Research Institute, Limited.

Second, the Group will further fortify platform for supporting sustainable growth.

The Company will continue to ensure strict compliance to the relevant laws and regulations, both in Japan and overseas. For improvement of CS and quality management, the Company will continue to further enhance function for considering and responding to the suggestions and demands of customers. Also, the company plans to improve risk management through initiatives such as properly responding to the Basel II accord (new BIS standard), and strengthening credit risk management.

As part of its initiatives in response to the advance of globalization, the Company will explore listing on the New York Stock Exchange, with the aim of becoming a “a globally competitive financial services group with the highest trust.”

In the future, the Company will also continue to actively examine measures to enhance shareholder return in line with the steady progress of the medium-term management plan.

By achieving steady results through these initiatives, the Group will respond to the expectations of its shareholders. We sincerely look forward to the ongoing understanding and support of our shareholders.

(2) Changes in Financial Position and Results of Operations (Consolidated Basis and Non-Consolidated Basis)

a. Changes in Financial Position and Results of Operations (Consolidated Basis)

Unit: Billions of yen

	FY2004 (Fiscal year ended March 31, 2005)	FY2005 (Fiscal year ended March 31, 2006)	FY2006 (Fiscal year ended March 31, 2007)	FY2007 (Fiscal year ended March 31, 2008)
Ordinary income	3,580.7	3,705.1	3,901.2	4,623.5
Ordinary profit (Figures in parentheses represent ordinary loss)	(30.2)	963.5	798.6	831.1
Net income (Figures in parentheses represent net loss)	(234.2)	686.8	441.3	461.5
Net assets	2,775.7	4,454.3	5,331.2	5,224.0
Total assets	99,731.8	107,010.5	100,858.3	111,955.9

(Notes) 1. Amounts less than one hundred million yen have been omitted.

2. From the fiscal year ended March 31, 2007, the Company 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 Company has 268 consolidated subsidiaries and 74 companies accounted for by the equity method as of March 31, 2008.

b. Changes in Financial Position and Results of Operations (Non-Consolidated Basis)

Unit: Billions of yen

	FY2004 (Fiscal year ended March 31, 2005)	FY2005 (Fiscal year ended March 31, 2006)	FY2006 (Fiscal year ended March 31, 2007)	FY2007 (Fiscal year ended March 31, 2008)
Operating income	258.8	55.4	376.4	111.6
Dividends received	251.7	46.4	366.6	89.6
Dividends received from banking subsidiaries	250.4	34.4	349.2	74.6
Dividends received from other subsidiaries	1.2	2.8	5.6	4.3
Net income	(Millions of yen) 252,228	(Millions of yen) 73,408	(Millions of yen) 363,535	(Millions of yen) 82,975
Net income per share	(Yen) 38,302.88	(Yen) 6,836.35	(Yen) 46,326.41	(Yen) 9,134.13
Total assets	3,795.1	4,166.3	3,959.4	4,021.2
Investments in banking subsidiaries	3,165.7	3,165.7	3,165.7	3,165.7
Investments in other subsidiaries	319.5	249.0	470.6	525.7

- (Notes) 1. Amounts less than one hundred million yen have been omitted.
 2. From the fiscal year ended March 31, 2007, the Company 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) Employees of the Group

	March 31, 2008			March 31, 2007		
	Banking business	Leasing business	Other business	Banking business	Leasing business	Other business
Number of employees	22,955	1,995	21,479	21,181	1,805	18,442

- (Notes) 1. The number of employees is the number of persons engaged in the Group, including local staff at overseas, but not including employees on short-term contracts and temporary employees (16,009 persons as of March 31, 2008; 15,732 persons as of March 31, 2007).
 2. The number of employees is the number of persons engaged in the Company and consolidated subsidiaries.

(4) Principal Offices of the Group

a. Banking Business

Sumitomo Mitsui Banking Corporation:

Domestic: Head Office, Tokyo Main Office, Osaka Head Office, Kobe Main Office, and 626 other branches and sub-branches (619 as of March 31, 2007)

Overseas: New York Branch and 24 other branches and sub-branches (23 as of March 31, 2007)

THE MINATO BANK, LTD.:

Head Office and 108 other branches (108 as of March 31, 2007)

Kansai Urban Banking Corporation:

Head Office and 101 other branches (103 as of March 31, 2007)

b. Leasing Business

Sumitomo Mitsui Finance and Leasing Company, Limited:

Tokyo Head Office, Takebashi Office, Osaka Head Office, etc.

c. Other Business

Sumitomo Mitsui Card Company, Limited:

Tokyo Head Office, Osaka Head Office, etc.

The Japan Research Institute, Limited:

Tokyo Head Office, Osaka Head Office, etc.

SMBC Friend Securities Co., Ltd.:

Head Office, etc.

(5) Capital Investment of the Group

a. Total Amount of Capital Investment

Unit: Millions of yen

Business segment	Amount
Banking business	98,278
Leasing business	16,254
Other business	21,423
Total	135,956

- (Notes) 1. Amounts less than one million yen have been omitted.
 2. The total amount of capital investment indicates the total amount of capital investment for the Company and consolidated subsidiaries.

b. Establishment of Principal Facilities, etc.

Unit: Millions of yen

Business segment	Company name	Description	Amount
Banking business	Sumitomo Mitsui Banking Corporation	Capital investment in branches	27,703
		Software	41,424
Leasing business	There are no important matters to be stated.		-
Other business	Sumitomo Mitsui Card Company, Limited	Sale of former Tokyo Head Office building due to relocation of Tokyo Head Office	

(Note) Amounts less than one million yen have been omitted.

(6) Principal Parent Company and Subsidiaries, etc.

a. Relationship with Parent Company
Not applicable.

b. Principal Subsidiaries, etc.

Company name	Location	Main business	Date of establishment	Capital (Millions of yen)	Percentage of the Company's voting rights (%)	Other
Sumitomo Mitsui Banking Corporation	1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo	Banking	Jun. 6, 1996	664,986	100.00	-
Sumitomo Mitsui Card Company, Limited	5-15 Imahashi 4-chome, Chuo-ku, Osaka	Credit cards	Dec. 26, 1967	34,000	65.99	-
Sumitomo Mitsui Finance and Leasing Company, Limited	9-4, Nishi-shimbashi 3-chome, Minato-ku, Tokyo	Leasing	Feb. 4, 1963	15,000	55.00	-
The Japan Research Institute, Limited	16, Ichibancho, Chiyoda-ku, Tokyo	System engineering, data processing, consulting, and think tank consulting	Nov. 1, 2002	10,000	100.00	-
SMBC Friend Securities Co., Ltd.	7-12 Nihonbashi-kabutocho, Chuo-Ku, Tokyo	Securities	Mar. 2, 1948	27,270	100.00	-
SMBC Guarantee Co., Ltd.	1-21, Roppongi 6-chome, Minato-ku, Tokyo	Credit guarantee	Jul. 14, 1976	187,720	100.00 (100.00)	-
QUOQ Inc.	5-27, Mita 3-chome, Minato-ku, Tokyo	Credit loans	Apr. 5, 1978	4,750	31.05 (31.05)	
SMBC Finance Service Co., Ltd.	5-27, Mita 3-chome, Minato-ku, Tokyo	Loans, factoring, and collecting agent	Dec. 5, 1972	71,705	100.00 (100.00)	-
THE MINATO BANK, LTD.	1-1, Sannomiya-cho 2-chome, Chuo-ku, Kobe	Banking	Sep. 6, 1949	27,484	46.34 (46.34)	-
Kansai Urban Banking Corporation	2-4 Nishi-shinsaibashi 1-chome, Chuo-ku, Osaka	Banking	Jul. 1, 1922	37,040	58.00 (58.00)	-
The Japan Net Bank, Limited	1-1, Nishi-shinjuku 2-chome, Shinjuku-ku, Tokyo	Banking	Sep. 19, 2000	37,250	59.70 (59.70)	-
Sumitomo Mitsui Banking Corporation Europe Limited	99 Queen Victoria Street, London EC4V 4EH, U.K.	Banking	Mar. 5, 2003	170,323 [US\$1.7 billion]	100.00 (100.00)	-

SMBC Capital Markets, Inc.	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, U.S.A	Derivatives and investments	Dec. 4, 1986	0 [US\$100]	100.00 (100.00)	-
Sumitomo Mitsui Auto Service Company, Limited	20-2, Nishi-shinjuku 3-chome, Shinjuku-ku, Tokyo	Leasing	Feb. 21, 1981	6,950	39.99	-
Daiwa Securities SMBC Co. Ltd.	9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	Securities and derivatives	Feb. 5, 1999	255,700	40.00	-
Daiwa SB Investments Ltd.	2-1, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo	Investment advisory and asset managements	Jun. 1, 1973	2,000	43.96	-
Promise Co., Ltd.	2-4, Otemachi 1-chome, Chiyoda-ku, Tokyo	Consumer loans	Mar. 20, 1962	80,737	22.02 (22.02)	-
Central Finance Co., Ltd.	20-27 Nishiki 3-chome, Naka-ku, Nagoya	Credit loans	Jan. 28, 1960	23,254	24.74 (15.33)	-
OMC Card, Inc.	16-4 Konan 2-chome, Minato-ku, Tokyo	Credit cards	Sep. 11, 1950	43,343	32.61 (32.61)	-

- (Notes)
1. The capital has been rounded down to the nearest unit and the percentage of the Company's voting rights has been rounded down to the nearest second decimal place.
 2. The capital denominated in U.S. currency has been translated into Japanese yen at the exchange rate as of the account closing date.
 3. Figures in parentheses () in the voting rights column indicate voting rights held indirectly.
 4. SMBC Leasing Company, Limited merged with Sumisho Lease Co., Ltd. on October 1, 2007, whereupon its trade name became Sumitomo Mitsui Finance and Leasing Co., Ltd.
 5. SMFG Corporate Recovery Servicer Co., Ltd., a subsidiary reported in the financial statements of earlier years, is excluded from the scope of consolidated subsidiaries of the Company because the company was liquidated.
 6. QUOQ Inc. is newly reported.
 7. The percentage of the Company's voting rights in subsidiaries for THE MINATO BANK, LTD. includes 40.39% of the percentage of the Company's voting rights attached to shares that SMBC contributed to the retirement benefits trust. The voting rights attached to the shares are to be exercised at the instruction of SMBC.
 8. Sumitomo Mitsui Auto Service Company, Limited is newly reported.
 9. Central Finance Co., Ltd. newly became an affiliated company accounted for by the equity method due to acquisition of shares.
 10. OMC Card, Inc. newly became an affiliated company accounted for by the equity method due to acquisition of shares.

Significant Business Alliance

1. The Company and SMBC have formed a strategic alliance with Daiwa Securities Group Inc. in both the investment bank business and asset management business.
2. The Company and SMBC have entered into an agreement with Goldman Sachs Japan Co., Ltd. on operational cooperation in areas where Goldman Sachs' expertise can be of use.
3. The Company and SMBC have formed a strategic alliance with Promise Co., Ltd. in the consumer finance business.
4. The Company, Sumitomo Mitsui Card, and SMBC have formed a business alliance with NTT DoCoMo Inc. mainly for the joint promotion of a new credit settlement service using mobile phones.

(7) Major Borrowings

Creditor	Balance of borrowings (Millions of yen)	Investment in the Company	
		Number of shares held (shares)	Percentage of voting rights (%)
Sumitomo Mitsui Banking Corporation	1,049,030	100,481	-

- (Notes)
1. Amounts less than one million yen have been omitted.
 2. There are no borrowings other than those mentioned above.

(8) Business Transfer, etc.

Date of business transfer, etc.	Outline of business transfer, etc.
October 1, 2007	SMBC Leasing Company, Limited merged with Sumisho Lease Co., Ltd. on October 1, 2007, whereupon its trade name became Sumitomo Mitsui Finance and Leasing Co., Ltd.

(9) Other Important Matters regarding the Current State of the Group

- a. The Company raised funds of ¥135 billion in February 2008 through the issuance of preferred securities via a foreign special-purpose subsidiary established in Grand Cayman, Cayman Islands.
- b. The Company, SMBC, Central Finance Co., Ltd., OMC Card, Inc., and Sumitomo Mitsui Card Company, Limited reached an agreement on February 29, 2008 to go forward with a credit card business strategy for the future to become “the number one credit card group in Japan.” The Company, SMBC, Central Finance Co., Ltd., OMC Card, Inc., and QUOQ Inc. reached a basic agreement on merger of Central Finance Co., Ltd., OMC Card, Inc., and QUOQ Inc. on or about April 1, 2009 as an implementation of the business strategy. To promote smooth coordination between Sumitomo Mitsui Card and the new company after the merger, the Company will establish and become the absolute parent of an interim holding company on or about October 1, 2008, subject to the approval of the related authorities. As a result, all shares of Central Finance, OMC Card, QUOQ, and Sumitomo Mitsui Card owned by the Company or SMBC will be transferred to the interim holding company.

2. Matters regarding Directors and Corporate Auditors

(1) Directors and Corporate Auditors

(As of March 31, 2008)

Name	Position and responsibility	Significant concurrent positions	Other
Masayuki Oku	Chairman of the Board (Representative Director)	President of Sumitomo Mitsui Banking Corporation (Representative Director) Chairman of Japanese Bankers Association	-
Teisuke Kitayama	President (Representative Director)	Chairman of the Board of Sumitomo Mitsui Banking Corporation (Representative Director) Director of FUJIFILM Holdings Corporation Director of Mitsukoshi, Ltd.	-
Shigeru Nishiyama	Deputy President (Representative Director) Responsible for Group Business Management Dept., Audit Dept.	Corporate Auditor of Central Finance Co., Ltd.	-
Osamu Endo	Director Responsible for Consumer Business Planning Dept.	Director of Sumitomo Mitsui Banking Corporation (Representative Director)	-
Junji Tanehashi	Director Responsible for General Affairs Dept., Human Resources Dept. and Corporate Risk Management Dept.	Director of Sumitomo Mitsui Banking Corporation (Representative Director)	-
Takeshi Kunibe	Director Responsible for Public Relations Dept., Corporate Planning Dept., Financial Accounting Dept., and Subsidiaries & Affiliates Dept.	Managing Executive Officer of Sumitomo Mitsui Banking Corporation	-
Yoshiaki Yamauchi	Director (outside)	CPA Status of other concurrent positions shall be as described in "Concurrent Positions and Other Details on Outside Directors and Outside Corporate Auditors" as described below.	-
Yoichiro Yamakawa	Director (outside)	Attorney at Law Status of other concurrent positions shall be as described in "Concurrent Positions and Other Details on Outside Directors and Outside Corporate Auditors" as described below.	-
Yoshinori Yokoyama	Director (outside)	Status of concurrent positions shall be as described in "Concurrent Positions and Other Details on Outside Directors and Outside Corporate Auditors" as described below.	-

Name	Position and responsibility	Significant concurrent positions	Other
Masahide Hirasawa	Standing Corporate Auditor	Corporate Auditor of Sumitomo Mitsui Banking Corporation	-
Sadao Kobayashi	Standing Corporate Auditor	-	-
Katsuya Onishi	Corporate Auditor (outside)	Attorney at Law Status of other concurrent positions shall be as described in “Concurrent Positions and Other Details on Outside Directors and Outside Corporate Auditors” as described below.	-
Hiroshi Araki	Corporate Auditor (outside)	Adviser of The Tokyo Electric Power Company, Incorporated Status of other concurrent positions shall be as described in “Concurrent Positions and Other Details on Outside Directors and Outside Corporate Auditors” as described below.	-
Ikuo Uno	Corporate Auditor (outside)	Chairman and Representative Director of Nippon Life Insurance Company Status of other concurrent positions shall be as described in “Concurrent Positions and Other Details on Outside Directors and Outside Corporate Auditors” as described below.	-

(Notes) 1. Messrs. Yoshiaki Yamauchi, Yoichiro Yamakawa and Yoshinori Yokoyama are Outside Directors as provided for in Article 2, Item 15 of the Corporation Law.

2. Messrs. Katsuya Onishi, Hiroshi Araki and Ikuo Uno are Outside Corporate Auditors as provided for in Article 2, Item 16 of the Corporation Law.

3. Changes in positions and responsibilities as well as significant concurrent positions as of April 1, 2008:

President (Representative Director)	Teisuke Kitayama	Corporate Auditor of Isetan Mitsukoshi Holdings Ltd. (He resigned from Director of Mitsukoshi, Ltd. as of March 31, 2008.)
Deputy President (Representative Director)	Shigeru Nishiyama	Director No longer responsible for Group Business Management Dept. and Audit Dept.
Director	Junji Tanehashi	No longer responsible for General Affairs Dept., Human Resources Dept. and Corporate Risk Management Dept. Director of Sumitomo Mitsui Banking Corporation
Director	Takeshi Kunibe	Responsible for Public Relations Dept., Corporate Planning Dept., Financial Accounting Dept., Strategic Financial Planning Dept. and Subsidiaries & Affiliates Dept.

Changes in significant concurrent positions as of April 22, 2008:

Chairman of the Board (Representative Director)	Masayuki Oku	He retired from Chairman of the Japanese Bankers Association.
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Changes in positions and responsibilities as well as significant concurrent positions as of April 30, 2008:

Director	Junji Tanehashi	He resigned from Director of the Company. He resigned from Director of Sumitomo Mitsui Banking Corporation.
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Corporate Auditor who Resigned during the Fiscal Year

Name	Position and responsibility	Significant concurrent positions	Other
Morio Kusunoki	Standing Corporate Auditor	Corporate Auditor of Sumitomo Mitsui Banking Corporation	He resigned as of June 28, 2007.

(Note) Position and responsibility, and significant concurrent positions are reported as of the date of resignation.

(2) Compensation, etc. for Directors and Corporate Auditors

Unit: Millions of yen

Classification	Compensation, etc.
Directors	278
Corporate Auditors	82
Total	360

- (Notes)
1. Amounts less than one million yen have been omitted.
 2. In the above-written amount of remuneration for Directors, salary as employee and consideration for performance of other duties are not included.
 3. Maximum remuneration for Directors and Corporate Auditors is as per resolution at the General Meeting of Classified Shareholders pertaining to 1st series Type 1 Preferred Stock, 2nd series Type 1 and Type 5 Preferred Stock, held on September 26, 2002 pertaining to the establishment of the Company, and resolution at the Extraordinary General Meeting of Shareholders of SMBC (which also functioned as the General Meeting of Classified Shareholders pertaining to common stock), held on September 27 of the same year, that is, ¥40 million per month for Directors and ¥15 million per month for Corporate Auditors.
 4. The above-written amounts include provision for reserve for executive bonuses (¥49 million for Directors and ¥10 million for Corporate Auditors).
 5. The above-written amounts include provision for reserve for executive retirement benefits (¥63 million for Directors and ¥13 million for Corporate Auditors).
 6. The above-written amounts include "Compensation, etc. for Outside Directors and Outside Corporate Auditors" as mentioned below.

3. Matters regarding Outside Directors and Outside Corporate Auditors

(1) Concurrent Positions and Other Details on Outside Directors and Outside Corporate Auditors

Name	Concurrent positions and other details
Yoshiaki Yamauchi	Director of Sumitomo Mitsui Banking Corporation (outside) Director of amana inc. (outside) Director of Sony Corporation (outside) Corporate Auditor of STANLEY ELECTRIC CO., LTD. (outside)
Yoichiro Yamakawa	Director of Sumitomo Mitsui Banking Corporation (outside) Director of Dai-ichi Mutual Life Insurance Company (outside) Corporate Auditor of Nisshin Steel Co., Ltd. (outside)
Yoshinori Yokoyama	Director of Sumitomo Mitsui Banking Corporation (outside) Director of ORIX Corporation (outside)
Katsuya Onishi	Corporate Auditor of Sumitomo Mitsui Banking Corporation (outside)
Hiroshi Araki	Corporate Auditor of Sumitomo Mitsui Banking Corporation (outside) Corporate Auditor of KAJIMA CORPORATION (outside) Corporate Auditor of TV TOKYO Corporation (outside)
Ikuo Uno	Chairman of the Board and Representative Director of Nippon Life Insurance Company Corporate Auditor of Sumitomo Mitsui Banking Corporation (outside) Director of FUJI KYUKO CO., LTD (outside) Director of Matsushita Electric Industrial Co., Ltd. (outside) Corporate Auditor of Odakyu Electric Railway Co., Ltd. (outside) Corporate Auditor of Tohoku Electric Power Co., Inc. (outside) Corporate Auditor of West Japan Railway Company (outside)

(Note) Corporate Auditor Ikuo Uno concurrently serves as Chairman of the Board and Representative Director of Nippon Life Insurance Company, and the company is one of the major shareholders of the Company.

(2) Major Activities of Outside Directors and Corporate Auditors

Name	Period of service	Attendance of the Board of Directors meeting	Opinions issued at the Board of Directors meeting and other activities
Yoshiaki Yamauchi	5 years and 3 months	Attended 12 out of 13 meetings of the Board of Directors held in the 2007 fiscal year	Yamauchi mainly provides suggestions and comments based on his considerable experience as a CPA and high level of insight.
Yoichiro Yamakawa	5 years and 3 months	Attended 10 out of 13 meetings of the Board of Directors held in the 2007 fiscal year	Yamakawa mainly provides suggestions and comments based on his considerable experience as an attorney at law and high level of insight.
Yoshinori Yokoyama	1 year and 9 months	Attended 11 out of 13 meetings of the Board of Directors held in the 2007 fiscal year	Yokoyama mainly provides suggestions and comments based on his broad knowledge of management and high level of insight
Katsuya Onishi	5 years and 3 months	Attended 11 out of 13 meetings of the Board of Directors and all of 5 meetings of the Board of Corporate Auditors held in the 2007 fiscal year.	Onishi mainly provides suggestions and comments based on his considerable experience as a judge and an attorney at law and high level of insight.

Name	Period of service	Attendance of the Board of Directors meeting	Opinions issued at the Board of Directors meeting and other activities
Hiroshi Araki	3 years and 9 months	Attended 8 out of 13 meetings of the Board of Directors and 4 out of 5 meetings of the Board of Corporate Auditors held in the 2007 fiscal year.	Araki mainly provides suggestions and comments based on his considerable experience as a chief executive and high level of insight.
Ikuo Uno	2 years and 9 months	Attended 9 out of 13 meetings of the Board of Directors and 4 out of 5 meetings of the Board of Corporate Auditors held in the 2007 fiscal year.	Uno mainly provides suggestions and comments based on his considerable experience as a chief executive and high level of insight.

(Note) Period of service of Directors and Corporate Auditors above of less than one month are discarded.

(3) Liability Limitation Agreement

Name	Summary of Liability Limitation Agreement
Yoshiaki Yamauchi	In accordance with the provisions provided for in Article 427, Paragraph 1 of the Corporation Law (the "Law"), the Company has entered into agreements with the Outside Directors and Outside Corporate Auditors stated in the left column to limit the liability provided for in Article 423, Paragraph 1 of the Law to the higher of either (i) ¥10 million or (ii) the minimum amount provided for in Article 427, paragraph 1 of the Law.
Yoichiro Yamakawa	
Yoshinori Yokoyama	
Katsuya Onishi	
Hiroshi Araki	
Ikuo Uno	

(4) Compensation, etc. for Outside Directors and Outside Corporate Auditors

Unit: Millions of yen

	Compensation, etc. paid by the Company	Compensation, etc. paid by parent company, etc., of the Company
Total amount of compensation, etc.	42	-

- (Notes)
1. Amounts less than one million yen have been omitted.
 2. There are no executive bonuses for Outside Directors and Outside Corporate Auditors.
 3. The above-written amounts of remuneration received from the Company include provision for reserve for executive retirement benefits (¥3 million for Outside Directors and ¥3 million for Outside Corporate Auditors) for Outside Directors and Outside Corporate Auditors.

4. Matters regarding Shares of the Company

(1) Number of Shares

	(Number of shares)
Total number of shares authorized to be issued	
Common stock	15,000,000
Preferred stock (Type 4)	50,100
Preferred stock (Type 5)	167,000
Preferred stock (Type 6)	70,001
Preferred stock (Type 7)	167,000
Preferred stock (Type 8)	115,000
Preferred stock (Type 9)	115,000
Total number of shares issued	
Common stock	7,733,653
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

(Note) Numbers of shares less than one have been omitted.

(2) Number of Shareholders as of March 31, 2008

	(Number of shareholders)
Common stock	181,835
Preferred stock (1st series Type 4)	1
Preferred stock (2nd series Type 4)	1
Preferred stock (3rd series Type 4)	1
Preferred stock (4th series Type 4)	1
Preferred stock (5th series Type 4)	1
Preferred stock (6th series Type 4)	1
Preferred stock (7th series Type 4)	1
Preferred stock (8th series Type 4)	1
Preferred stock (9th series Type 4)	1
Preferred stock (10th series Type 4)	1
Preferred stock (11th series Type 4)	1
Preferred stock (12th series Type 4)	1
Preferred stock (1st series Type 6)	4

(Note) The number of shareholders of Common Stock listed above does not include the 37,377 holders who own only fractional shares.

(3) Major Shareholders

a. Common Stock

Name of shareholder	Number of shares held and percentage of shares held	
	Number of shares held (shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	492,814	6.37
Japan Trustee Services Bank, Ltd. (Trust Account)	488,489	6.31
Nippon Life Insurance Company	154,667	1.99
State Street Bank and Trust Company	142,599	1.84
State Street Bank and Trust Company 505103	128,919	1.66
Hero & Co..	113,913	1.47
JPMorgan Chase Bank 380055	101,502	1.31
Sumitomo Mitsui Banking Corporation	100,481	1.29
Mellon Bank, N.A. as Agent for its Client Mellon Omnibus US Pension	97,445	1.26
Japan Trustee Services Bank, Ltd. (Trust Account 4)	77,481	1.00

(Notes) 1. No shareholder holds one tenth or more of the total number of shares issued.

2. Numbers of shares less than one have been omitted and the percentage of shares held has been rounded down to the nearest second decimal place.

b. Preferred Stock (1st series Type 4)

Name of shareholder	Number of shares held and percentage of shares held	
	Number of shares held (shares)	Percentage of shares held (%)
The Goldman Sachs Group, Inc.	4,175	100.00

c. Preferred Stock (2nd series Type 4)

Name of shareholder	Number of shares held and percentage of shares held	
	Number of shares held (shares)	Percentage of shares held (%)
The Goldman Sachs Group, Inc.	4,175	100.00

d. Preferred Stock (3rd series Type 4)

Name of shareholder	Number of shares held and percentage of shares held	
	Number of shares held (shares)	Percentage of shares held (%)
The Goldman Sachs Group, Inc.	4,175	100.00

e. Preferred Stock (4th series Type 4)

Name of shareholder	Number of shares held and percentage of shares held	
	Number of shares held (shares)	Percentage of shares held (%)
The Goldman Sachs Group, Inc.	4,175	100.00

f. Preferred Stock (5th series Type 4)

Name of shareholder	Number of shares held and percentage of shares held	
	Number of shares held (shares)	Percentage of shares held (%)
GSSM Holding II Corp.	4,175	100.00

g. Preferred Stock (6th series Type 4)

Name of shareholder	Number of shares held and percentage of shares held	
	Number of shares held (shares)	Percentage of shares held (%)
GSSM Holding II Corp.	4,175	100.00

h. Preferred Stock (7th series Type 4)

Name of shareholder	Number of shares held and percentage of shares held	
	Number of shares held (shares)	Percentage of shares held (%)
GSSM Holding II Corp.	4,175	100.00

i. Preferred Stock (8th series Type 4)

Name of shareholder	Number of shares held and percentage of shares held	
	Number of shares held (shares)	Percentage of shares held (%)
GSSM Holding II Corp.	4,175	100.00

j. Preferred Stock (9th series Type 4)

Name of shareholder	Number of shares held and percentage of shares held	
	Number of shares held (shares)	Percentage of shares held (%)
GSSM Holding II Corp.	4,175	100.00

k. Preferred Stock (10th series Type 4)

Name of shareholder	Number of shares held and percentage of shares held	
	Number of shares held (shares)	Percentage of shares held (%)
GSSM Holding II Corp.	4,175	100.00

l. Preferred Stock (11th series Type 4)

Name of shareholder	Number of shares held and percentage of shares held	
	Number of shares held (shares)	Percentage of shares held (%)
GSSM Holding II Corp.	4,175	100.00

m. Preferred Stock (12th series Type 4)

Name of shareholder	Number of shares held and percentage of shares held	
	Number of shares held (shares)	Percentage of shares held (%)
GSSM Holding II Corp.	4,175	100.00

n. Preferred Stock (1st series Type 6)

Name of shareholder	Number of shares held and percentage of shares held	
	Number of shares held (shares)	Percentage of shares held (%)
SUMITOMO LIFE INSURANCE COMPANY	23,334	33.33
Nippon Life Insurance Company	20,000	28.57
MITSUI LIFE INSURANCE COMPANY LIMITED	16,667	23.80
Mitsui Sumitomo Insurance Company, Limited	10,000	14.28

(Note) The percentage of shares held has been rounded down to the nearest second decimal place.

(4) Other Important Matters regarding Shares

Accompanying the fact that put options are exercised as to all shares of 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 of April 30, 2008, in exchange for acquisition of the relevant Preferred Stock, 157,151 shares of common stock of the Company were issued.

5. Matters regarding Stock Acquisition Rights, etc. of the Company

(1) Stock Acquisition Rights, etc. of the Company Held by the Company's Officers at the End of the Fiscal Year

Classification	Summary of the stock acquisition rights	Number of holders of the stock acquisition rights
Directors (excluding Outside Officers)	a. Date of resolution : June 27, 2002 b. Number of stock acquisition rights : 36 (Directors: 25, Corporate Auditors: 11)	5
Outside Directors	c. Type of stock subject to stock acquisition rights : Common stock d. Number of shares subject to stock acquisition rights : 36 shares	-
Corporate Auditors	e. Amount payable on exercise of stock acquisition rights : ¥669,775 (Issue price of stock acquisition rights: gratis)	2

- (Notes) 1. The stock acquisition rights were issued with approval of SMBC's 1st Ordinary General Meeting of Shareholders held on June 27, 2002. The Company decided to assume the obligations attached to 1,620 of the stock acquisition rights issued by SMBC by resolution of the General Meeting of Classified Stockholders for the first preferred stock (type 1), the second preferred stock (type 1) and preferred stock (type 5) held on September 26, 2002, and the Extraordinary General Meeting of Shareholders (doubled as the General Meeting of Classified Stockholders for common stock) held on September 27, 2002. Additionally, SMBC became the wholly owned subsidiary of the Company upon the establishment of the Company via the share transfer of December 2, 2002. SMBC also merged with The Wakashio Bank, Limited on March 17, 2003. The trade name of the company formed through the merger is SMBC.
2. The exercise period for the stock acquisition rights is from June 28, 2004 to June 27, 2012.
3. Issue par of shares in the case shares are issued due to exercise of stock acquisition rights (amount to be paid in upon exercise of stock acquisition rights) shall be adjusted in accordance with the following formula in the case where the Company issues the new stock at issue par below market price after issuance of stock acquisition rights (except for the case where issuance is as a result of exercise of stock acquisition rights). However, fractional numbers arising due to adjustment of less than 1 yen shall be rounded up.

$$\text{issue par after adjustment} = \text{issue par before adjustment} \times \frac{\text{number of outstanding shares} + \frac{\text{number of shares newly issued} \times \text{issue par per share}}{\text{market price per share}}}{\text{number of outstanding shares} + \text{number of shares newly issued}}$$

Issue par shall be also adjusted as necessary upon stock split or stock reverse split.

(2) Stock Acquisition Rights, etc. of the Company Granted to Employees etc. during the Fiscal Year

Not applicable.

6. Matters regarding the Accounting Auditor

(1) Accounting Auditor

Name	Compensation, etc. for the fiscal year	Other
KPMG AZSA & Co. Masanori Sato Designated Partner Hiroshi Numano Designated Partner Hiroyuki Yamada Designated Partner	Remuneration pertaining to the activities specified in Article 2, Paragraph 1 of the Certified Public Accountant Law (Law No.103 of 1948): ¥74 million Of above, remuneration as Accounting Auditor: ¥41 million	The Company pays consideration to our Accounting Auditor for providing advisory services pertaining to the establishment of internal control systems regarding financial reporting, a task which constitutes activities other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountant Law.

- (Notes)
1. Amounts less than one million yen have been omitted.
 2. The audit agreement between the Company and the Accounting Auditor does not and cannot practically distinguish between remuneration for audits stipulated by the Corporation Law and those stipulated by the Financial Instruments and Exchange Law. For this reason, the “of above, remuneration as Accounting Auditor” above includes the remuneration amount for audits based on the Financial Instruments and Exchange Law.
 3. Total amount of moneys and other financial benefits payable by the Company and subsidiaries (excluding unconsolidated subsidiaries) to Accounting Auditor is ¥993 million.

(2) Liability Limitation Agreement

Not applicable.

(3) Other Matters regarding the Accounting Auditor

- a. Policy for Decisions on Dismissal or Non Re-appointment of Accounting Auditor
Apart from cases of dismissal of an Accounting Auditor by the Board of Corporate Auditors as prescribed in Article 340 of the Corporation Law, if it is determined to be difficult for an Accounting Auditor to appropriately execute his or her duty, the Company will, in principle, forward a proposal for the dismissal or non re-appointment of the Accounting Auditor to the general meeting of shareholders, upon the consent or request of the Board of Corporate Auditors.
- b. From among the Company’s significant subsidiaries, The Japan Net Bank, Limited, Sumitomo Mitsui Banking Corporation Europe Limited, and SMBC Capital Markets, Inc. were audited by Accounting Auditor other than the Company’s (or by person(s) with equivalent qualifications in foreign countries).

7. System to Ensure Appropriate Conduct of Operations

The Board of Directors resolved to adopt systems to ensure the Company’s appropriate conduct of operations as follows:

Article 1. (System for the storage and management of information related to the execution of duties by Directors)

The Company appropriately stores and manages information related to the performance of Directors’ duties, in accordance with the standards for information management and document management.

Article 2. (Rules and other aspects of the system for managing risks of loss)

1. For the appropriate management of risks of loss to the Group, the Company has established a set of “standards for the management of risks” to set forth fundamental matters for managing risks, and each type of risk of loss is comprehensively and systematically managed by the divisions in charge of managing risks of loss in cooperation with divisions in charge of management planning.
2. The basic policy for managing risks of loss to the Group is determined by resolution of the Group

Executive Management Board, a body consisting of executives appointed by the President and Director with the approval of the Board of Directors.

3. The Group Executive Management Board, related executives, and divisions in charge of managing risks of loss conduct risk management in accordance with the basic policy for managing risks of loss to the Group approved in the preceding paragraph.

Article 3. (System for ensuring that the duties of the Directors are efficiently performed)

1. To ensure that the duties of the Directors are efficiently performed, the Company formulates operating plans and manages operations and performance under the plans.
2. Each Director appropriately shares the burden of duties, defines standards for organization, defines standards for the Group companies, and delegates authority to the Directors and employees according to those standards.

Article 4. (System for ensuring that the Directors and employees perform their duties in accordance with laws, regulations, and the Articles of Incorporation)

1. To ensure that the Directors and employees perform their duties in accordance with laws, regulations, and the Articles of Incorporation, the Company draws up business ethics, draws up a common philosophy of the Company's social responsibility, formulates a compliance manual, and has the Directors and employees conform to the aforesaid.
2. To make the compliance system of the Group work more effectively, the Company has the Board of Directors formulate an annual plan for compliance calling for specific measures such as the establishment of standards and training, and improves the system by going forward with the plan.
3. To ensure propriety in accounting and reliability in financial reports, the Company formulates regulations for the evaluation of internal control over financial reports, improves and operates a system necessary for internal control for financial reports, and evaluates the effectiveness of the system.
4. To discover and correct possible violations of laws and regulations by the Company, its Directors, and its employees, the Company appropriately operates a whistle-blowing system and takes steps to improve it.
5. To review implementation as mentioned above, the division in charge of the internal audits on the independence of the divisions conducts internal audits and report the results of the audits to the Board of Directors, Group Executive Management Board, etc.

Article 5. (System for ensuring appropriate business operations within the Group)

1. The Company has established a Group Executive Management Board under the Board of Directors as a supreme decision-making body for the execution of duties and business administration over the Group. the Company executes important matters for the execution of duties after making judgments based on conferences in the Group Executive Management Board in accordance with the basic policy determined by the Board of Directors.
2. To keep a unified compliance system over the Group, the Company defines standards and prepares compliance manuals for the Group, and appropriately manages the manuals in accordance with the standards.
3. For the assurance of the fairness and propriety of transactions among companies within the Group, the Company has established a set of administrative regulations for transactions within the Group to set forth a policy on transactions among companies within the Group, and operates and manages the transactions in accordance with the regulations. Additionally, among these transactions, those likely to have significant effects on management over the Group are decided by the Group Executive Management Board with the approval of the Board of Directors.

Article 6. (Matters regarding employees appointed for the support of Corporate Auditors, and matters regarding the independence of the appointer employees from Directors)

1. To support the performance of the audits by Corporate Auditors, the Company has established an Office of Corporate Auditors.
2. To ensure the independence of the employees in the Office of Corporate Auditors from Directors, all personnel evaluations and personnel transfers for employees shall be approved by the Corporate Auditors.

Article 7. (System for reporting to the Board of Corporate Auditors or Corporate Auditors by Directors and employees)

1. If the Directors and employees discover any fact likely to significantly harm the Company or the Group, or fraud or any significant fact contrary to laws, regulations, or the Articles of Incorporation, the Directors and employees promptly report the fact to the Corporate Auditors.

2. If the Corporate Auditors ask the Directors and employees about the execution of their respective duties, the Directors and employees promptly report to the Corporate Auditors thereon.

Article 8. (System for ensuring effective auditing by Corporate Auditors)

1. The divisions in charge of internal audits closely cooperate with the Corporate Auditors and endeavor to enable the Corporate Auditors to effectively conduct audits when the Corporate Auditors request their cooperation.
2. The Representative Director endeavors to improve the efficiency of the audit function carried by the Corporate Auditors, by ensuring opportunities for regular exchanges of opinions with Corporate Auditors and taking like measures.

Consolidated Balance Sheet

(As of March 31, 2008)

Unit: Millions of yen

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Cash and due from banks	5,017,325	Deposits	72,690,624
Call loans and bills bought	595,802	Negotiable certificates of deposit	3,078,149
Receivables under resale agreements	357,075	Call money and bills sold	2,638,142
Receivables under securities borrowing transactions	1,940,170	Payables under repurchase agreements	1,832,467
Commercial paper and other debt purchased	1,153,070	Payables under securities lending transactions	5,732,042
Trading assets	4,123,611	Trading liabilities	2,671,316
Money held in trust	7,329	Borrowed money	4,279,034
Securities	23,517,501	Foreign exchanges	301,123
Loans and bills discounted	62,144,874	Short-term bonds	769,100
Foreign exchanges	893,567	Bonds	3,969,308
Other assets	4,951,587	Due to trust account	80,796
Tangible fixed assets	820,411	Other liabilities	3,916,427
Buildings	235,729	Reserve for employee bonuses	29,267
Land	463,225	Reserve for executive bonuses	1,171
Construction in progress	3,755	Reserve for employee retirement benefits	38,701
Other tangible fixed assets	117,700	Reserve for executive retirement benefits	7,998
Intangible fixed assets	332,525	Reserve for reimbursement of deposits	10,417
Software	141,419	Reserve under special law	1,118
Goodwill	178,645	Deferred tax liabilities	52,046
Other intangible fixed assets	12,460	Deferred tax liabilities for land revaluation	47,446
Lease assets	1,425,097	Acceptances and guarantees	4,585,141
Deferred tax assets	985,528	Total liabilities	106,731,842
Customers' liabilities for acceptances and guarantees	4,585,141	(Net assets)	
Reserve for possible loan losses	(894,702)	Capital stock	1,420,877
		Capital surplus	57,826
		Retained earnings	1,740,610
		Treasury stock	(123,989)
		Total stockholders' equity	3,095,324
		Net unrealized gains on other securities	550,648
		Net deferred losses on hedges	(75,233)
		Land revaluation excess	34,910
		Foreign currency translation adjustments	(27,323)
		Total valuation and translation adjustments	483,002
		Stock acquisition rights	43
		Minority interests	1,645,705
		Total net assets	5,224,076
Total assets	111,955,918	Total liabilities and net assets	111,955,918

Consolidated Statement of Income

(Fiscal Year ended March 31, 2008)

Unit: Millions of yen

Account	Amount	
Ordinary income		4,623,545
Interest income	2,145,451	
Interest on loans and discounts	1,557,823	
Interest and dividends on securities	333,255	
Interest on call loans and bills bought	26,014	
Interest on receivables under resale agreements	7,044	
Interest on receivables under securities borrowing transactions	7,032	
Interest on deposits with banks	101,120	
Other interest income	113,160	
Trust fees	3,752	
Fees and commissions	704,283	
Trading profits	469,571	
Other operating income	1,212,635	
Lease-related income	501,481	
Installment-related income	344,563	
Other	366,590	
Other income	87,850	
Ordinary expenses		3,792,384
Interest expenses	935,067	
Interest on deposits	495,690	
Interest on negotiable certificates of deposit	51,103	
Interest on call money and bills sold	23,529	
Interest on payables under repurchase agreements	7,404	
Interest on payables under securities lending transactions	45,499	
Interest on borrowed money	47,862	
Interest on short-term bonds	4,105	
Interest on bonds	90,945	
Other interest expenses	168,926	
Fees and commissions	92,289	
Other operating expenses	1,392,089	
Lease-related expenses	438,856	
Installment-related expenses	310,644	
Other	642,588	
General and administrative expenses	978,896	
Other expenses	394,041	
Provision for reserve for possible loan losses	71,278	
Other	322,763	
Ordinary profit		831,160
Extraordinary gains		115,495
Gains on disposal of fixed assets	10,988	
Collection on written-off claims	1,355	
Gains on reversal of reserve for contingent liabilities from financial instruments transactions	18	
Other extraordinary gains	103,133	
Extraordinary losses		17,700
Losses on disposal of fixed assets	12,538	
Losses on impairment of fixed assets	5,161	
Provision for reserve for contingent liabilities from financial instruments transactions	0	
Income before income taxes and minority interests		928,955
Income taxes		
Current		103,900
Deferred		282,538
Minority interests in net income		80,980
Net income		461,536

Consolidated Statement of Changes in Net Assets

(Fiscal Year ended March 31, 2008)

Unit: Millions of yen

	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at March 31, 2007	1,420,877	57,773	1,386,436	(123,454)	2,741,632
Changes in the year					
Cash dividends			(110,215)		(110,215)
Net income			461,536		461,536
Acquisition of own shares				(901)	(901)
Disposal of treasury shares		53		367	420
Increase due to increase in subsidiaries			268		268
Increase due to decrease in subsidiaries			7		7
Decrease due to increase in subsidiaries			(100)		(100)
Decrease due to decrease in subsidiaries			(3)		(3)
Transfer from land revaluation excess			2,681		2,681
Net changes in the items other than stockholders' equity in the year					
Net changes in the year	-	53	354,173	(534)	353,692
Balance at March 31, 2008	1,420,877	57,826	1,740,610	(123,989)	3,095,324

	Valuation and translation adjustments					Stock acquisition rights	Minority interests	Total net assets
	Net unrealized gains on other securities	Net deferred losses on hedges	Land revaluation excess	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance at March 31, 2007	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)
Net income								461,536
Acquisition of own shares								(901)
Disposal of treasury shares								420
Increase due to increase in subsidiaries								268
Increase due to decrease in subsidiaries								7
Decrease due to increase in subsidiaries								(100)
Decrease due to decrease in subsidiaries								(3)
Transfer from land revaluation excess								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	(711,486)	12,495	(2,694)	3,333	(698,351)	29	237,426	(107,203)
Balance at March 31, 2008	550,648	(75,233)	34,910	(27,323)	483,002	43	1,645,705	5,224,076

<Significant Accounting Policies for Consolidated Financial Statements>

The definitions for subsidiary companies and affiliate companies are pursuant to paragraph 8, Article 2 of the Banking Law and Article 4-2 of the Enforcement Ordinance of the Banking Law.
Amounts less than one million yen have been omitted.

1. Scope of consolidation

(1) Consolidated subsidiaries: 268 companies

Principal companies:

Sumitomo Mitsui Banking Corporation
Sumitomo Mitsui Card Company, Limited
Sumitomo Mitsui Finance and Leasing Co., Ltd.
The Japan Research Institute, Ltd.
SMBC Friend Securities Co., Ltd.
QUOQ Inc.
SMBC Finance Service Co., Ltd.
THE MINATO BANK, LTD.
Kansai Urban Banking Corporation
Sumitomo Mitsui Banking Corporation Europe Limited
SMBC Capital Markets, Inc.

Changes in consolidated subsidiaries in the fiscal year ended March 31, 2008 are as follows:

33 companies including QUOQ Inc. were newly consolidated due mainly to an increase in shareholding ratio; 76 companies including MG Leasing Corporation were also consolidated due to the merger of SMBC Leasing Company, Limited and Sumisho Lease, Co., Ltd.

Six companies including SMFG Corporate Recovery Servicer Co., Limited were excluded from the scope of consolidation from the current fiscal year because they were no longer subsidiaries due to liquidation and other reasons.

Furthermore, from the current fiscal year, 16 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.

(2) Unconsolidated subsidiaries

Principal company:

SBCS Co., Ltd.

238 companies including the subsidiary, 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 proviso 2 of paragraph 1 of Article 95 of the Company Accounting Regulation Ordinance.

Other unconsolidated subsidiaries including SBCS Co., Ltd. are also excluded from the scope of consolidation because their total amounts in terms of total assets, ordinary income, net income (corresponding to equity therein) and retained earnings (corresponding to equity therein) are so immaterial that they do not hinder a rational judgment of the Company's consolidated financial position and results of operations when excluded from the scope of consolidation.

2. Application of the equity method

(1) Unconsolidated subsidiaries accounted for by the equity method 3 companies

Principal company:

SBCS Co., Ltd.

(2) Affiliates accounted for by the equity method 71 companies

Principal companies:

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

Changes in affiliates accounted for by the equity method in the fiscal year are as follows:

25 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 mergers.

- (3) Unconsolidated subsidiaries that are not accounted for by the equity method
238 companies including the subsidiary, 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 proviso 2 of paragraph 1 of Article 101 of the Company Accounting Regulation Ordinance.

- (4) 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 (corresponding to equity therein) and retained earnings (corresponding to equity therein) are so immaterial that they do not hinder a rational judgment of the Company's consolidated financial position and results of operations when excluded from the scope of consolidation.

3. Valuation of consolidated subsidiaries' assets and liabilities

Assets and liabilities of consolidated subsidiaries including the portion attributable to minority shareholders are valued for consolidation at fair value when the Company acquires their control.

4. Amortization of goodwill

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

5. Accounting policies

- (1) Valuation standards of trading assets/liabilities and the basis for recording income/expenses
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 sheet on a trade date basis; profits and losses on such transactions are recognized on a trade date basis and recorded as "Trading profits" and "Trading losses."
In terms of the valuation of Trading assets and Trading liabilities, 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 included in the above-mentioned accounts. As for derivatives, assuming that the settlement will be made in cash, the year-on-year valuation differences are also recorded in the above-mentioned accounts.
- (2) Standards for recognition and measurement of securities
- 1) 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 using the moving-average method or at amortized cost.
Net unrealized gains/losses on other securities, net of income taxes, are included in Net assets.
- 2) Securities in money held in trust are carried in the same method as in (1) and (2), 1) above.
- (3) Standards for recognition and measurement of derivatives
Derivative transactions, excluding those classified as trading derivatives, are carried at fair value, although some consolidated overseas subsidiaries account for derivative transactions in accordance with their local accounting standards.
- (4) Methods of depreciation
- 1) Tangible fixed assets and lease assets

Tangible fixed assets owned by the Company and its consolidated subsidiary, Sumitomo Mitsui Banking Corporation (“SMBC”) are depreciated using the straight-line method. Equipments are depreciated using the declining-balance method. The estimated useful lives of major items are as follows:

Buildings:	7 to 50 years
Equipment:	2 to 20 years

Other consolidated subsidiaries depreciate 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 2007, 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 current fiscal year.

As for the tangible fixed assets acquired before April 1, 2007, from this current fiscal year, 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 current fiscal year.

2) Intangible fixed assets

Intangible fixed assets are depreciated using the straight-line method. Capitalized software for internal use owned by the Company and its consolidated domestic subsidiaries is depreciated over its estimated useful life (basically five years).

(5) Accounting standards for Reserve for possible loan losses

Reserve for possible loan losses of major consolidated subsidiaries is provided as detailed 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 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 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 specific overseas countries, an additional reserve is provided 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, audits their assessment. The reserves are provided based on the results of these assessments.

Reserves for possible loan losses of the Company and its other consolidated subsidiaries for general claims is provided 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.

(6) Accounting standards for 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 fiscal year.

(7) Accounting standards for Reserve for executive bonuses

- Reserve for executive bonuses is provided for payment of bonuses to executives (including executive officers), in the amount of estimated bonuses, which are attributable to the fiscal year.
- (8) Accounting standards for 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. Prior service costs and actuarial differences are to be charged to expenses in the following manner:
- Prior service costs
Unrecognized prior service cost is amortized using the straight-line method, primarily over 9 years within the employees' average remaining service period at incurrence.
- Actuarial differences
Unrecognized net actuarial gain (loss) is amortized using the straight-line method, primarily over 9 years, within the employees' average remaining service period, commencing from the next fiscal year of incurrence.
- (9) Accounting standards for 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 current fiscal year-end based on its internal regulations.
- (10) Accounting standards for Reserve for reimbursement of deposits
Reserve for reimbursement of deposits, which were derecognized as liabilities under certain conditions, is provided for possible losses on the future claims of withdrawal based on the historical reimbursement experience. Formerly, deposits which were derecognized as liabilities were expensed when they were actually reimbursed. However, from the current fiscal year, such reserve is provided 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" (JICPA Audit and Assurance Practice Committee Report No. 42) of April 13, 2007.
As a result, Ordinary profit and Income before income taxes and minority interests decreased by ¥10,417 million each as compared with the former method.
- (11) Accounting standards for Reserve under special laws
Reserve under special laws consist of the reserve for contingent liabilities from financial instruments transactions in the amount of ¥1,118 million, which has been provided to cover possible losses arising from transactions including the sales and purchase of securities, derivative transactions, and other transactions, pursuant to the provisions of Articles 46-5 and 48-3 of the Financial Instruments and Exchange Law.
Reserve for contingent liabilities from financial futures and Reserve for contingent liabilities from securities transactions were formerly recognized in accordance with Article 81 of the Financial Futures Transactions Law and Article 51 of the Securities and Exchange Law, respectively. However, beginning from the current fiscal year, such reserves are being stated as the Reserve for contingent liabilities from financial instruments transactions in accordance with the enforcement of the Financial Instruments and Exchange Law on September 30, 2007.
- (12) Translation of foreign currency assets and liabilities
Assets and liabilities of the Company and SMBC denominated in foreign currencies and the 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.
- (13) Accounting standards for lease transactions
Financing leases of the Company 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.
- (14) Standards for recognizing lease-related income and expenses
- 1) 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.
 - 2) 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) Significant hedge accounting methods

1) Hedging against interest rate risks

As for hedge accounting method applied to hedging transactions for interest rate risk arising from financial assets and liabilities, SMBC applies deferred hedge accounting.

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, hereinafter “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 the applicable individual hedges.

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. At the fiscal year-end, gross amounts of deferred hedge losses and gains on “macro hedge” (before deducting tax effect) were ¥17,608 million and ¥13,358 million, respectively.

2) 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, hereinafter “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.

SMBC assess 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.

3) 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 the Industry Audit Committee Report No. 24 and No. 25. Therefore, SMBC accounts for 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) Accounting for consumption taxes

National and local consumption taxes of the Company and its consolidated domestic subsidiaries are accounted for using the tax-excluded method.

<Application of New Accounting Standards>

1. “Accounting Practices for Tax Effect Accounting on Consolidated Financial Statements”

From the current fiscal year, the Company 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 group companies. As a result, net income decreased by ¥18,939 million compared with the former method.

2. “Accounting Standards for Financial Instruments”

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. The Company, accordingly, applied the revised accounting standards and practices from the current fiscal year.

<Changes in presentation>

The attached format of the “the Enforcement Ordinance of the Banking Law” (1982 Ministry of Finance Ordinance No. 10) was revised in accordance with the “Cabinet Order to Partially Revise Enforcement Regulations of the Enforcement Ordinance of the Banking Law” (Cabinet Order No. 60 issued on August 8, 2007) and became applicable from September 30, 2007. Accordingly, “Provision for reserve for contingent liabilities from financial futures transactions” and “Provision for reserve for contingent liabilities from securities transactions,” which had been recognized under “Extraordinary losses” are now reported as “Provision for reserve for contingent liabilities from financial instruments transactions” from the current fiscal year. Similarly, “Gains on reversal of reserve for contingent liabilities from financial futures transactions” and “Gains on reversal of reserve for contingent liabilities from securities transactions,” which had been recognized under “Extraordinary gains,” are now presented as “Gains on reversal or reserve for contingent liabilities from financial instruments transactions” from the current fiscal year.

<Notes to Consolidated Balance Sheet>

1. Classifications of assets and liabilities in the consolidated balance sheet conform to the provisions of the Enforcement Ordinance of the Banking Law (1982 Ministry of Finance Ordinance No. 10).

2. Amounts of less than one million yen have been omitted.

3. Japanese government bonds and Stocks as a sub-account of Securities include ¥81,071 million of unsecured loaned securities for which borrowers have the right to sell or pledge.

As for the unsecured borrowed securities for which SMBC has the right to sell or pledge and the securities, which SMBC purchased under resale agreements and borrowed with cash collateral, that are permitted to be sold or pledged without restrictions, ¥1,758,728 million of securities are pledged, and ¥504,363 million of securities are held in hand as of the consolidated balance sheet date.

4. Bankrupt loans and Non-accrual loans were ¥73,472 million and ¥607,226 million, respectively.

“Bankrupt loans” are loans, after write-off, to legally bankrupt borrowers as defined in (i) through (v) of Article 96-1-3 and Article 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 (hereinafter “loans on which accrued interest income is not recognized”).

“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.

5. Past due loans (3 months or more) totaled ¥26,625 million.

“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.”

6. Restructured loans totaled ¥385,336 million.

“Restructure 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 borrower’s recovery from financial difficulties, excluding “Bankrupt loans,” “Non-accrual loans” and “Past due loans (3 months or more).”

7. The total amount of Bankrupt loans, Non-accrual loans, Past due loans (3 months or more) and Restructured loans was ¥1,092,661 million.

The amounts of loans presented in Notes 4 through 7 above are the amounts before deduction of reserve for possible loans losses.

8. Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No.24. The 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 was ¥807,712 million.

9. Assets pledged as collateral were as follows:

	(Millions of yen)
Assets pledged as collateral	
Cash and due from banks	¥ 158,679
Trading assets	673,261
Securities	8,334,432
Loans and bills discounted	952,137
Other assets (installment accounts receivable, etc.)	3,008
Liabilities corresponding to assets pledged as collateral	
Deposits	25,381
Call money and bills sold	1,135,000
Payables under repurchase agreements	1,714,479
Payables under securities lending transactions	5,379,076
Trading liabilities	150,283
Borrowed money	1,447,744
Other liabilities	14,499
Acceptances and guarantees	140,917

In addition, Cash and due from banks of ¥7,745 million, Trading assets of ¥601,560 million, Securities of ¥3,344,984 million, Commercial paper and other debt purchased of ¥427 million and Loans and bills discounted of ¥888,532 million were pledged as collateral for cash settlements, variation margins of futures markets and certain other purposes.

Other assets include surety deposits and intangible of ¥85,979 million and variation margins of futures markets of ¥11,546 million.

10. 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 was ¥40,694,898 million and the amount of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time was ¥34,502,051 million.

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 contracts are made.

11. SMBC revaluated its own land for business activities in accordance with the “Law Concerning Land Revaluation” (the “Law”) No. 34 effective March 31, 1998 and the law concerning amendment of the Law No. 19 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 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.

12. Accumulated depreciation on tangible fixed assets and accumulated depreciation on lease assets amounted to ¥557,958 million and ¥2,356,863 million, respectively.
13. Deferred gain on fixed assets deductible for tax purposes amounted to ¥66,936 million.
14. The balance of subordinated debt included in “Borrowed money” was ¥523,500 million.
15. The balance of subordinated debt included in “Bonds” was ¥2,281,432 million.
16. The amount guaranteed by banking subsidiaries to privately-placed bonds (stipulated by paragraph 3, Article 2 of the Financial Instruments and Exchange Law) in “Securities” was ¥2,179,347 million.
17. Net assets per share: ¥424,546.01
18. Stock options
 - (1) Amount of stock options to be expensed in the fiscal year
General and administrative expenses: ¥29 million
 - (2) Outline of stock options and changes

1) The Company

a. Outline of stock options

Date of resolution	June 27, 2002
Title and number of grantees	Directors and employees of the Company and SMBC 677
Number of stock options (Note)	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

Note: Number of stock options have been converted and stated as number of shares.

b. Stock options granted and changes

Number of stock options (Note)

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

Note: Number of stock options have been converted and stated as number of shares.

Price Information

Date of Resolution	June 27, 2002
Exercise price (yen)	¥ 669,775
Average exercise price (yen)	1,188,285
Fair value at the grant date (yen)	—

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
Title and number of grantees	Directors and employees 45	Directors and employees 44	Directors and employees 65
Number of stock options (shares) (Note)	Common shares 238,000	Common shares 234,000	Common shares 306,000
Grant date	July 31, 2001	July 31, 2002	July 31, 2003
Condition for vesting	N.A.	N.A.	N.A.
Requisite service period	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

Date of resolution	June 29, 2004	June 29, 2005	June 29, 2006
Title and number of grantees	Directors and employees 174	Directors and employees 183	Directors and employees 9
Number of stock options (shares) (Note)	Common shares 399,000	Common shares 464,000	Common shares 162,000
Grant date	July 30, 2004	July 29, 2005	July 31, 2006
Condition for vesting	N.A.	N.A.	N.A.
Requisite service period	N.A.	N.A.	N.A.
Exercise period	June 30, 2006 to June 29, 2014	June 30, 2007 to June 29, 2015	June 30, 2008 to June 29, 2016

Date of resolution	June 29, 2006	June 28, 2007	June 28, 2007
Title and number of grantees	Officers not doubling as directors 14 Employees 46	Directors 10	Officers not doubling as directors 14 Employees 48
Number of stock options (shares) (Note)	Common shares 115,000	Common shares 174,000	Common shares 112,000
Grant date	July 31, 2006	July 31, 2007	July 31, 2007
Condition for vesting	N.A.	N.A.	N.A.
Requisite service period	N.A.	N.A.	N.A.
Exercise period	June 30, 2008 to June 29, 2016	June 29, 2009 to June 28, 2017	June 29, 2009 to June 28, 2017

Note: Number of stock options have been converted and stated as number of shares.

b. Stock options granted and changes

Number of stock options (Note)

Date of resolution	June 28, 2001	June 27, 2002	June 27, 2003
Before vested (shares)			
Previous fiscal year-end	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding	—	—	—
After vested (shares)			
Previous fiscal year-end	174,000	174,000	256,000
Vested	—	—	—
Exercised	52,000	16,000	26,000
Forfeited	—	—	—
Exercisable	122,000	158,000	230,000

Date of resolution	June 29, 2004	June 29, 2005	June 29, 2006
Before vested (shares)			
Previous fiscal year-end	—	464,000	162,000
Granted	—	—	—
Forfeited	—	—	—
Vested	—	464,000	—
Outstanding	—	—	162,000
After vested (shares)			
Previous fiscal year-end	363,000	—	—
Vested	—	464,000	—
Exercised	33,000	13,000	—
Forfeited	—	—	—
Exercisable	330,000	451,000	—

Date of resolution	June 29, 2006	June 28, 2007	June 28, 2007
Before vested (shares)			
Previous fiscal year-end	115,000	—	—
Granted	—	174,000	112,000
Forfeited	—	—	—
Vested	—	—	—
Outstanding	115,000	174,000	112,000
After vested (shares)			
Previous fiscal year-end	—	—	—
Vested	—	—	—
Exercised	—	—	—
Forfeited	—	—	—
Exercisable	—	—	—

Note: Number of stock options have been converted and stated as number of shares.

Price information

Date of resolution	June 28, 2001	June 27, 2002	June 27, 2003
Exercise price (yen)	¥155	¥131	¥179
Average exercise price (yen)	415	358	360
Fair value at grant date (yen)	—	—	—

Date of resolution	June 29, 2004	June 29, 2005	June 29, 2006
Exercise price (yen)	¥202	¥313	¥490
Average exercise price (yen)	380	335	—
Fair value at grant date (yen)	—	—	138

Date of resolution	June 29, 2006	June 28, 2007	June 28, 2007
Exercise price (yen)	¥490	¥461	¥461
Average exercise price (yen)	—	—	—
Fair value at grant date (yen)	138	96	96

c. Valuation technique used for valuating fair value of stock options

Stock options granted in the fiscal year were valuated using the following valuation technique.

(i) Valuation technique: Black-Scholes option-pricing model

(ii) Principal parameters used in the option-pricing model

Date of resolution	June 28, 2007
Expected volatility (Note 1)	36.91%
Average expected life (Note 2)	5 years
Expected dividends (Note 3)	¥5 per share
Risk-free interest rate (Note 4)	1.39%

Notes:

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 insufficient amount of data. Therefore, it was estimated assuming that the options were exercised at the mid point 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.

19. Business combinations

Business combination of leasing companies and business combination of auto leasing companies

The Company, 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 the “Basic Agreement Concerning the Joint Business” and the “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>

Merger of leasing companies

- (1) Name and business of the acquired company, reason for the business combination, date of business combination, legal form of the business combination, name of entity after the business combination and percentage share of voting rights

- 1) Name and business of the acquired company
Sumisho Lease (Leasing business)
 - 2) Reason for 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 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 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 the entity after the business combination
Sumitomo Mitsui Financial Group, Inc.
 - 6) Percentage share of voting rights the Company 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 acquired company
Amount equivalent to 45% of the estimated value of the common stock of SMBC Leasing:
¥140,648 million
Amount equivalent to 45% of the estimated value of the preferred stock of SMBC Leasing:
¥24,750 million
Acquisition cost: ¥165,398 million
- (4) Merger ratio by type of stock, basis for calculation of merger ratio, and share allocation and estimated value
- 1) Type of stocks and merger ratio
Common Stock: 1 share of common stock of Sumisho Lease: 1.4859 shares of common stock of SMBC Leasing (Note)
Preferred Stock: 1 share of preferred stock of Sumisho Lease: 5.7050 shares of preferred stock of SMBC Leasing (Note)
(Note) Rounded down to the nearest ten-thousandth.
 - 2) Basis for calculation of merger ratio
In order to ensure the fairness and reasonableness of the merger ratio (hereinafter "Merger Ratio"), SMBC Leasing and Sumisho Lease conducted negotiations and discussions 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) Share allocation and estimated value
To the 31,375,000 shares of SMBC Leasing stock (30,000,000 shares of common stock, 1,375,000 shares of preferred stock), 52,422,762 shares of the common stock of Sumisho Lease (44,578,289 shares to common stock and 7,844,473 shares to preferred stock) was allocated. The estimated value of this share allocation amounted to ¥367,552 million.
- (5) Goodwill
- 1) Amount of goodwill generated
¥88,090 million
 - 2) Reason for recognizing goodwill
The balance between the acquisition cost and the increase in the Company's interest in Sumisho Lease has been recognized as goodwill.
 - 3) Method of amortization and amortization period:
Amortized over 20 years using the straight-line method

(6) Assets received and liabilities underwritten on the date of business combination and their major components

1) Assets	
Total assets	¥1,392,490 million
Lease assets	632,224 million
Loans and bills discounted	329,069 million
2) Liabilities	
Total liabilities	¥1,249,703 million
Borrowed money	571,741 million
Short-term bonds	393,000 million

(7) Approximate amount of the effect of the business combination on the current consolidated statement of income, assuming the business combination had been completed on the beginning date of the fiscal year

1) The differences between the estimated ordinary income and other profit/loss assuming that the business combination had been completed on the beginning date of the fiscal year and the actual ordinary income and other profit/loss which is recorded in the consolidated statement of income of the acquiring company

Ordinary income	¥277,442 million
Ordinary profit	35,319 million
Net income	30,938 million

(Note) The “ordinary income” has been stated instead of “net sales” (as would be customary with ordinary corporations).

2) Calculation method of the approximate amount and significant underlying assumptions

The approximate amount has been calculated retroactively to the beginning of the fiscal year based on the amounts stated in Sumisho Lease’s statement of income from April 1, 2007 to September 30, 2007. It should be noted that this is not an indication of the business results, had the business combination actually been completed on the beginning of the fiscal year.

Moreover, the above information has not been audited and certified by KPMG AZSA & Co.

<Business combination of a consolidated subsidiary>

Merger of auto leasing companies

(1) Name and business of the combining companies, reason for business combination, date of business combination, legal form of the business combination

1) Name and business of the combining companies

Combining company: Sumisho Auto Lease (Auto leasing business)

Combined company: SMBC Auto Leasing (Auto leasing business)

2) Reason for 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 business combination

October 1, 2007

4) Legal form of business combination

The merger was a merger procedure by absorption with Sumisho Auto Lease 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

Accounting procedures for non-consolidated financial statements and consolidated financial statements stipulated in Article 20 of the “Accounting Standard for Business Divestures” (ASBJ Statement No. 7) have been adopted.

(3) Name of the business segment, in which the subsidiary was included, in the segment information
Leasing business

(4) The consolidated statement of income for the current fiscal year included the following earnings (approximate amounts) of SMBC Auto Leasing:

Ordinary income:	¥69,752 million
Ordinary profit:	2,237 million
Net income	1,254 million

(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 the Company's affiliated companies accounted for by the equity method.

20. Redemption of preferred securities

The Company 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 details of the preferred securities to be redeemed are as follows:

- (1) Issuer: SB Treasury Company, L.L.C.
- (2) Type of security: Non-cumulative perpetual preferred securities
- (3) Redemption amount: US\$1,800 million
- (4) Scheduled redemption date: June 30, 2008
- (5) Reason for redemption: On the occasion of the voluntary redemption date

21. Issuance of preferred securities

The Company resolved at the meeting of the Board of Directors held on April 28, 2008 to issue preferred securities through overseas special purpose subsidiary and establish its wholly-owned subsidiary, SMFG Preferred Capital USD 2 Limited, in the Cayman Islands for the purpose of issuing preferred securities. Furthermore, the Company, as of May 12, 2008, has finished paying in capital for the issue of said subsidiary's common stock.

The details of the issued preferred securities are as follows:

Issuer	SMFG Preferred Capital USD 2 Limited
	The issuer is an overseas special purpose subsidiary established in the Cayman Islands, the voting rights of which are wholly owned by the Company
Type of security	US dollar denominated Non-cumulative Perpetual Preferred Securities
	The preferred securities are not convertible or exchangeable into common stock of the Company
Total issue amount	US\$1,800 million
Dividend rate	8.75% per annum (fixed)
Issue price	US\$1,000 per preferred security
Use of proceeds	Ultimately provided in full to Sumitomo Mitsui Banking Corporation, a banking subsidiary of the Company, as perpetual subordinated loans
Ranking	The preferred securities rank, as to liquidation preference, effectively <i>pari passu</i> with preferred stock of the Company
Method of offering	Offered in the 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

<Notes to Consolidated Statement of Income>

1. Classifications of income and expenses in the consolidated statement of income conform to the provisions of the Enforcement Ordinance of the Banking Law (1982 Ministry of Finance Ordinance No. 10).
2. Amounts of less than one million yen have been omitted.
3. "Other income" includes gains on sales of stocks and other securities of ¥61,509 million.
4. "Other expenses" include write-off of loans of ¥141,750 million, losses on devaluation of stocks and other securities of ¥62,835 million, losses on delinquent loans sold of ¥35,300 million, and equity in losses of affiliates of ¥41,760 million.
5. "Other extraordinary gains" are gains on change in equity of a subsidiary due to the merger of a subsidiary of ¥103,133 million.

6. The difference between recoverable amount and the book value of the following assets is recognized as “Losses on impairment of fixed assets” and included in “Extraordinary losses” in the fiscal year.

Unit: Millions of yen

Area	Purpose of use	Type	Impairment loss
Tokyo metropolitan area	Branches 4 branches	Land and premises, etc.	¥ 41
	Idle assets 27 items		1,196
	Others 2 item		69
Kinki area	Branches 5 branches	Land and premises, etc.	298
	Idle assets 18 items		3,086
Other	Branches 9 branches	Land and premises, etc.	17
	Idle assets 13 items		451

SMBC continuously manages every branch and determines its income and expenses. SMBC considers each branch as the smallest unit of asset group for recognition and measurement of impairment loss. Fixed assets (such as corporate headquarters, facilities, training institutes, business and system centers, and health and recreational facilities), which do not have identifiable cash flows, are grouped with other assets. As for idle assets, impairment loss on each asset is measured individually. At other consolidated subsidiaries, a branch is generally considered as the smallest grouping unit.

In case investments in idle assets and branches (only idle assets in the case of SMBC) are not expected to be recovered, SMBC and other consolidated subsidiaries reduced the book values to their recoverable amounts and recognized the relevant losses as “Losses on impairment of fixed assets,” which were included in “Extraordinary losses” in the fiscal year.

Recoverable amounts are calculated using net realizable value, which is based on appraisal value in accordance with the Real Estate Appraisal Standard less the expected sale costs.

7. Net income per share: ¥59,298.24.

<Notes to Consolidated Statement of Changes in Net Assets>

- Amounts less than one million yen have been omitted.
- Type and number of shares issued and treasury shares are as follows:

Unit: shares

	Number of shares as of the previous fiscal year-end	Number of shares increased in the fiscal year	Number of shares decreased in the fiscal year	Number of shares as of the fiscal year-end	Remarks
Shares issued					
Common stock	7,733,653.77	—	—	7,733,653.77	
Preferred stock (1 st series type 4)	4,175	—	—	4,175	
Preferred stock (2 nd series type 4)	4,175	—	—	4,175	
Preferred stock (3 rd series type 4)	4,175	—	—	4,175	
Preferred stock (4 th series type 4)	4,175	—	—	4,175	
Preferred stock (5 th series type 4)	4,175	—	—	4,175	
Preferred stock (6 th series type 4)	4,175	—	—	4,175	
Preferred stock (7 th series type 4)	4,175	—	—	4,175	
Preferred stock (8 th series type 4)	4,175	—	—	4,175	
Preferred stock (9 th series type 4)	4,175	—	—	4,175	
Preferred stock (10 th series type 4)	4,175	—	—	4,175	
Preferred stock (11 th series type 4)	4,175	—	—	4,175	
Preferred stock (12 th series type 4)	4,175	—	—	4,175	

	Number of shares as of the previous fiscal year-end	Number of shares increased in the fiscal year	Number of shares decreased in the fiscal year	Number of shares as of the fiscal year-end	Remarks
Preferred stock (1 st series type 6)	70,001	—	—	70,001	
Total	7,853,754.77			7,853,754.77	
Treasury shares					
Common stock	168,630.95	895.01	528.55	168,997.41	(Note)
Total	168,630.95	895.01	528.55	168,997.41	

Note:

Increase of 895.01 shares of treasury common shares was due to the purchase of fractional shares.

Decrease of 528.55 shares of treasury common shares was due to the 234.55 shares decrease through the sale of fractional shares and to the exercise of stock options and to the 294 shares decrease through the sale of the Company's shares held by consolidated subsidiaries.

3. Information on stock acquisition rights

	Detail of stock acquisition rights	Type of shares	Number of shares				Balance as of the fiscal year-end (Millions of yen)	Remarks
			Previous fiscal year-end	Increase in the fiscal year	Decrease in the fiscal year	Fiscal year-end		
The Company	Stock acquisition rights as stock options						¥ —	
Consolidated subsidiaries							43	
Total							¥ 43	

4. Information on dividends is as follows:

(1) Dividends paid in the fiscal year

Date of resolution	Type of shares	Aggregate amount of dividends (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders held on June 28, 2007	Common stock	¥53,660	¥ 7,000	March 31, 2007	June 28, 2007
	Preferred stock (1 st series type 4)	563	135,000	March 31, 2007	June 28, 2007
	Preferred stock (2 nd series type 4)	563	135,000	March 31, 2007	June 28, 2007
	Preferred stock (3 rd series type 4)	563	135,000	March 31, 2007	June 28, 2007
	Preferred stock (4 th series type 4)	563	135,000	March 31, 2007	June 28, 2007
	Preferred stock (5 th series type 4)	563	135,000	March 31, 2007	June 28, 2007
	Preferred stock (6 th series type 4)	563	135,000	March 31, 2007	June 28, 2007
	Preferred stock (7 th series type 4)	563	135,000	March 31, 2007	June 28, 2007
	Preferred stock (8 th series type 4)	563	135,000	March 31, 2007	June 28, 2007
	Preferred stock (9 th series type 4)	563	135,000	March 31, 2007	June 28, 2007
	Preferred stock (10 th series type 4)	563	135,000	March 31, 2007	June 28, 2007

	Preferred stock (11 th series type 4)	563	135,000	March 31, 2007	June 28, 2007
	Preferred stock (12 th series type 4)	563	135,000	March 31, 2007	June 28, 2007
	Preferred stock (1 st series type 6)	6,195	88,500	March 31, 2007	June 28, 2007
Board of Directors Meeting held on November 19, 2007	Common stock	38,326	5,000	September 30, 2007	December 7, 2007
	Preferred stock (1 st series type 4)	281	67,500	September 30, 2007	December 7, 2007
	Preferred stock (2 nd series type 4)	281	67,500	September 30, 2007	December 7, 2007
	Preferred stock (3 rd series type 4)	281	67,500	September 30, 2007	December 7, 2007
	Preferred stock (4 th series type 4)	281	67,500	September 30, 2007	December 7, 2007
	Preferred stock (5 th series type 4)	281	67,500	September 30, 2007	December 7, 2007
	Preferred stock (6 th series type 4)	281	67,500	September 30, 2007	December 7, 2007
	Preferred stock (7 th series type 4)	281	67,500	September 30, 2007	December 7, 2007
	Preferred stock (8 th series type 4)	281	67,500	September 30, 2007	December 7, 2007
	Preferred stock (9 th series type 4)	281	67,500	September 30, 2007	December 7, 2007
	Preferred stock (10 th series type 4)	281	67,500	September 30, 2007	December 7, 2007
	Preferred stock (11 th series type 4)	281	67,500	September 30, 2007	December 7, 2007
	Preferred stock (12 th series type 4)	281	67,500	September 30, 2007	December 7, 2007
	Preferred stock (1 st series type 6)	3,097	44,250	September 30, 2007	December 7, 2007

(2) Dividends whose effective dates will be in the next fiscal year

Date of resolution	Type of shares	Aggregate amount of dividends (Millions of yen)	Source of dividends	Cash dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders to be held on June 27, 2008	Common stock	¥53,655	Retained earnings	¥ 7,000	March 31, 2008	June 27, 2008
	Preferred stock (1 st series type 4)	281	Retained earnings	67,500	March 31, 2008	June 27, 2008
	Preferred stock (2 nd series type 4)	281	Retained earnings	67,500	March 31, 2008	June 27, 2008
	Preferred stock (3 rd series type 4)	281	Retained earnings	67,500	March 31, 2008	June 27, 2008
	Preferred stock (4 th series type 4)	281	Retained earnings	67,500	March 31, 2008	June 27, 2008
	Preferred stock (5 th series type 4)	281	Retained earnings	67,500	March 31, 2008	June 27, 2008
	Preferred stock (6 th series type 4)	281	Retained earnings	67,500	March 31, 2008	June 27, 2008
	Preferred stock (7 th series type 4)	281	Retained earnings	67,500	March 31, 2008	June 27, 2008
	Preferred stock (8 th series type 4)	281	Retained earnings	67,500	March 31, 2008	June 27, 2008

	Preferred stock (9 th series type 4)	281	Retained earnings	67,500	March 31, 2008	June 27, 2008
	Preferred stock (10 th series type 4)	281	Retained earnings	67,500	March 31, 2008	June 27, 2008
	Preferred stock (11 th series type 4)	281	Retained earnings	67,500	March 31, 2008	June 27, 2008
	Preferred stock (12 th series type 4)	281	Retained earnings	67,500	March 31, 2008	June 27, 2008
	Preferred stock (1 st series type 6)	3,097	Retained earnings	44,250	March 31, 2008	June 27, 2008

Non-Consolidated Balance Sheet

(As of March 31, 2008)

Unit: Millions of yen

Account	Amount	Account	Amount
(Assets)		(Liabilities)	
Current assets	68,956	Current liabilities	1,052,242
Cash and due from banks	53,735	Short-term borrowings	1,049,030
Prepaid expenses	21	Accounts payable	223
Deferred tax assets	359	Accrued expenses	173
Accrued income	56	Income taxes payable	1,539
Accrued income tax refunds	14,267	Business office taxes payable	4
Other current assets	515	Reserve for employee bonuses	81
		Reserve for executive bonuses	74
		Other current liabilities	1,114
Fixed assets	3,952,260	Fixed liabilities	225
Tangible fixed assets	4	Reserve for executive retirement benefits	225
Buildings	0	Total liabilities	1,052,468
Equipment	4	(Net assets)	
Intangible fixed assets	9	Stockholders' equity	2,968,749
Software	9	Capital stock	1,420,877
Investments and other assets	3,952,246	Capital surplus	930,386
Investments in subsidiaries and affiliates	3,950,642	Capital reserve	642,355
Deferred tax assets	1,603	Other capital surplus	288,031
		Retained earnings	700,679
		Other retained earnings	700,679
		Voluntary reserve	30,420
		Retained earnings brought forward	670,259
		Treasury stock	(83,194)
		Total net assets	2,968,749
Total assets	4,021,217	Total liabilities and net assets	4,021,217

Non-Consolidated Statement of Income

(Fiscal Year ended March 31, 2008)

Unit: Millions of yen

Account	Amount	
Operating income		
Dividends on investments in subsidiaries and affiliates	89,693	
Fees and commissions received from subsidiaries	21,944	111,637
Operating expenses		
General and administrative expenses	6,246	6,246
Operating profit		105,391
Nonoperating income		
Interest income on deposits	298	
Fees and commissions income	14	
Other non-operating income	153	466
Non-operating expenses		
Interest on borrowings	11,012	
Fees and commissions expenses	1,263	
Loss on devaluation of affiliate	4,518	16,794
Ordinary profit		89,063
Income before income taxes		89,063
Income taxes		
Current	5,470	
Deferred	618	6,088
Net income		82,975

Non-Consolidated Statement of Changes in Net Assets

(Fiscal Year ended March 31, 2008)

Unit: Millions of yen

	Stockholders' equity						
	Capital stock	Capital surplus			Retained earnings		
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
				Voluntary reserve	Retained earnings brought forward		
Balance at March 31, 2007	1,420,877	642,355	288,113	930,469	30,420	698,709	729,129
Changes in the year							
Cash dividends						(111,425)	(111,425)
Net income						82,975	82,975
Acquisition of own shares							
Disposal of treasury shares			(82)	(82)			
Net changes in the year	-	-	(82)	(82)	-	(28,450)	(28,450)
Balance at March 31, 2008	1,420,877	642,355	288,031	930,386	30,420	670,259	700,679

	Stockholders' equity		Total net assets
	Treasury stock	Total stockholders' equity	
Balance at March 31, 2007	(82,578)	2,997,898	2,997,898
Changes in the year			
Cash dividends		(111,425)	(111,425)
Net income		82,975	82,975
Acquisition of own shares	(901)	(901)	(901)
Disposal of treasury shares	285	202	202
Net changes in the year	(616)	(29,149)	(29,149)
Balance at March 31, 2008	(83,194)	2,968,749	2,968,749

<Significant Accounting Policies for Non-consolidated Financial Statements>

1. Valuation of securities
Investments in subsidiaries and affiliates: Carried at cost using the moving-average method
2. Methods of depreciation
 - (1) Tangible fixed assets
Declining balance method (however, buildings are depreciated on the straight-line method)
In accordance with the amendment of the corporate tax laws in the fiscal year 2007, 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 financial statements for the current fiscal year.
 - (2) Intangible fixed assets
Intangible fixed assets are depreciated using the straight-line method. Capitalized software for internal use owned by the Company is depreciated over its estimated useful life (basically five years).
3. Translation of foreign currency assets and liabilities into Japanese yen
Assets and liabilities denominated in foreign currencies are translated into Japanese yen mainly at the exchange rate prevailing at the balance sheet date, with the exception of stocks of subsidiaries and affiliates translated at rates prevailing at the time of acquisition.
4. Accounting standards for reserves
 - (1) 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 fiscal year.
 - (2) Reserve for executive bonuses
Reserve for executive bonuses is provided for payment of bonuses to executives (including executive officers), in the amount of estimated bonuses, which are attributable to the current fiscal year.
 - (3) Reserve for executive retirement benefits
Reserve for executive retirement benefits is provided for payment of retirement benefits to executives, in the amount deemed accrued at the current fiscal year-end based on its internal regulations.
5. Accounting standards for lease transactions
Financing leases, excluding those in which the ownership of the property is transferred to the lessee, are accounted for in the same method as operating leases.
6. Accounting for consumption taxes
National and local consumption taxes are accounted for using the tax-excluded method.

<Changes in Accounting Policies>

“Accounting Standards for Financial Instruments”

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. The Company, accordingly, applied the revised accounting standards and practices from the current fiscal year.

<Notes to Non-Consolidated Balance Sheet>

1. Amounts less than one million yen have been omitted.
2. Accumulated depreciation on tangible fixed assets: ¥8 million
3. Guarantee liabilities
The Company is offering guarantees in the amount of ¥80,319 million to the Deposit Protection Fund of the Association of German Banks, in regard to customer withdrawals of deposits at SMBC’s Dusseldorf Branch.
4. Short-term monetary claims to affiliates: ¥ 53,814 million
Short-term monetary debts to affiliates: 1,049,127 million

<Notes to Non-Consolidated Statement of Income>

1. Amounts less than one million yen have been omitted.
2. Related party transactions

Operating income:	¥111,637 million
Operating expenses:	500 million
Transactions other than operating transactions:	112,405 million

<Notes to Non-Consolidated Statement of Changes in Net Assets>

1. Amounts less than one million yen have been omitted.
2. Type and number of treasury shares:

					Unit: shares
	Number of shares as of the previous fiscal year-end	Number of shares increased in the fiscal year	Number of shares decreased in the fiscal year	Number of shares as of the fiscal year-end	Remarks
Treasury shares					
Common stock	67,855.95	895.01	234.55	68,516.41	(Note) 1,2
Total	67,855.95	895.01	234.55	68,516.41	

Notes:

1. Increase of 895.01 shares of treasury common shares was due to the purchase of fractional shares.
2. Decrease of 234.55 shares of treasury common shares was due to the sale of fractional shares and to the exercise of stock options.

<Notes to Tax Effect Accounting>

Breakdown of major factors leading to the occurrence of deferred tax assets

Unit: Millions of yen

Deferred tax assets	
Investments in subsidiaries	¥ 1,202,944
Others	3,909
Subtotal deferred tax assets	1,206,854
Valuation allowance	(1,204,891)
Total deferred tax assets	1,962
Net amount of deferred tax assets	¥ 1,962

<Notes to fixed assets used under finance lease agreements>

In addition to the fixed assets listed in the balance sheet, a portion of the office machinery is also used under lease agreements.

<Notes to Per Share Information>

Net asset per share:	¥339,454.71
Net income per share:	9,134.13

Independent Auditors' Report

May 14, 2008

To the Board of Directors of
Sumitomo Mitsui Financial Group, Inc.

KPMG AZSA & Co.

Masanori Sato (Seal)
Designated and Engagement Partner
Certified Public Accountant

Hiroshi Numano (Seal)
Designated and Engagement Partner
Certified Public Accountant

Hiroyuki Yamada (Seal)
Designated and Engagement Partner
Certified Public Accountant

We have audited the consolidated statutory report, comprising the consolidated balance sheet, the consolidated statement of income and the consolidated statement of changes in net assets of Sumitomo Mitsui Financial Group, Inc. ("the Company") as of March 31, 2008 and for the year from April 1, 2007 to March 31, 2008 in accordance with Article 444(4) of the Corporation Law. The consolidated statutory report is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated statutory report based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the consolidated statutory report is free of material misstatement. An audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the consolidated statutory report. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated statutory report referred to above presents fairly, in all material respects, the financial position and the results of operations of Sumitomo Mitsui Financial Group, Inc. and its consolidated subsidiaries for the period, for which the consolidated statutory report was prepared, in conformity with accounting principles generally accepted in Japan.

[Supplemental information]

1. As described in Note 20 to the consolidated balance sheet, the Company resolved at the Board of Directors held on April 28, 2008 to authorize the redemption in full of the preferred securities issued by overseas special purpose subsidiary.
2. As described in Note 21 to the consolidated balance sheet, the Company 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. The preferred securities were issued on May 12, 2008.

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Independent Auditors' Report

May 14, 2008

To the Board of Directors of
Sumitomo Mitsui Financial Group, Inc.

KPMG AZSA & Co.

Masanori Sato (Seal)
Designated and Engagement Partner
Certified Public Accountant

Hiroshi Numano (Seal)
Designated and Engagement Partner
Certified Public Accountant

Hiroyuki Yamada (Seal)
Designated and Engagement Partner
Certified Public Accountant

We have audited the statutory report, comprising the balance sheet, the statement of income and the statement of changes in net assets, and its supporting schedules of Sumitomo Mitsui Financial Group, Inc. (“the Company”) as of March 31, 2008 and for the 6th business year from April 1, 2007 to March 31, 2008 in accordance with Article 436(2)1 of the Corporation Law. The statutory report and supporting schedules are the responsibility of the Company’s management. Our responsibility is to express an opinion on the statutory report and supporting schedules based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the statutory report and supporting schedules are free of material misstatement. An audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the statutory report and supporting schedules. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statutory report and supporting schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Sumitomo Mitsui Financial Group, Inc. for the period, for which the statutory report and supporting schedules were prepared, in conformity with accounting principles generally accepted in Japan.

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Audit Report

The Board of Corporate Auditors, following deliberations on the reports made by each Corporate Auditor concerning the audit of performance of duties by Directors of the Company for the 6th fiscal year from April 1, 2007 to March 31, 2008, has prepared this audit report as an unanimous opinion of the Board of Corporate Auditors, consisting of five members, and hereby reports as follows:

1. Auditing Method Used by Each Corporate Auditor and the Board of Corporate Auditors and Details Thereof

The Board of Corporate Auditors established auditing policies, including allocation of duties, and received reports from each Corporate Auditor regarding the progress and results of audits, as well as received reports from the Directors, other relevant personnel, and the Accounting Auditor regarding the performance of their duties, and sought explanations as necessary.

In accordance with the auditing policies, including allocation of duties for Corporate Auditors established by the Board of Corporate Auditors, each Corporate Auditor endeavored to gather information and create an improved environment for auditing through regular communication with the Directors, the Audit Department, and other relevant personnel. Corporate Auditors also attended meetings of the Board of Directors and other important meetings, received reports from the Directors, employees and other relevant personnel regarding the performance of their duties, sought explanations as necessary, inspected important internal-approval documents, and examined the operations and financial position of the Company. In addition, Corporate Auditors monitored and examined the content of resolutions made by the Board of Directors regarding the establishment of systems to ensure that the performance of duties by the Directors will be in compliance with the laws and regulations of Japan and with the Company's Articles of Incorporation and other systems as provided for in Article 100, Paragraphs 1 and 3 of the Enforcement Regulations of the Corporation Law of Japan, which systems are necessary for ensuring that the Company's business will be conducted properly. Moreover, Corporate Auditors monitored and examined the status of such systems that have been established in compliance with such resolutions (internal control systems). As for the subsidiaries of the Company, Corporate Auditors have shared information with the Directors and Corporate Auditors and other related personnel of the subsidiaries and, when necessary, received reports from the subsidiaries regarding their businesses. Based on the foregoing method, we examined the business report and the supplementary schedules for this fiscal year.

Furthermore, Corporate Auditors also monitored and examined whether the Accounting Auditor maintained its independence and implemented appropriate audits, as well as received reports from the Accounting Auditor regarding the performance of its duties and sought explanations as necessary. Corporate Auditors also received notification from the Accounting Auditor that "System for ensuring appropriate execution of the duties of the Accounting Auditor" (as enumerated in each Item of Article 159 of the Company Accounting Regulation Ordinance) has been prepared in accordance with the "Quality Control Standards Relating to Auditing" (issued by the Business Accounting Deliberation Council on October 28, 2005) and other relevant standards, and sought explanations as necessary. Based on the foregoing method, Corporate Auditors reviewed the consolidated financial statements for this fiscal year (consolidated balance sheet, consolidated statement of income, and consolidated statement of changes in net assets) as well as the non-consolidated financial statements for this fiscal year (non-consolidated balance sheet, non-consolidated statements of income, and non-consolidated statement of changes in net assets) and supplementary schedules thereto.

2. Audit Results

- (1) Audit Results on the Business Report, etc.
 - A. In our opinion, the business report and the supplementary schedules fairly represent the Company's condition in conformity with the applicable laws and regulations of Japan as well as the Articles of Incorporation of the Company.
 - B. We have found no evidence of misconduct or material facts in violation of the applicable laws and regulations, nor of any violation with respect to the Articles of Incorporation of the Company, related to performance of duties by the Directors.
 - C. In our opinion, the content of the resolutions of the Board of Directors regarding the internal control systems is appropriate. In addition, we have found no matters to remark in regard to the performance of duties by the Directors regarding the internal control systems.
- (2) Results of Audit of the Consolidated Financial Statements
In our opinion, the method and the results of the audit used and conducted by KPMG AZSA & Co., the Accounting Auditor, are appropriate.
- (3) Results of Audit of the Financial Statements and Supplementary Schedules
In our opinion, the method and the results of the audit used and conducted by KPMG AZSA & Co., the Accounting Auditor, are appropriate.

May 15, 2008

The Board of Corporate Auditors of Sumitomo Mitsui Financial Group, Inc.

Corporate Auditor (Full-Time)	Masahide Hirasawa (Seal)
Corporate Auditor (Full-Time)	Sadao Kobayashi (Seal)
Corporate Auditor	Katsuya Onishi (Seal)
Corporate Auditor	Hiroshi Araki (Seal)
Corporate Auditor	Ikuo Uno (Seal)

(Note) Messrs. Katsuya Onishi, Hiroshi Araki and Ikuo Uno are Outside Corporate Auditors pursuant to Article 2, Item 16 and Article 335, Paragraph 3 of the Corporation Law of Japan.