

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

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

Figures in the charts are round numbers. Figures in parenthesis indicate loss or decrease.

November 19, 2007

## **Announcement of Financial Results for the Six Months ended September 30, 2007**

We would now like to explain our financial results for the six months ended September 30, 2007, by using *Financial Results for the Six Months ended September 30, 2007* and *Financial Results for the Six Months ended September 30, 2007 Supplementary Information*.

The *Financial Results* of Sumitomo Mitsui Financial Group (“SMFG”) is provided pursuant to the listing rules in Japan. Financial statements of Sumitomo Mitsui Banking Corporation (“SMBC”) are provided at the end of SMFG’s *Supplementary Information* as “Reference.”

Let us look at the *Supplementary Information*. In this report, <Non-consolidated> indicates SMBC’s non-consolidated figures and <Consolidated> indicates SMFG’s consolidated figures if not otherwise specified.

### **<SMBC Non-consolidated Financial Results>**

Please look at page 1. This is an overview of SMBC’s non-consolidated financial results.

In line 22, Banking profit before provision for general reserve for possible loan losses was JPY 390.9 billion, a JPY 79.3 billion increase year over year.

Gross banking profit, shown in line 1, was JPY 718.5 billion, an increase of JPY 109.4 billion year over year.

This was mainly due to the decrease of Losses on bonds, shown in line 26, by JPY 55.4 billion year over year, led by reduction of bond exposure, aiming for reducing risks on the portfolio in

the first half of FY2006, and due to the increase of Net interest income led by expansion of Loan to deposit spread.

Expenses, shown in line 18, increased by JPY 30.1 billion year over year to JPY 327.6 billion, mainly due to aggressive investment in strategic business areas in order to improve customer convenience and enhance competitiveness.

<SMBC Non-consolidated>		(Billions of yen)		
		Six months ended		Six months ended
		Sep. 30, 2007	Change	Sep. 30, 2006
Gross banking profit	1	718.5	109.4	609.1
Expenses (excluding non-recurring losses)	18	(327.6)	(30.1)	(297.5)
Banking profit (before provision for general reserve for possible loan losses)	22	390.9	79.3	311.6
Gains (losses) on bonds	26	(6.3)	55.4	(61.7)

Let us move on to Non-recurring gains (losses).

Total credit cost, calculated by adding Credit related costs in line 28, Provision for general reserve for possible loan losses in line 24 and Gains on collection of written-off claims in line 39, was JPY 114.2 billion, a JPY 81.0 billion increase year over year, as shown in line 46.

In the first half of previous fiscal year, SMBC recorded Gains on reversal of reserve for possible loan losses due mainly to the progress in off-balancing of problem assets and improvements in borrower categories. In the first of this fiscal year, however, there were no such gains, and SMBC also made loss provisions for (a) U.S. subprime loan related exposures, and (b) an unanticipated deterioration in the credit quality of certain borrowers.

<SMBC Non-consolidated>		(Billions of yen)		
		Six months ended		Six months ended
		Sep. 30, 2007	Change	Sep. 30, 2006
Provision for general reserve for possible loan losses	24	(7.8)	(7.8)	-
Non-recurring gains (losses)	27	(225.3)	(182.8)	(42.5)
Credit related costs	28	(106.4)	(59.7)	(46.7)
Extraordinary gains (losses)	35	(2.6)	(31.9)	29.3
Gains on reversal of reserve for possible loan losses	38	-	(13.3)	13.3
Gains on collection of written-off claims	39	0.0	(0.2)	0.2
<b>Total credit cost (24+28+38+39)</b>	<b>46</b>	<b>(114.2)</b>	<b>(81.0)</b>	<b>(33.2)</b>

Now looking at Gains (losses) on stocks in line 29, there was a net loss of JPY 103.8 billion, a JPY 112.5 billion worse year over year, mainly due to the losses on devaluation of stocks of JPY

111.5 billion as a result of impairment on shares of Promise Co., Limited, an equity method affiliated company, and OMC Card, Inc., etc. under a declined stock market condition.

<SMBC Non-consolidated> (Billions of yen)

		Six months ended		Six months ended
		Sep. 30, 2007	Change	Sep. 30, 2006
Gains (losses) on stocks	29	(103.8)	(112.5)	8.7
Gains on sale of stocks	30	8.2	(6.5)	14.7
Losses on sale of stocks	31	(0.5)	(0.4)	(0.1)
Losses on devaluation of stocks	32	(111.5)	(105.6)	(5.9)

These items added up to Ordinary profit of JPY 157.8 billion, a JPY 111.2 billion decrease year over year, as shown in line 34.

Also, in order to secure sound financial base, Deferred income taxes have been recorded conservatively and was JPY 84.2 billion, as shown in line 44.

As a result, in line 45, we can see Net income of JPY 63.8 billion, a year over year decrease of JPY 119.8 billion.

<SMBC Non-consolidated> (Billions of yen)

		Six months ended		Six months ended
		Sep. 30, 2007	Change	Sep. 30, 2006
Ordinary profit	34	157.8	(111.2)	269.0
Extraordinary gains (losses)	35	(2.6)	(31.9)	29.3
Income before income taxes	42	155.2	(143.2)	298.4
Income taxes, current	43	(7.2)	0.6	(7.8)
Income taxes, deferred	44	(84.2)	22.8	(107.0)
Net income	45	63.8	(119.8)	183.6

### <SMFG Consolidated Financial Results>

Let us now look at SMFG's consolidated financial results on the next page.

Overall financial results of subsidiaries and equity method affiliated companies other than SMBC improved year over year, however, mainly due to SMBC's profit decrease, Ordinary profit shown in line 16 decreased by JPY 3.9 billion year over year to JPY 353.2 billion, and Net income shown in line 26 decreased by JPY 73.1 billion year over year, to JPY 170.6 billion.

<SMFG Consolidated>

(Billions of yen)

		Six months ended		Six months ended
		Sep. 30, 2007	Change	Sep. 30, 2006
Consolidated gross profit	1	1,022.6	136.8	885.8
General and administrative expenses	7	(477.4)	(44.7)	(432.7)
Credit related costs	8	(143.5)	(78.5)	(65.0)
Gains (losses) on stocks	13	(47.4)	(57.8)	10.4
Equity in earnings (losses) of affiliates	14	19.0	51.3	(32.3)
Other income (expenses)	15	(20.1)	(11.1)	(9.0)
Ordinary profit	16	353.2	(3.9)	357.1
Net income	26	170.6	(73.1)	243.7

### <Unrealized Gains (Losses) on Securities>

Next, let us look at page 4 for Unrealized gains (losses) on securities.

Figures on non-consolidated Unrealized gains (losses) on securities portfolio of SMBC are shown in the middle of the page. In the table, you can see Unrealized gains on Other securities totaling JPY 1,517.7 billion, which consist of Gains on stocks (JPY 1,716.3 billion), Losses on bonds (JPY157.7 billion) and Losses on others (JPY40.9 billion).

<SMBC Non-consolidated>

(Billions of yen)

	Sep. 30, 2007			
	Net unrealized gains (losses)			
		Change from Mar. 31, 2007	Gains	Losses
Other securities	1,517.7	(315.2)	1,767.1	(249.4)
Stocks	1,716.3	(262.4)	1,735.1	(18.8)
Bonds	(157.7)	(6.3)	1.0	(158.7)
Others	(40.9)	(46.5)	31.0	(71.9)

### <BIS Capital Ratio>

Next, we would like to explain the consolidated BIS capital ratio on page 7.

As you can see, the preliminary figure on the consolidated BIS capital ratio as of September 30, 2007 was 10.60%, a decrease of 0.71% compared with March 31, 2007. This was mainly due to increase of risk weighted assets, led by increase of overseas lending mainly for high-graded companies.

<SMFG Consolidated>

(%)

	Sep. 30, 2007		Mar. 31, 2007
	[Preliminary]	Change	
Capital ratio	10.60	(0.71)	11.31

### <Non-Performing Loans>

Let us now move on to page 8, which shows the situation of non-performing loans.

The total amount of Problem assets based on the Financial Reconstruction Law, shown at the bottom left, was JPY 773.6 billion, a JPY 34.9 billion increase compared with March 31, 2007.

Problem asset ratio, a ratio of Problem assets to Total assets which include Normal assets, was 1.2%, maintaining a low level as well as March-end result.

<SMBC Non-consolidated>		(Billions of yen, %)	
	Sep. 30, 2007	Change from Mar. 31, 2007	
Bankrupt and quasi-bankrupt assets	109.3	0.4	
Doubtful assets	340.4	40.3	
Substandard loans	323.9	(5.8)	
Total (A)	773.6	34.9	
Normal assets	61,964.6	1,422.4	
Total (B)	62,738.2	1,457.3	
Problem asset ratio (A/B)	1.2%	0.0%	

### <Earnings Forecast for FY2007>

Next, we will explain about the earnings forecast for FY2007, which you can see on page 20.

The earnings forecast for FY2007 remains unchanged from what was announced on October 26, 2007 as the revised forecast.

SMFG's non-consolidated earnings forecast is shown at the bottom of the page:

Operating income: JPY 110.0 billion  
Operating profit: JPY 105.0 billion  
Ordinary profit: JPY 90.0 billion  
Net income: JPY 80.0 billion

Cash dividends per common share for the FY2007 are planned to be JPY 10,000, unchanged from the previous forecast announced in May 2007. Dividends per preferred share will be paid as originally set. As a result, total dividends forecasted to be paid for FY2007 are JPY 89.6 billion.

Also, half of such annual dividends will be paid as an interim dividend.

<SMFG Non-consolidated>

Dividend per share forecast for the fiscal year end

(Yen)

	FY2007	
	Interim	Annual Forecast
Common stock	5,000	10,000

(Reference)

(Billions of yen)

Total dividend planned	44.8	89.6
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Next, SMFG's consolidated earnings forecast for FY2007 is as follows.

Ordinary profit: JPY 940.0 billion

Net income: JPY 570.0 billion

Also, SMBC's non-consolidated earnings forecast for FY2007 is shown at the bottom of the page:

Banking profit: JPY 830.0 billion

Ordinary profit: JPY 600.0 billion

Net income: JPY 315.0 billion

Total credit cost: JPY 110.0 billion

#### <Overview of medium-term management plan and management policy in FY2007>

Please look at page 21, which shows an overview of medium-term management plan and management policy in FY2007.

At the bottom of the page, on the right side of "FY2007 management policy," we show the initiatives implemented in FY2007.

For example, on financial consulting for individuals, we had adopted the provisions of the Financial Instruments and Exchange Law of Japan in our business and compliance procedures before it became effective on September 30, 2007. Also, we expanded lineup of investment products together with preparation for the deregulation of full-range sales of insurance products.

On payment & settlement service and consumer finance, we started strategic alliances with Central Finance and OMC card.

In Solution providing for corporations and investment banking, we strengthened coverage in business areas where needs of individual customers and corporate customers co-exist, such as business succession consulting, and further promoted providing solutions to management issues of corporate customers.

On investment banking related business, SMBC was ranked at No.1 in the domestic loan syndication mandated arranger ranking (January-September 2007, Thomson Financial).

Also, in global markets, we steadily expanded channel network and fortified organization to promote specific products.

### **<U.S. Subprime-related exposure and its impact on the business results for the first half of FY2007>**

Next, we would like to show the U.S. subprime-related exposure and its impact on the business results for the first half of FY2007 in page 22.

As of September-end 2007, SMBC had approximately JPY 95 billion in exposure related to subprime mortgage loans in the United States, which were securitized products such as RMBSs and ABSCDOs, and warehousing loans collateralized with subprime loan related assets, which was about 0.1% of total investments and loans of SMBC.

The impact for the first half of FY2007 was approximately JPY 32 billion of losses on sale and credit costs in total, however, it was offset by an increase in Treasury Unit's profits including bond related gains amid declining interest rates.

Also, the book value after the write-offs of securitized products such as RMBSs and ABSCDOs was approximately JPY 70 billion, and we held net unrealized losses of JPY 18 billion as of September 30, 2007.

As shown on the middle of the page with the brackets, a more recently as of November 8, 2007, SMBC held net unrealized losses on securitized products (above mentioned RMBSs and ABSCDOs) of approximately JPY 50 billion, a JPY 32 billion increase in losses compared with September 30, 2007, which was mainly due to fair value decline caused by the massive downgrading of subprime-related products.

In addition, related to warehousing loans, the fair value of underlying subprime loan related assets declined by approximately JPY 5.0 billion compared with September 30, 2007.

On the other hand, SMBC held net unrealized gains on total “Other securities” of approximately JPY 1.6 trillion as of October-end 2007. We believe that even if we suffer from additional loss related to subprime mortgage loans, it is fully controllable.

Subsidiaries of SMFG and SMBC other than SMBC has no subprime-related exposure. Also, most of the assets held by ABCP programs which SMBC sponsors are receivables of corporate clients and do not include subprime loan related assets.

This is the end of presentation. Thank you very much for your attention.

(END)