



Sumitomo Mitsui Financial Group, Inc. (SMFG)

Financial Results for the Fiscal Year ended March 31, 2008

May 16, 2008



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 Stock Exchange Listings: Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya Stock Exchange (code: 8316)
 URL: <http://www.smfg.co.jp>
 President: Teisuke Kitayama
 Date of Ordinary General Meeting of Shareholders: June 27, 2008
 Date of Payment of Year-End Dividends: June 27, 2008

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

1. Consolidated Financial Results (for the fiscal year ended March 31, 2008)

(1) Operating Results (Millions of yen, except per share data and percentages)

Fiscal Year	Ordinary Income		Ordinary Profit		Net Income	
	Amount	%	Amount	%	Amount	%
ended March 31, 2008	¥ 4,623,545	18.5 %	¥ 831,160	4.1 %	¥ 461,536	4.6 %
ended March 31, 2007	3,901,259	5.3	798,610	(17.1)	441,351	(35.7)

Fiscal Year	Net Income per Share	Net Income per Share (Diluted)	Return on Net Assets	Ordinary Profit on Total Assets	Ordinary Profit on Ordinary Income
	Amount	Amount	%	%	%
ended March 31, 2008	¥ 59,298.24	¥ 56,657.41	13.2 %	0.8 %	18.0 %
ended March 31, 2007	57,085.83	51,494.17	13.1	0.8	20.5

Notes: 1. Equity in earnings (losses) of affiliates

(a) for the fiscal year ended March 31, 2008: ¥ (41,760) million (b) for the fiscal year ended March 31, 2007: ¥ (104,170) million

2. Percentages shown in Ordinary Income, Ordinary Profit and Net Income are the increase (decrease) from the previous fiscal year.

(2) Financial Position

(Millions of yen, except per share data and percentages)

	Total Assets	Net Assets	Net Assets Ratio	Net Assets per Share	Capital Ratio
March 31, 2008	¥ 111,955,918	¥ 5,224,076	3.2 %	¥ 424,546.01	(Preliminary) 10.56 %
March 31, 2007	100,858,309	5,331,279	3.9	469,228.59	11.31

Notes: 1. Stockholders' equity

(a) as of March 31, 2008: ¥ 3,578,326 million (b) as of March 31, 2007: ¥ 3,922,986 million

2. Net Assets Ratio = {(Net assets – Stock acquisition rights – Minority interests) / Total assets} X 100

3. Capital Ratio is calculated using the method stipulated in "Standards for Bank Holding Company to Examine the Adequacy of Its Capital Based on Assets, etc. Held by It and Its Subsidiaries Pursuant to Article 52-25 of the Banking Law" (Notification 20 issued by the Japanese Financial Services Agency in 2006).

(3) Cash Flows

(Millions of yen)

Fiscal Year	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at year-end
ended March 31, 2008	¥ 5,782,588	¥ (5,086,559)	¥ 102,112	¥ 2,736,752
ended March 31, 2007	(6,760,740)	4,769,454	(1,244,945)	1,927,024

2. Dividends on Common Stock

(Millions of yen, except per share data and percentages)

Fiscal Year	Dividends per Share			Total Dividends (Annual)	Dividend Payout Ratio	Ratio of Dividends to Net Assets
	Interim	Year-End	Annual			
ended March 31, 2007	¥ –	¥ 7,000	¥ 7,000	¥ 53,660	12.5 %	1.6 %
ended March 31, 2008	5,000	7,000	12,000	91,982	20.5	2.7
ending March 31, 2009 (Forecast)	7,000	7,000	14,000	109,512	23.3	

Notes: 1. Dividend Payout Ratio and Ratio of Dividends to Net Assets are reported on a consolidated basis.

2. Dividends on unlisted preferred stock are reported on page 3.

3. Dividends per Share and Dividend Payout Ratio for the fiscal year ending March 31, 2009 do not reflect the stock split that SMFG announced today. For more details, please refer to page 3.

3. Earnings Forecast on a Consolidated Basis (for the fiscal year ending March 31, 2009)

(Millions of yen, except per share data and percentages)

	Ordinary Income	Ordinary Profit	Net Income	Net Income per Share
Six Months ending September 30, 2008	¥ 1,850,000 (11.0)%	¥ 380,000 7.6%	¥ 210,000 23.1%	¥ 26,592.80
Fiscal Year ending March 31, 2009	3,900,000 (15.6)	850,000 2.3	480,000 4.0	60,878.65

Notes: 1. Percentages shown in Ordinary Income, Ordinary Profit and Net Income are the increase (decrease) from the results of the previous fiscal year.

2. Forecast on Net Income per Share for the fiscal year ending March 31, 2009 does not reflect the stock split that SMFG announced today. For more details, please refer to page 3.

4. Other Information

(1) There was no change in significant consolidated subsidiary in the fiscal year

(2) Change in significant accounting principles, policies and presentation

(a) There was a change due to revision of accounting standards.

(b) There was a change due to other reason.

(Note) The details are reported in 4. (4) and (10) of "Significant Accounting Policies for Consolidated Financial Statements" (page 16 and 17), "Application of New Accounting Standards" (page 19) and "Change of Presentation" (page 19).

(3) Number of common stocks issued

(a) Number of shares issued (including treasury shares)

(i) as of March 31, 2008: 7,733,653 shares (ii) as of March 31, 2007: 7,733,653 shares

(b) Number of treasury shares

(i) as of March 31, 2008: 168,997 shares (ii) as of March 31, 2007: 168,630 shares

(Note) Number of shares used in calculating "Net income per share" (on a consolidated basis) is reported on page 41.

[Reference] Parent Company Only Financial Information on a Nonconsolidated Basis

1. Nonconsolidated Financial Results (for the fiscal year ended March 31, 2008)

(1) Operating Results

(Millions of yen, except per share data and percentages)

	Operating Income		Operating Profit		Ordinary Profit		Net Income	
Fiscal Year								
ended March 31, 2008	¥ 111,637	(70.3)%	¥ 105,391	(71.7)%	¥ 89,063	(75.6)%	¥ 82,975	(77.2)%
ended March 31, 2007	376,479	578.6	372,838	613.1	364,477	655.2	363,535	395.2

	Net Income per Share	Net Income per Share (Diluted)
Fiscal Year		
ended March 31, 2008	¥ 9,134.13	¥ 9,133.76
ended March 31, 2007	46,326.41	41,973.46

Note: Percentages shown in Operating Income, Operating Profit, Ordinary Profit and Net Income are the increase (decrease) from the previous fiscal year.

(2) Financial Position

(Millions of yen, except per share data and percentages)

	Total Assets	Net Assets	Net Assets Ratio	Net Assets per Share
March 31, 2008	¥ 4,021,217	¥ 2,968,749	73.8 %	¥ 339,454.71
March 31, 2007	3,959,444	2,997,898	75.7	342,382.75

Note: Stockholders' equity

(a) as of March 31, 2008: ¥2,968,749 million (b) as of March 31, 2007: ¥2,997,898 million

2. Earnings Forecast on a Nonconsolidated Basis (for the fiscal year ending March 31, 2009)

(Millions of yen, except per share data and percentages)

	Operating Income		Operating Profit		Ordinary Profit	
Six months ending September 30, 2008	¥ 49,000	104.7%	¥ 46,000	123.3%	¥ 36,000	208.9%
Fiscal year ending March 31, 2009	150,000	34.4	145,000	37.6	130,000	46.0

	Net Income		Net Income per Share
Six months ending September 30, 2008	¥ 35,000	273.7%	¥ 3,802.92
Fiscal year ending March 31, 2009	125,000	50.6	14,636.07

Notes: 1. Percentages shown in Operating Income, Operating Profit, Ordinary Profit and Net Income are the increase (decrease) from the results of the previous fiscal year.

2. Forecast on Net Income per Share for the fiscal year ending March 31, 2009 does not reflect the stock split that SMFG announced today. For more details, please refer to page 3.

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 document: 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.

Dividends on Preferred Stock

(Millions of yen, except per share data)

Type	Record Date	Cash Dividends per Share			Aggregate Amount of Dividends
		Interim Period-End	Year-End	Annual	
Preferred stock (type 4)	Fiscal year ended March 31, 2007	¥ –	¥ 135,000	¥ 135,000	¥ 6,763
	Fiscal year ended March 31, 2008	67,500	67,500	135,000	6,763
	Fiscal year ending March 31, 2009 (forecast)	67,500	67,500	135,000	4,509
Preferred stock (type 6)	Fiscal year ended March 31, 2007	–	88,500	88,500	6,195
	Fiscal year ended March 31, 2008	44,250	44,250	88,500	6,195
	Fiscal year ending March 31, 2009 (forecast)	44,250	44,250	88,500	6,195

Forecast on Common Stock Dividends for the Fiscal Year ending March 31, 2009

As announced on May 16, 2008, a 100 for 1 split of common stock will be implemented on the previous day of enforcement of the “Law for Partial Amendment of the Laws Related to Transfer of Bonds, etc., to Streamline Settlement with respect to Transactions of Stock, etc.” (“Stock Settlement Streamlining Law”).

Assuming that the stock split had been implemented at the beginning of the fiscal year, interim and year-end common stock dividends per share for the fiscal year ending March 31, 2009 would be ¥70 each, and total annual dividends per share would be ¥140. Dividend Payout Ratio on a consolidated basis would remain unchanged at 23.3%.

<Reference> Calculation for Indices

- Return on Net Assets (consolidated basis):

$$\frac{\text{Net income} - \text{Dividends on preferred stock}}{\{(\text{Stockholders' equity at beginning of year} - \text{Number of preferred stocks issued at beginning of year} \times \text{Issue price}) + (\text{Stockholders' equity at year-end} - \text{Number of preferred stocks issued at year-end} \times \text{Issue price})\} / 2} \times 100$$

- Dividend Payout Ratio (consolidated basis):

$$\frac{\text{Dividends on common stock}}{\text{Net income} - \text{Dividends on preferred stock}} \times 100$$

- Ratio of Dividends to Net Assets (consolidated basis):

$$\frac{\text{Dividends on common stock}}{\{(\text{Stockholders' equity at beginning of year} - \text{Number of preferred stocks issued at beginning of year} \times \text{Issue price}) + (\text{Stockholders' equity at year-end} - \text{Number of preferred stocks issued at year-end} \times \text{Issue price})\} / 2} \times 100$$

- Forecasted Net Income per Share (consolidated basis):

$$\frac{\text{Forecasted net income} - \text{Forecasted preferred stock dividends}}{\text{Forecasted average number of common stocks during the period (excluding treasury stock)}}$$

(Note) Forecasted average number of common stocks during the period was calculated considering that acquisition rights granted to preferred stock (5th series type 4, 6th series type 4, 7th series type 4 and 8th series type 4) were exercised on April 30, 2008 and 157,151 shares of common stock were issued. The forecasted average numbers of common stock used in the above formula are as follows:

Six months ending September 30, 2008:	7,695,615 shares
Fiscal year ending March 31, 2009:	7,708,711 shares

As announced on May 16, 2008, SMFG will implement a 100 for 1 common stock split that will be effective on the previous day of enforcement of the Stock Settlement Streamlining Law. Forecasted Net Income per Share, which is calculated using the forecasted average number of common stock as the denominator of the above formula assuming that the stock split had been effective on April 1, 2008, would be as follows:

Six months ending September 30, 2008:	¥265.93
Fiscal year ending March 31, 2009:	¥608.79

- Forecasted Net Income per Share (non-consolidated basis):

$$\frac{\text{Forecasted net income} - \text{Forecasted preferred stock dividends}}{\text{Forecasted average number of common stocks during the period (excluding treasury stock)}}$$

(Note) Forecasted average number of common stocks during the period was calculated considering that acquisition rights granted to preferred stock (5th series type 4, 6th series type 4, 7th series type 4 and 8th series type 4) were exercised on April 30, 2008 and 157,151 shares of common stock were issued. The forecasted average numbers of common stock used in the above formula are as follows:

Six months ending September 30, 2008:	7,796,096 shares
Fiscal year ending March 31, 2009:	7,809,192 shares

As announced on May 16, 2008, SMFG will implement a 100 for 1 common stock split that will be effective on the previous day of enforcement of the Stock Settlement Streamlining Law. Forecasted Net Income per Share, which is calculated using the forecasted average number of common stock as the denominator of the above formula assuming that the stock split had been effective on April 1, 2008, would be as follows:

Six months ending September 30, 2008:	¥ 38.03
Fiscal year ending March 31, 2009:	¥146.36

I. Operating and Financial Review

1. Consolidated Operating Results for the Fiscal Year Ended March 31, 2008

(1) Operating Results

In fiscal 2007 ended March 31, 2008, SMFG endeavored to “strengthen targeted growth business areas” and “fortify platform for supporting sustainable growth” as the first step toward achieving the goals of the medium-term management plan titled “LEAD THE VALUE” Plan.

Ordinary income increased 18.5% to ¥4,623.5 billion. This was attributable mainly to increases in (a) interest income on loans and discounts due to higher overseas loan balance and higher interest rates in Japan, (b) other operating income reflecting a record of gains on sale of bonds and an increase in lease-related income as a result of mergers of leasing subsidiaries.

Ordinary expenses increased 22.2% to ¥3,792.3 billion. This was attributable mainly to increases in (a) other operating expenses reflecting an increase in lease-related expenses as a result of mergers of leasing subsidiaries, (b) credit cost reflecting a sub-prime related losses and an unanticipated loss provision for loans to certain borrowers and (c) other expenses reflecting an impairment of holding stocks amid declining stock markets.

As a result, Ordinary profit amounted to ¥831.1 billion. Net income, after adjusting ordinary profit by extraordinary gains or losses such as gains on change in equity due to merger of leasing subsidiaries, was ¥461.5 billion.

(2) Segment Information

The breakdown of Total assets and Ordinary income before elimination of internal transactions is as follows:

By business

Ordinary income		
Banking business	65%	(up 0 point from the previous fiscal year)
Leasing business	20%	(up 1 point)
Other business	15%	(down 1 point)
Total assets		
Banking business	92%	(down 1 point from the previous fiscal year-end)
Leasing business	2%	(up 0 point)
Other business	6%	(up 1 point)

By Region

Ordinary income		
Japan	83%	(up 2 points from the previous fiscal year)
The Americas	7%	(down 0 point)
Europe and Middle East	5%	(up 0 point)
Asia and Oceania	5%	(down 2 points)
Total assets		
Japan	84%	(down 3 points from the previous fiscal year-end)
The Americas	7%	(up 1 point)
Europe and Middle East	4%	(up 1 point)
Asia and Oceania	5%	(up 1 point)

(3) Earnings Forecast

SMFG has 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.

As for earnings forecast on a consolidated basis, Ordinary income, Ordinary profit and Net income are expected to amount to ¥3,900 billion, ¥850 billion, and ¥480 billion, respectively.

On a non-consolidated basis, Operating income, Operating profit, Ordinary profit and Net income are expected to amount to ¥150 billion, ¥145 billion, ¥130 billion, and ¥125 billion, respectively.

2. Consolidated Financial Position as of March 31, 2008

(1) Assets and Liabilities

Deposits amounted to ¥72,690.6 billion, an increase of ¥534.4 billion from the previous fiscal year-end and Negotiable certificates of deposit amounted to ¥3,078.1 billion, an increase of ¥488.9 billion.

Loans and bills discounted amounted to ¥62,144.8 billion, an increase of ¥3,455.5 billion, mainly due to an increase in overseas lending to companies with high credit ratings and overseas project finance.

Total assets amounted to ¥111,955.9 billion, an increase of ¥11,097.6 billion.

(2) Net Assets

Stockholders' equity amounted to ¥3,095.3 billion, an increase of ¥353.6 billion from the previous fiscal year-end, as a result of recording net income. On the other hand, Net unrealized gains on other securities decreased ¥711.4 billion to ¥550.6 billion. As a result, Net assets decreased ¥107.2 billion to ¥5,224.0 billion as compared with the previous fiscal year-end.

(3) Cash Flows

SMFG generated ¥5,782.5 billion of "Cash flows from operating activities," used ¥5,086.5 billion of "Cash flows from investing activities," and generated ¥102.1 billion of "Cash flows from financing activities."

Consequently, Cash and cash equivalents amounted to ¥2,736.7 billion, an increase of ¥809.7 billion.

(4) Capital Ratio (preliminary)

Capital ratio was 10.56% on a consolidated basis.

3. Dividend Policy and Dividends for the Fiscal Years Ended March 31, 2008 and 2009

SMFG has a basic policy of increasing profit distribution stably and continuously through a sustainable growth of its corporate value while enhancing its capital for maintaining financial soundness. Under the medium-term management plan titled "LEAD THE VALUE" Plan, SMFG aims for realizing payout ratio of over 20% on a consolidated net income basis in the fiscal year ending March 31, 2010 from the viewpoint of increasing return to shareholders.

In line with such policy, SMFG has determined to pay the following year-end dividends, considering the operating results for the fiscal year ended March 31, 2008. Dividends on preferred stocks will be paid as prescribed.

Common stock

Year-end dividends	¥ 7,000 per share	
Annual (of which ¥5,000 per share was paid as interim dividend)	12,000	(year-on-year increase by ¥5,000)

[Dividend payout ratio (on a consolidated basis): 20.5%]

Preferred stock (type 4)

Year-end dividends	¥ 67,500
Annual (of which ¥67,500 per share was paid as interim dividend)	135,000

Preferred stock (type 6)

Year-end dividends	¥44,250
Annual (of which ¥44,250 per share was paid as interim dividend)	88,500

Under the above-mentioned policy, SMFG expects to increase return to shareholders and pay the following dividends for fiscal 2008, considering the earnings forecast. Dividends on preferred stocks will be paid as prescribed.

Common stock	¥14,000 per share	(year-on-year increase by ¥2,000)
[interim dividends]	[7,000]	
Preferred stock (type 4)	¥135,000 per share	
[interim dividends]	[67,500]	
Preferred stock (type 6)	¥88,500 per share	
[interim dividends]	[44,250]	

II. Overview of SMFG Group

SMFG group conducts primary banking business through the following financial services: leasing, securities, credit card business, investment banking, loans and venture capital. SMFG has 268 consolidated subsidiaries and 74 companies accounted for by the equity method.

* consolidated subsidiary ** equity method affiliate

Sumitomo Mitsui Financial Group, Inc.	Banking business	<p>Principal subsidiaries</p> <p>Domestic</p> <ul style="list-style-type: none"> * Sumitomo Mitsui Banking Corporation * THE MINATO BANK, LTD. (Listed on the First Section of Tokyo Stock Exchange and Osaka Securities Exchange) * Kansai Urban Banking Corporation (Listed on the First Section of Tokyo Stock Exchange and Osaka Securities Exchange) * The Japan Net Bank, Limited (Internet banking) * SMBC Guarantee Co., Ltd. (Credit guarantee) <p>Overseas</p> <ul style="list-style-type: none"> * Sumitomo Mitsui Banking Corporation Europe Limited * Manufacturers Bank * Sumitomo Mitsui Banking Corporation of Canada * Banco Sumitomo Mitsui Brasileiro S.A. * PT Bank Sumitomo Mitsui Indonesia
	Leasing business	<p>Principal subsidiaries and affiliated companies</p> <p>Domestic</p> <ul style="list-style-type: none"> * Sumitomo Mitsui Finance and Leasing Company, Limited ** Sumitomo Mitsui Auto Service Company, Limited <p>Overseas</p> <ul style="list-style-type: none"> * SMBC Leasing and Finance, Inc.
	Other business	<p>Principal subsidiaries and affiliated companies</p> <p>Domestic</p> <ul style="list-style-type: none"> * Sumitomo Mitsui Card Company, Limited (Credit card services) * SAKURA CARD CO., Ltd. (Credit card services) * QUOQ Inc. (Consumer installment credit and credit card services) * SMBC Consulting Co., Ltd. (Management consulting and information services) * SMBC Finance Service Co., Ltd. (Loans, factoring and collecting agent) * Financial Link Company, Limited (Data processing service and consulting) * SMBC Friend Securities Co., Ltd. (Securities) * The Japan Research Institute, Limited (System development, data processing, management consulting and economic research) * JRI Solutions Ltd. (System development and data processing) * Sakura KCS Corporation (System engineering and data processing) (Listed on the Second Section of Osaka Securities Exchange) * Sakura Information Systems Co., Ltd. (System engineering and data processing) ** Promise Co., Ltd. (Consumer finance) (Listed on the First Section of Tokyo Stock Exchange) ** At-Loan Co., Ltd. (Consumer finance) ** SANYO SHINPAN FINANCE CO., LTD. (Consumer finance) ** POCKET CARD CO., LTD. (Credit card services) (Listed on the First Section of Tokyo Stock Exchange and Osaka Securities Exchange) ** Central Finance Co., Limited (Consumer installment credit and credit card services) (Listed on the First Section of Tokyo Stock Exchange and Nagoya Stock Exchange) ** OMC Card, Inc. (Credit card services) (Listed on the First Section of Tokyo Stock Exchange) ** Daiwa Securities SMBC Co. Ltd. (Securities and derivatives) ** NIF SMBC Ventures Co., Ltd. (Venture capital) (Listed on the JASDAQ Securities Exchange) ** Daiwa SB Investments Ltd. (Investment advisory and investment trust management) ** Sumitomo Mitsui Asset Management Company, Limited (Investment advisory and investment trust management) ** Japan Pension Navigator Co., Ltd. (Operational management of defined contribution pension plans) <p>Overseas</p> <ul style="list-style-type: none"> * SMBC Capital Markets, Inc. (Derivatives and investments) * SMBC Capital Markets Limited (Derivatives) * SMBC Securities, Inc. (Securities)

(Notes) 1. Sumitomo Mitsui Banking Corporation ("SMBC"), a consolidated subsidiary of SMFG, sold some of common stocks of Sakura Information Systems Co., Ltd. ("SIS") to Osaka Gas Information System Research Institute Co., Ltd. on April 1, 2008. As a result, SIS became an equity method affiliate.

2. SMBC acquired common stocks of Japan Pension Navigator Co., Ltd. ("J-PEC") on April 1, 2008. As a result, J-PEC became a consolidated subsidiary.

III. Management Policy

1. Our Mission

SMFG's group-wide management philosophy is as follows:

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

In line with this philosophy, SMFG and the group companies will put their collective energy into becoming "a globally competitive financial services group with the highest trust".

2. Management Indices to be Achieved

SMFG has established a medium-term management plan, "LEAD THE VALUE" Plan, spanning the three years from fiscal 2007 and has set the following four management indices as the financial targets to be achieved in fiscal 2009, the final year of the plan.

- Consolidated net income	¥650 billion
- Consolidated Tier I ratio	Approximately 8%
- Consolidated net income RORA *	Approximately 1%
- Overhead ratio (SMBC non-consolidated basis)	40 - 45%

* Return on Risk-adjusted Assets

In addition, in order to increase return to shareholders, SMFG is aiming for a payout ratio of over 20% on a consolidated net income basis in fiscal 2009. During the period of the plan, SMFG expects ROE to be 10 - 15% on a consolidated net income basis.

3. Medium- to Long-term Management Strategy

In fiscal 2007, SMFG launched a medium-term management plan, "LEAD THE VALUE" Plan, for the three years until fiscal 2009 given the completion of repayment of public funds October 2006 and in response to the greatly changed business environment, including the economic situation and competitive environment.

In the plan, the basic policy of SMFG is to aim for "a globally competitive financial services group with the highest trust" by maximizing its strengths – "Spirit of Innovation," "Speed" and "Solution & Execution." Under this basic policy, SMFG has set the following three goals.

1. Aim for top quality in growth business areas
2. Realize solid financial base as a global player
3. Increase return to shareholders

Under the plan, SMFG will implement strategic initiatives centered on "strengthening targeted growth business areas" and "fortifying platform for supporting sustainable growth."

(1) Strengthen targeted growth business areas

SMFG will focus on business areas with high growth potential and achieve top quality in such areas by creating added values that exceed customers' expectations, thereby realizing sustainable growth. SMFG will especially strengthen the following seven growth areas.

- A) Financial consulting for individuals
- B) Solution providing for corporations
- C) Focused business areas in global markets
- D) Payment & settlement services, consumer finance
- E) Investment banking and trust business
- F) Proprietary investment
- G) Credit derivatives, trading & distribution

(2) Fortify platform to support sustainable growth

SMFG will maximize its ability to provide added value by (a) implementing an internal business performance evaluation system centered on medium-term targets and strategic measures, (b) establishing a framework for developing highly qualified professionals capable of challenging and achieving top quality in growth business areas, (c) reinforcing IT and operational infrastructure to support SMFG's business in a flexible manner, (d) strengthening compliance, and (e) improving ALM and risk management system.

SMFG and the group companies will make every effort to achieve the goals of the plan and cope with changes in business environment properly in order to realize sustainable growth and higher corporate value.

4. Issues to be Addressed

In the recent business environment with the continuing turmoil in financial markets and the growing concern over slowdown of both foreign and domestic economies, SMFG has 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. SMFG continues to maximize its core strengths, "Spirit of Innovation," "Speed" and "Solution & Execution," and thereby strengthen targeted growth business areas and fortify the platform for supporting sustainable growth.

(1) Strengthen targeted growth business areas**- "Financial consulting for individuals," "Payment & settlement services, consumer finance"**

For consumer customers, financial consulting business at Sumitomo Mitsui Banking Corporation (SMBC) will be upgraded further. SMBC will expand its product lineup to meet diversifying needs of its customers. Specifically, SMBC started to sell six kinds of insurance products such as whole life, term and medical insurance, when full-range sales of insurance products by banks were deregulated in December 2007. In addition, SMFG will fortify its lineup of investment trusts, pension-type insurances and an asset management service in which customers entrust their investments to SMBC Friend Securities. Also, SMBC will increase the number of financial consultants and enhance consultants' skills through trainings, and expand various types of channels such as branches, SMBC consulting plazas and SMBC consulting offices.

Next, in credit card business, according to the strategy announced in February 2008, Central Finance, OMC Card and QUOQ plan to merge in April 2009. Centered on the merged company and Sumitomo Mitsui Card, going forward, SMFG group aims for establishing "the number one credit card group in Japan" by leveraging allied companies' strength to maximize top-line synergies and by seeking economies of scale. Also, collaborative business with Promise will be further promoted through measures such as increasing the number of automatic contract machines in order to meet the sound cashing needs of customers with a variety of life styles.

- "Solution providing for corporations," "Investment banking and trust business"

For corporate customers, high quality solution will be provided further to meet customers' diversified needs. Specifically, SMBC will provide various financing techniques, such as syndicated loan and structured finance, and financial solutions for solving clients' managerial issues, such as business expansion and reorganization through M&A, through cooperation between marketing front and Corporate Advisory Division as well as collaboration with Daiwa Securities SMBC. Meanwhile, SMBC will further strengthen coverage in business areas where needs of individual customers and corporate customers co-exist, such as business succession consulting and workplace banking, through cooperation between marketing offices and Private Advisory Dept. Also, SMBC will promote collaboration between domestic and overseas channels through Global Advisory Dept. established in April 2008 and enhance solution providing capability for customers' needs of overseas expansion. Moreover, SMBC continues to strengthen measures in growth business areas such as businesses with growth companies, public institutions and local financial institutions, and environment-related businesses.

In leasing business, Sumitomo Mitsui Finance and Leasing was established through the merger of SMBC Leasing and Sumisho Lease in October 2007, based on a strategic alliance with SMFG and Sumitomo Corporation group. Going forward, Sumitomo Mitsui Finance and Leasing will provide more value added products and services leveraging the know-how of bank related leasing and trading company related leasing. Also, group-wide solution providing such as IT system development and IT consulting provided by JRI Solutions will be promoted further.

- “Focused business areas in global markets”

In global markets, SMFG designates Asia, expected to demonstrate a strong economic growth, as one of the most important market, and established an Asia Pacific Division within SMBC in April 2008 in order to respond flexibly and quickly to local business requirements in the region. Also, SMBC will strengthen initiatives in Asia by leveraging strategic alliances with local banks, such as Vietnam Export Import Commercial Joint Stock Bank and First Commercial Bank in Taiwan, agreed since last year. In addition, SMBC will further expand business franchises in growing market such as Middle-East, and further strengthen specific products which SMBC has competitive advantages, such as project finance and ship finance.

- “Proprietary investment,” “Credit derivatives, trading & distribution”

In “Proprietary investment” such as mezzanine, equity and fund investments, and in “Credit derivatives, trading & distribution,” under which we structure and distribute various types of risk taken through businesses such as corporate lending, SMFG will establish business platform to cope with changes in business environment flexibly and promptly, and capture business opportunities accurately.

(2) Fortify platform for supporting sustainable growth

SMFG continues to fortify its platform for supporting sustainable growth.

SMFG will further strengthen compliance through complying appropriately with both domestic and overseas laws and regulations. Also, SMFG will further strengthen function to reflect customer opinions and requests, thereby further improving customer satisfaction and service quality.

In addition, SMFG will strengthen risk management framework complying with the Basel II accord, which came into effect on March 31, 2007. Also, SMBC will enhance credit risk management further, through initiatives including the establishment of Credit Monitoring Dept. in April 2008, which provides support and guidance on credit risk management at corporate business offices.

Also, in the area of human resource management, SMFG will provide its dedicated and high motivated employees with opportunities to challenge higher positions and to broaden their coverage, thereby establishing a platform to provide customers with higher quality services.

Moreover, as one of our initiatives for becoming “a globally competitive financial services group with the highest trust,” SMFG began considering future listing on the New York Stock Exchange.

With the aim of increasing return to shareholders, SMFG plans to increase dividend per common share for fiscal 2008 by ¥2,000 compared with the dividend paid for fiscal 2007, to ¥14,000. (of which ¥7,000 per common share will be paid as interim dividend.) SMFG will continue to actively examine measures to further increase return to shareholders according to the progress in the medium-term management plan.

In fiscal 2008, through these initiatives, SMFG will take a step forward to accomplish the medium-term plan, and further increase SMFG’s value to its customers, shareholders, markets and society.

IV. Consolidated Financial Statements**Consolidated Balance Sheet**

March 31, 2008

(Millions of yen)

Assets:

Cash and due from banks	5,017,325
Call loans and bills bought	595,802
Receivables under resale agreements	357,075
Receivables under securities borrowing transactions	1,940,170
Commercial paper and other debt purchased	1,153,070
Trading assets	4,123,611
Money held in trust	7,329
Securities	23,517,501
Loans and bills discounted	62,144,874
Foreign exchanges	893,567
Other assets	4,951,587
Tangible fixed assets	820,411
Buildings	235,729
Land	463,225
Construction in progress	3,755
Other tangible fixed assets	117,700
Intangible fixed assets	332,525
Software	141,419
Goodwill	178,645
Other intangible fixed assets	12,460
Lease assets	1,425,097
Deferred tax assets	985,528
Customers' liabilities for acceptances and guarantees	4,585,141
Reserve for possible loan losses	(894,702)
Total assets	111,955,918

Liabilities:

Deposits	72,690,624
Negotiable certificates of deposit	3,078,149
Call money and bills sold	2,638,142
Payables under repurchase agreements	1,832,467
Payables under securities lending transactions	5,732,042
Trading liabilities	2,671,316
Borrowed money	4,279,034
Foreign exchanges	301,123
Short-term bonds	769,100
Bonds	3,969,308
Due to trust account	80,796
Other liabilities	3,916,427
Reserve for employee bonuses	29,267
Reserve for executive bonuses	1,171
Reserve for employee retirement benefits	38,701
Reserve for executive retirement benefits	7,998
Reserve for reimbursement of deposits	10,417
Reserve under special laws	1,118
Deferred tax liabilities	52,046
Deferred tax liabilities for land revaluation	47,446
Acceptances and guarantees	4,585,141
Total liabilities	106,731,842

Net assets:

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 liabilities and net assets	111,955,918

Consolidated Statement of Income

Year ended March 31, 2008	(Millions of yen)
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 of 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

Year ended March 31, 2008

(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

(Millions of yen)

	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

Consolidated Statement of Cash Flows

Year ended March 31, 2008

(Millions of yen)

1. Cash flows from operating activities:	
Income before income taxes and minority interests	928,955
Depreciation of fixed assets	83,346
Depreciation of lease assets	403,775
Losses on impairment of fixed assets	5,161
Amortization of goodwill	10,520
Equity in (earnings) losses of affiliates	41,760
Losses (gains) on sale of subsidiaries' shares and gains on change in equity of subsidiary	106
Net change in reserve for possible loan losses	(26,197)
Net change in reserve for employee bonuses	1,289
Net change in reserve for executive bonuses	1,146
Net change in reserve for employee retirement benefits	2,178
Net change in reserve for executive retirement benefits	295
Net change in reserve for reimbursement of deposits	10,417
Interest income	(2,145,451)
Interest expenses	935,067
Net (gains) losses on securities	29,146
Net (gains) losses from money held in trust	(227)
Net exchange (gains) losses	355,913
Net (gains) losses from disposal of fixed assets	1,550
Net (gains) losses from disposal of lease assets	(2,436)
Net change in trading assets	(864,864)
Net change in trading liabilities	747,776
Net change in loans and bills discounted	(3,372,601)
Net change in deposits	776,786
Net change in negotiable certificates of deposit	497,697
Net change in borrowed money (excluding subordinated debt)	333,136
Net change in deposits with banks	(241,409)
Net change in call loans and bills bought and others	34,765
Net change in receivables under securities borrowing transactions	336,724
Net change in call money and bills sold and others	2,044,633
Net change in payables under securities lending transactions	4,215,699
Net change in foreign exchanges (assets)	(14,713)
Net change in foreign exchanges (liabilities)	(22,916)
Net change in short-term bonds (liabilities)	42,500
Issuance and redemption of bonds (excluding subordinated bonds)	(220,801)
Net change in due to trust account	15,733
Interest received	2,146,724
Interest paid	(924,191)
Other, net	(326,054)
Subtotal	5,840,942
Income taxes paid	(58,353)
Net cash provided by operating activities	5,782,588
2. Cash flows from investing activities:	
Purchases of securities	(50,073,494)
Proceeds from sale of securities	35,014,774
Proceeds from maturity of securities	10,504,800
Purchases of money held in trust	(5,378)
Proceeds from sale of money held in trust	796
Purchases of tangible fixed assets	(71,301)
Proceeds from sale of tangible fixed assets	16,592
Purchases of intangible fixed assets	(64,918)
Proceeds from sale of intangible fixed assets	252
Purchases of lease assets	(457,070)
Proceeds from sale of lease assets	51,141
Proceeds from sale of stocks of subsidiaries	198
Purchases of stocks of subsidiaries	(2,951)
Net cash used in investing activities	(5,086,559)
3. Cash flows from financing activities:	
Proceeds from issuance of subordinated debt	40,000
Repayment of subordinated debt	(76,000)
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights	214,000
Repayment of subordinated bonds and bonds with stock acquisition rights	(47,000)
Dividends paid	(110,099)
Proceeds from minority stockholders	141,500
Dividends paid to minority stockholders	(60,239)
Purchases of treasury stock	(901)
Proceeds from disposal of treasury stock	853
Net cash provided by financing activities	102,112
4. Effect of exchange rate changes on cash and cash equivalents	(8,465)
5. Net change in cash and cash equivalents	789,676
6. Cash and cash equivalents at beginning of year	1,927,024
7. Change in cash and cash equivalents due to merger of consolidated subsidiaries	1,183
8. Change in cash and cash equivalents due to newly consolidated subsidiaries	18,870
9. Change in cash and cash equivalents due to exclusion of consolidated subsidiaries	(3)
10. Cash and cash equivalents at end of year	2,736,752

Significant Accounting Policies for Consolidated Financial Statements

1. Scope of consolidation

- (1) Consolidated subsidiaries 268 companies
 Principal companies: Sumitomo Mitsui Banking Corporation
 THE MINATO BANK, LTD.
 Kansai Urban Banking Corporation
 Sumitomo Mitsui Banking Corporation Europe Limited
 Manufacturers Bank
 Sumitomo Mitsui Finance and Leasing Company, Limited
 Sumitomo Mitsui Card Company, Limited
 QUOQ Inc.
 SMBC Finance Service Co., Ltd.
 SMBC Friend Securities Co., Ltd.
 The Japan Research Institute, Limited
 SMBC Capital Markets, Inc.

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

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

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

(2) Unconsolidated subsidiaries

Principal company: SBCS Co., Ltd.

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

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

Information on the fourteen special purpose entities, which are not regarded as subsidiaries pursuant to Article 8 Paragraph 7 of the Financial Statements Regulations, is reported on page 37.

"Implementation Guidance on Disclosures about Certain Special Purpose Entities" (ASBJ Guidance No. 15, issued on March 29, 2007) is effective from the fiscal year beginning on or after April 1, 2007, and SMFG has applied the guidance from this fiscal year.

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

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

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

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

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

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

(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 also excluded from the scope of equity method because their total amounts in terms of net income, retained earnings and deferred gains/losses on hedges are so immaterial that they do not hinder a rational judgment of SMFG's financial position and results of operations when excluded from the scope of equity method.

3. The balance sheet dates of consolidated subsidiaries

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

June 30	6	companies
July 31	2	companies
September 30	7	companies
October 31	2	companies
November 30	2	companies
December 31	122	companies
January 31	7	companies
February 29	6	companies
March 31	114	companies

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

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

4. Accounting policies

(1) Standards for recognition and measurement of trading assets/liabilities of trading assets/liabilities and trading profits/losses

Transactions for trading purposes (seeking gains arising from short-term changes in interest rates, currency exchange rates, or market prices of securities and other market related indices or from variation among markets) are included in "Trading assets" or "Trading liabilities" on the consolidated balance sheet on a trade date basis.

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.

Profits and losses on trading-purpose transactions are recognized on a trade date basis, and recorded as "Trading profits" and "Trading losses." Both accounts include interest received or paid during the fiscal year. The year-on-year valuation differences of securities and money claims are also recorded in the above-mentioned accounts. As for the derivatives, assuming that the settlement will be made in cash, the year-on-year valuation differences are also recorded in the above-mentioned accounts.

(2) Standards for recognition and measurement of securities

(a) Debt securities that consolidated subsidiaries have the positive intent and ability to hold to maturity are classified as held-to-maturity securities and are carried at amortized cost (straight-line method) using the moving-average method. Investments in unconsolidated subsidiaries and affiliates that are not accounted for by the equity method are carried at cost using the moving-average method. Securities other than trading purpose securities, held-to-maturity securities and investments in unconsolidated subsidiaries and affiliates are classified as "other securities" (available-for-sale securities). Stocks in other securities that have market prices are carried at their average market prices during the final month of the fiscal year, and bonds and others that have market prices are carried at their fiscal year-end market prices (cost of securities sold is calculated using primarily the moving-average method). Other securities with no available market prices are carried at cost or amortized cost using the moving-average method. Net unrealized gains (losses) on other securities, net of income taxes, are included in "Net assets."

(b) Securities included in money held in trust are carried in the same method as in (1) and (2) (a) above.

(3) Standards for recognition and measurement of derivative transactions

Derivative transactions, excluding those classified as trading derivatives, are carried at fair value, though some consolidated overseas subsidiaries account for derivative transactions in accordance with their local accounting standards.

(4) Depreciation

(a) Tangible fixed assets and lease assets

Tangible fixed assets owned by Sumitomo Mitsui Financial Group, Inc. (“SMFG”) 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 this fiscal year, 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 of this fiscal year.

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

(b) Intangible fixed assets

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

(5) 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.

Reserve for possible loan losses of 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) 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) Reserve for executive bonuses

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

(8) Reserve for employee retirement benefits

Reserve for employee retirement benefits is provided for payment of retirement benefits to employees, in the amount deemed accrued at the fiscal year-end, based on the projected retirement benefit obligation and the fair value of plan assets at the fiscal year-end.

Unrecognized prior service cost is amortized using the straight-line method, primarily over 9 years within the employees' average remaining service period at incurrence.

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) Reserve for executive retirement benefits

Reserve for executive retirement benefits is provided for payment of retirement benefits to directors, corporate auditors and other executive officers, in the amount deemed accrued at the fiscal year-end based on our internal regulations.

(10) Reserve for reimbursement of deposits

Reserve for reimbursement of deposits which were derecognized as liabilities under certain conditions is provided for the possible losses on the future claims of withdrawal based on the historical reimbursement experience. Formerly, deposits which were derecognized as liabilities were expensed when they were actually reimbursed. However, from the fiscal year ended March 31, 2008, such reserve is provided in the estimated amount 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) Reserve under special laws

Reserve under special laws is a reserve for contingent liabilities from financial instruments transactions of ¥1,118 million. This reserve is provided for compensation for losses from derivative transactions pursuant to Article 46-5 and Article 48-3 of the Financial Instruments and Exchange Law.

Reserve for contingent liabilities from financial futures and securities transactions 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, from the fiscal year ended March 31, 2008, reserve for contingent liabilities from financial instruments transactions is stated 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 SMFG and SMBC denominated in foreign currencies and accounts of SMBC overseas branches are translated into Japanese yen mainly at the exchange rate prevailing at the consolidated balance sheet date, with the exception of stocks of subsidiaries and affiliates translated at rates prevailing at the time of acquisition.

Other consolidated subsidiaries' assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at their respective balance sheet dates.

(13) Accounting method for lease transactions

Financing leases of SMFG and its consolidated domestic subsidiaries, excluding those in which the ownership of the property is transferred to the lessee, are accounted for in the same method as operating leases.

(14) Standards for recognizing lease-related income and expenses on lease transactions

(a) Recognition of lease-related income on lease transactions

Primarily, lease-related income is recognized on a straight-line basis over the full term of the lease, based on the contractual amount of lease fees per month.

(b) Recognition of income and expenses on installment sales

Primarily, installment-sales-related income and installment-sales-related expenses are recognized on a due-date basis over the full term of the installment sales.

(15) Hedge accounting

(a) Hedging against interest rate changes

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

SMBC applies deferred hedge accounting stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No.24) to portfolio hedges on groups of large-volume, small-value monetary claims and debts.

As for the portfolio hedges to offset market fluctuation, SMBC assesses the effectiveness of such hedges by classifying the hedged items (such as deposits and loans) and the hedging instruments (such as interest rate swaps) by their maturity. As for the portfolio hedges to fix cash flows, SMBC assesses the effectiveness of such hedges by verifying the correlation between the hedged items and the hedging instruments.

As for the individual hedges, SMBC also assesses the effectiveness of such individual hedges.

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.

(b) Hedging against currency fluctuations

SMBC applies deferred hedge accounting stipulated in “Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry” (JICPA Industry Audit Committee Report No.25) to currency swap and foreign exchange swap transactions executed for the purpose of lending or borrowing funds in different currencies.

Pursuant to JICPA Industry Audit Committee Report No.25, SMBC assesses the effectiveness of currency swap and foreign exchange swap transactions executed for the purpose of offsetting the risk of changes in currency exchange rates by verifying that there are foreign-currency monetary claims and debts corresponding to the foreign-currency positions.

In order to hedge risk arising from volatility of exchange rates for stocks of subsidiaries and affiliates and other securities (excluding bonds) denominated in foreign currencies, SMBC applies deferred hedge accounting or fair value hedge accounting, on the conditions that the hedged securities are designated in advance and that sufficient on-balance (actual) or off-balance (forward) liability exposure exists to cover the cost of the hedged securities denominated in the same foreign currencies.

(c) Transactions between consolidated subsidiaries

As for derivative transactions between consolidated subsidiaries or internal transactions between trading accounts and other accounts (or among internal sections), SMBC manages the interest rate swaps and currency swaps that are designated as hedging instruments in accordance with the strict criteria for external transactions stipulated in JICPA Industry Audit Committee Report No.24 and No.25. Therefore, SMBC accounts for the gains or losses that arise from interest rate swaps and currency swaps in its earnings or defers them, rather than eliminating them.

Certain other consolidated subsidiaries apply the deferred hedge accounting or the special treatment for interest rate swaps. A consolidated domestic subsidiary (a leasing company) partly applies the accounting method that is permitted by “Temporary Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Leasing Industry” (JICPA Industry Audit Committee Report No.19).

(16) Consumption tax

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

5. 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 SMFG acquires their control.

6. Amortization of goodwill

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

7. Scope of “Cash and cash equivalents” on Consolidated Statement of Cash Flows

For the purposes of presenting the consolidated statement of cash flows, “Cash and cash equivalents” are cash on hand and non-interest earning deposits with banks.

<Application of New Accounting Standards>

(Accounting Practices for Tax Effect Accounting on Consolidated Financial Statements)

From this fiscal year, SMFG has applied Article 30-2 of the “Accounting Practices for Tax Effect Accounting on Consolidated Financial Statements” (JICPA Accounting Practice Committee Report No. 6, issued on March 29, 2007) to sales of investments such as shares of subsidiaries within the group companies. As a result, net income decreased by ¥18,939 million compared with the former method.

(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. SMFG, accordingly, applied the revised accounting standards and practices from this fiscal year.

<Change of Presentation>

The Enforcement Ordinance of the Banking Law was revised on August 8, 2007 and effective on and after September 30, 2007. “Provision for reserve for contingent liabilities from financial futures transactions” and “Provision for reserve for contingent liabilities from securities transactions,” which were reported in “extraordinary losses,” are reported as “Provision for reserve for contingent liabilities from financial instruments transactions” from this 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 were reported in “extraordinary gains,” are reported as “Gains on reversal of reserve for contingent liabilities from financial instruments transactions” from this fiscal year.

Notes to Consolidated Balance Sheet

1. Amounts less than one million yen have been omitted.
2. Securities included stocks of unconsolidated subsidiaries and affiliates of ¥488,876 million and investments of ¥5,252 million.
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 Article 96-1-3 and 96-1-4 of the Enforcement Ordinance No.97 of the Japanese Corporate Tax Law (issued in 1965) and on which accrued interest income is not recognized as there is substantial doubt about the ultimate collectability of either principal or interest because they are past due for a considerable period of time or for other reasons.
“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.
“Restructured loans” are loans on which terms and conditions have been amended in favor of the borrowers (e.g. reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt forgiveness) in order to support the borrowers’ recovery from financial difficulties, excluding “Bankrupt loans,” “Non-accrual loans” and “Past due loans (3 months or more).”
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 to 7 above are the amounts before deduction of reserve for possible loan losses.
8. Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No.24. SMFG’s banking subsidiaries have rights to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions. The total face value 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 account 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") effective March 31, 1998 and the law concerning amendment of the Law effective March 31, 2001. The income taxes corresponding to the net unrealized gains are deferred and reported in "Liabilities" as "Deferred tax liabilities for land revaluation," and the net unrealized gains, net of deferred taxes, are reported as "Land revaluation excess" in "Net assets." Certain other consolidated subsidiaries revaluated their own land for business activities in accordance with the Law. The income taxes corresponding to the net unrealized gains are deferred and reported in "Liabilities" as "Deferred tax liabilities for land revaluation" and the net unrealized gains, net of deferred taxes, are reported as "Land revaluation excess" in "Net assets."
- Date of the revaluation
- SMBC:
March 31, 1998 and March 31, 2002
- Certain other consolidated subsidiaries:
March 31, 1999 and March 31, 2002
- Method of revaluation (stipulated in Article 3-3 of the Law)
- SMBC:
Fair values were determined by applying appropriate adjustments for land shape and timing of appraisal to the values stipulated in Article 2-3, 2-4 or 2-5 of the Enforcement Ordinance of the Law Concerning Land Revaluation (the Enforcement Ordinance No.119) effective March 31, 1998.
- Certain other consolidated subsidiaries:
Fair values were determined based on the values stipulated in Article 2-3 and 2-5 of the Enforcement Ordinance No.119.
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 bonds included in "Bonds" was ¥2,281,432 million.
16. The amount guaranteed by banking subsidiaries to privately-placed bonds (stipulated by Article 2-3 of Financial Instruments and Exchange Law) in "Securities" was ¥2,179,347 million.

Notes to Consolidated Statement of Income

1. Amounts less than one million yen have been omitted.
2. “Other income” included gains on sales of stocks and other securities of ¥61,509 million.
3. “Other expenses” included 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.
4. “Other extraordinary gains” included gains on change in equity due to mergers of subsidiaries of ¥103,133 million.
5. The difference between the 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.

(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 items		69
Kinki area	Branches 5 branches	Land and premises etc.	298
	Idle assets 18 items		3,086
Others	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 mainly using net realizable value which is based on appraisal value in accordance with the Real Estate Appraisal Standard less the expected sale costs.

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:

	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
Shares issued				
Common stock	7,733,653.77	—	—	7,733,653.77
Preferred stock (1st series type 4)	4,175	—	—	4,175
Preferred stock (2nd series type 4)	4,175	—	—	4,175
Preferred stock (3rd series type 4)	4,175	—	—	4,175
Preferred stock (4th series type 4)	4,175	—	—	4,175
Preferred stock (5th series type 4)	4,175	—	—	4,175
Preferred stock (6th series type 4)	4,175	—	—	4,175
Preferred stock (7th series type 4)	4,175	—	—	4,175
Preferred stock (8th series type 4)	4,175	—	—	4,175
Preferred stock (9th series type 4)	4,175	—	—	4,175
Preferred stock (10th series type 4)	4,175	—	—	4,175
Preferred stock (11th series type 4)	4,175	—	—	4,175
Preferred stock (12th series type 4)	4,175	—	—	4,175
Preferred stock (1st series type 6)	70,001	—	—	70,001
Total	7,853,754.77	—	—	7,853,754.77
Treasury shares				
Common stock	168,630.95	(*1) 895.01	(*2) 528.55	168,997.41
Total	168,630.95	895.01	528.55	168,997.41

(*1) 1. Increase in number of treasury common shares:

- 895.01 shares due to purchase of fractional shares

2. Decrease in number of treasury common shares:

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

- Information on stock acquisition rights is as follows:

	Detail of stock acquisition rights	Type of shares	Number of shares				Balance as of the fiscal year-end (Millions of yen)
			Previous fiscal year-end	Increase in the fiscal year	Decrease in the fiscal year	Fiscal year-end	
SMFG	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

(Millions of yen, except per share amount)

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

(2) Dividends to be paid in the next fiscal year

(Millions of yen, except per share amount)

Date of resolution	Type of shares	Aggregate amount of dividends	Source of dividends	Cash dividends per share	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 (1st series type 4)	281	Retained earnings	67,500	March 31, 2008	June 27, 2008
	Preferred stock (2nd series type 4)	281	Retained earnings	67,500	March 31, 2008	June 27, 2008
	Preferred stock (3rd series type 4)	281	Retained earnings	67,500	March 31, 2008	June 27, 2008
	Preferred stock (4th series type 4)	281	Retained earnings	67,500	March 31, 2008	June 27, 2008
	Preferred stock (5th series type 4)	281	Retained earnings	67,500	March 31, 2008	June 27, 2008
	Preferred stock (6th series type 4)	281	Retained earnings	67,500	March 31, 2008	June 27, 2008
	Preferred stock (7th series type 4)	281	Retained earnings	67,500	March 31, 2008	June 27, 2008
	Preferred stock (8th series type 4)	281	Retained earnings	67,500	March 31, 2008	June 27, 2008
	Preferred stock (9th series type 4)	281	Retained earnings	67,500	March 31, 2008	June 27, 2008
	Preferred stock (10th series type 4)	281	Retained earnings	67,500	March 31, 2008	June 27, 2008
	Preferred stock (11th series type 4)	281	Retained earnings	67,500	March 31, 2008	June 27, 2008
	Preferred stock (12th series type 4)	281	Retained earnings	67,500	March 31, 2008	June 27, 2008
	Preferred stock (1st series type 6)	3,097	Retained earnings	44,250	March 31, 2008	June 27, 2008

Notes to Consolidated Statement of Cash Flows

- Amounts less than one million yen have been omitted.
- Reconciliation of “Cash and due from banks” of the consolidated balance sheet to “Cash and cash equivalents” at the fiscal year-end is as follows:

March 31, 2008	(Millions of yen)
Cash and due from banks	¥ 5,017,325
Interest-earning deposits	(2,280,573)
Cash and cash equivalents	<u>¥ 2,736,752</u>

3. Significant non-money transactions

- QUOQ Inc. and two other companies became consolidated subsidiaries of SMFG due to increases in voting rights. Their major assets and liabilities are as follows:

	(Millions of yen)
Assets	¥ 1,504,288
[Other assets]	[548,428]
[Customers' liabilities for acceptances and guarantees]	[891,593]
Liabilities	¥ 1,471,831
[Borrowed money]	[436,628]
[Acceptances and guarantees]	[891,593]

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

	(Millions of yen)
Assets	¥ 1,392,490
[Lease assets]	[632,224]
[Loans and bills discounted]	[329,069]
Liabilities	¥ 1,249,703
[Borrowed money]	[571,741]
[Short-term bonds]	[393,000]

- SMBC Auto Leasing Company, Limited and one other company were excluded from the scope of consolidation due to a merger with Sumisho Auto Leasing Corporation. Their major assets and liabilities are as follows:

	(Millions of yen)
Assets	¥ 305,751
[Lease assets]	[221,725]
Liabilities	¥ 289,379
[Borrowed money]	[144,561]
[Short-term bonds]	[106,000]

Year ended March 31, 2007

(Millions of yen)

	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at March 31, 2006	1,420,877	1,229,225	992,064	(4,393)	3,637,773
Changes in the year					
Increase due to exchange of shares		221,365			221,365
Cash dividends			(47,951)		(47,951)
Net income			441,351		441,351
Acquisition of own shares				(1,519,599)	(1,519,599)
Disposal of treasury shares		3,459		4,260	7,720
Retirement of treasury shares		(1,396,277)		1,396,277	—
Increase due to increase of subsidiaries			396		396
Increase due to decrease of subsidiaries			22		22
Decrease due to increase of subsidiaries			(16)		(16)
Decrease due to decrease of subsidiaries			(5)		(5)
Transfer from land revaluation excess			575		575
Net changes in the items other than stockholders' equity in the year					
Net changes in the year	—	(1,171,452)	394,372	(119,061)	(896,141)
Balance at March 31, 2007	1,420,877	57,773	1,386,436	(123,454)	2,741,632

(Millions of yen)

	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, 2006	819,927	—	38,173	(41,475)	816,625	—	1,113,025	5,567,424
Changes in the year								
Increase due to exchange of shares								221,365
Cash dividends								(47,951)
Net income								441,351
Acquisition of own shares								(1,519,599)
Disposal of treasury shares								7,720
Retirement of treasury shares								—
Increase due to increase of subsidiaries								396
Increase due to decrease of subsidiaries								22
Decrease due to increase of subsidiaries								(16)
Decrease due to decrease of subsidiaries								(5)
Transfer from land revaluation excess								575
Net changes in the items other than stockholders' equity in the year	442,207	(87,729)	(568)	10,818	364,728	14	295,254	659,996
Net changes in the year	442,207	(87,729)	(568)	10,818	364,728	14	295,254	(236,144)
Balance at March 31, 2007	1,262,135	(87,729)	37,605	(30,656)	1,181,353	14	1,408,279	5,331,279

Comparative Consolidated Balance Sheets (Condensed)

(Millions of yen)

March 31,	2008 (A)	2007 (B)	Change (A-B)
Assets:			
Cash and due from banks	5,017,325	4,036,856	980,469
Call loans and bills bought	595,802	1,107,078	(511,276)
Receivables under resale agreements	357,075	76,551	280,524
Receivables under securities borrowing transactions	1,940,170	2,276,894	(336,724)
Commercial paper and other debt purchased	1,153,070	963,916	189,154
Trading assets	4,123,611	3,277,885	845,726
Money held in trust	7,329	2,924	4,405
Securities	23,517,501	20,537,500	2,980,001
Loans and bills discounted	62,144,874	58,689,322	3,455,552
Foreign exchanges	893,567	881,436	12,131
Other assets	4,951,587	3,349,949	1,601,638
Tangible fixed assets	820,411	817,567	2,844
Intangible fixed assets	332,525	234,896	97,629
Lease assets	1,425,097	1,001,346	423,751
Deferred tax assets	985,528	887,224	98,304
Customers' liabilities for acceptances and guarantees	4,585,141	3,606,050	979,091
Reserve for possible loan losses	(894,702)	(889,093)	(5,609)
Total assets	111,955,918	100,858,309	11,097,609
Liabilities:			
Deposits	72,690,624	72,156,224	534,400
Negotiable certificates of deposit	3,078,149	2,589,217	488,932
Call money and bills sold	2,638,142	2,286,698	351,444
Payables under repurchase agreements	1,832,467	140,654	1,691,813
Payables under securities lending transactions	5,732,042	1,516,342	4,215,700
Trading liabilities	2,671,316	1,942,973	728,343
Borrowed money	4,279,034	3,214,137	1,064,897
Foreign exchanges	301,123	323,890	(22,767)
Short-term bonds	769,100	439,600	329,500
Bonds	3,969,308	4,093,525	(124,217)
Due to trust account	80,796	65,062	15,734
Other liabilities	3,916,427	2,981,714	934,713
Reserve for employee bonuses	29,267	27,513	1,754
Reserve for executive bonuses	1,171	–	1,171
Reserve for employee retirement benefits	38,701	34,424	4,277
Reserve for executive retirement benefits	7,998	7,371	627
Reserve for reimbursement of deposits	10,417	–	10,417
Reserve under special laws	1,118	1,137	(19)
Deferred tax liabilities	52,046	50,953	1,093
Deferred tax liabilities for land revaluation	47,446	49,536	(2,090)
Acceptances and guarantees	4,585,141	3,606,050	979,091
Total liabilities	106,731,842	95,527,029	11,204,813
Total net assets	5,224,076	5,331,279	(107,203)
Total liabilities and net assets	111,955,918	100,858,309	11,097,609

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

Comparative Consolidated Statements of Income (Condensed)

	(Millions of yen)		
Year ended March 31,	2008	2007	Change
	(A)	(B)	(A-B)
Ordinary income:	4,623,545	3,901,259	722,286
Interest income	2,145,451	1,979,069	166,382
Interest on loans and discounts	1,557,823	1,375,851	181,972
Interest and dividends on securities	333,255	369,770	(36,515)
Trust fees	3,752	3,508	244
Fees and commissions	704,283	705,998	(1,715)
Trading profits	469,571	127,561	342,010
Other operating income	1,212,635	1,003,632	209,003
Other income	87,850	81,489	6,361
Ordinary expenses:	3,792,384	3,102,649	689,735
Interest expenses	935,067	810,476	124,591
Interest on deposits	495,690	457,078	38,612
Fees and commissions	92,289	96,812	(4,523)
Trading losses	-	1,936	(1,936)
Other operating expenses	1,392,089	1,004,370	387,719
General and administrative expenses	978,896	888,561	90,335
Other expenses	394,041	300,491	93,550
Ordinary profit	831,160	798,610	32,550
Extraordinary gains	115,495	46,527	68,968
Extraordinary losses	17,700	38,347	(20,647)
Income before income taxes and minority interests	928,955	806,790	122,165
Income taxes			
Current	103,900	87,818	16,082
Deferred	282,538	218,770	63,768
Minority interests in net income	80,980	58,850	22,130
Net income	461,536	441,351	20,185

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

Comparative Consolidated Statements of Cash Flows

	(Millions of yen)		
Year ended March 31,	2008	2007	Change
	(A)	(B)	(A-B)
I. Cash flows from operating activities:			
Income before income taxes and minority interests	928,955	806,790	122,165
Depreciation of fixed assets	83,346	78,869	4,477
Depreciation of lease assets	403,775	335,399	68,376
Losses on impairment of fixed assets	5,161	30,548	(25,387)
Amortization of goodwill	10,520	4,858	5,662
Equity in losses (earnings) of affiliates	41,760	104,170	(62,410)
Losses (gains) on sale of subsidiaries' shares and gains on change in equity of subsidiary	106	(5,072)	5,178
Net change in reserve for possible loan losses	(26,197)	(146,971)	120,774
Net change in reserve for employee bonuses	1,289	2,128	(839)
Net change in reserve for executive bonuses	1,146	-	1,146
Net change in reserve for employee retirement benefits	2,178	(2,639)	4,817
Net change in reserve for executive retirement benefits	295	7,371	(7,076)
Net change in reserve for reimbursement of deposits	10,417	-	10,417
Interest income	(2,145,451)	(1,979,069)	(166,382)
Interest expenses	935,067	810,476	124,591
Net (gains) losses on securities	29,146	71,686	(42,540)
Net (gains) losses from money held in trust	(227)	(0)	(227)
Net exchange (gains) losses	355,913	(103,541)	459,454
Net (gains) losses from disposal of fixed assets	1,550	3,067	(1,517)
Net (gains) losses from disposal of lease assets	(2,436)	(1,364)	(1,072)
Net change in trading assets	(864,864)	767,067	(1,631,931)
Net change in trading liabilities	747,776	(969,090)	1,716,866
Net change in loans and bills discounted	(3,372,601)	(1,376,693)	(1,995,908)
Net change in deposits	776,786	1,307,266	(530,480)
Net change in negotiable certificates of deposit	497,697	(136,304)	634,001
Net change in borrowed money (excluding subordinated debt)	333,136	1,141,752	(808,616)
Net change in deposits with banks	(241,409)	(157,092)	(84,317)
Net change in call loans and bills bought and others	34,765	(612,297)	647,062
Net change in receivables under securities borrowing transactions	336,724	(320,243)	656,967
Net change in call money and bills sold and others	2,044,633	(5,994,528)	8,039,161
Net change in commercial paper	-	(10,000)	10,000
Net change in payables under securities lending transactions	4,215,699	(1,230,782)	5,446,481
Net change in foreign exchanges (assets)	(14,713)	66,917	(81,630)
Net change in foreign exchanges (liabilities)	(22,916)	(124,047)	101,131
Net change in short-term bonds (liabilities)	42,500	55,700	(13,200)
Issuance and redemption of bonds (excluding subordinated bonds)	(220,801)	(198,091)	(22,710)
Net change in due to trust account	15,733	(253,534)	269,267
Interest received	2,146,724	1,966,949	179,775
Interest paid	(924,191)	(774,678)	(149,513)
Other, net	(326,054)	197,841	(523,895)
Subtotal	5,840,942	(6,637,179)	12,478,121
Income taxes paid	(58,353)	(123,561)	65,208
Net cash provided by (used in) operating activities	5,782,588	(6,760,740)	12,543,328
2. Cash flows from investing activities:			
Purchases of securities	(50,073,494)	(35,085,809)	(14,987,685)
Proceeds from sale of securities	35,014,774	21,544,154	13,470,620
Proceeds from maturity of securities	10,504,800	18,886,454	(8,381,654)
Purchases of money held in trust	(5,378)	-	(5,378)
Proceeds from sale of money held in trust	796	-	796
Purchases of tangible fixed assets	(71,301)	(193,614)	122,313
Proceeds from sale of tangible fixed assets	16,592	8,474	8,118
Purchases of intangible fixed assets	(64,918)	(57,506)	(7,412)
Proceeds from sale of intangible fixed assets	252	6	246
Purchases of lease assets	(457,070)	(383,526)	(73,544)
Proceeds from sale of lease assets	51,141	48,392	2,749
Proceeds from sale of stocks of subsidiaries	198	3,745	(3,547)
Purchases of stocks of subsidiaries	(2,951)	(1,317)	(1,634)
Net cash (used in) provided by investing activities	(5,086,559)	4,769,454	(9,856,013)
3. Cash flows from financing activities:			
Proceeds from issuance of subordinated debt	40,000	20,000	20,000
Repayment of subordinated debt	(76,000)	(83,000)	7,000
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights	214,000	196,951	17,049
Repayment of subordinated bonds and bonds with stock acquisition rights	(47,000)	(181,283)	134,283
Dividends paid	(110,099)	(47,926)	(62,173)
Proceeds from minority stockholders	141,500	360,362	(218,862)
Dividends paid to minority stockholders	(60,239)	(46,724)	(13,515)
Purchases of treasury stock	(901)	(1,474,644)	1,473,743
Proceeds from sale of treasury stock	853	11,320	(10,467)
Net cash provided by (used in) financing activities	102,112	(1,244,945)	1,347,057
4. Effect of exchange rate changes on cash and cash equivalents	(8,465)	3,434	(11,899)
5. Net change in cash and cash equivalents	789,676	(3,232,797)	4,022,473
6. Cash and cash equivalents at beginning of year	1,927,024	5,159,822	(3,232,798)
7. Change in cash and cash equivalents due to merger of consolidated subsidiaries	1,183	-	1,183
8. Change in cash and cash equivalents due to newly consolidated subsidiaries	18,870	0	18,870
9. Change in cash and cash equivalents due to exclusion of consolidated subsidiaries	(3)	-	(3)
10. Cash and cash equivalents at end of year	2,736,752	1,927,024	809,728

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

Market Value of Securities and Money Held in Trust**1. Securities**

(Note)

The amounts shown in the following tables include trading securities and short-term bonds classified as "Trading assets," negotiable certificates of deposit bought classified as "Cash and due from banks" and beneficiary claims on loan trusts classified as "Commercial paper and other debt purchased," in addition to "Securities" stated in the consolidated balance sheet.

(1) Securities classified as trading purposes

As of March 31, 2008	(Millions of yen)	
	Consolidated balance sheet amount	Valuations gains (losses) included in the earnings for the fiscal year
Securities classified as trading purposes	1,114,812	313

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

As of March 31, 2008	(Millions of yen)				
	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds	614,281	625,028	10,747	12,035	1,287
Japanese local government bonds	97,311	98,903	1,591	1,591	-
Japanese corporate bonds	390,070	394,679	4,608	4,752	143
Other	9,178	8,985	(192)	-	192
Total	1,110,841	1,127,597	16,755	18,379	1,623

(Note) Market value is calculated using market prices at the fiscal year-end.

(3) Other securities with market value

As of March 31, 2008	(Millions of yen)				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	1,954,723	2,890,952	936,228	999,414	63,186
Bonds	9,864,246	9,731,353	(132,892)	18,645	151,537
Japanese government bonds	8,858,202	8,725,687	(132,515)	16,924	149,439
Japanese local government bonds	342,677	341,916	(760)	308	1,069
Japanese corporate bonds	663,366	663,750	383	1,412	1,028
Other	5,295,371	5,237,455	(57,915)	24,469	82,385
Total	17,114,341	17,859,762	745,420	1,042,530	297,109

(Notes)

1. Consolidated balance sheet amount is calculated as follows:

Stocks	Average market prices during one month before the fiscal year-end
Bonds and other	Market prices at the fiscal year-end

2. Other securities with market value are considered as impaired if the market value decreases materially below the acquisition cost and such decline is not considered as recoverable. The market value is recognized as the consolidated balance sheet amount and the amount of write-down is accounted for as valuation loss for the fiscal year. Valuation loss for the fiscal year was ¥96,455 million. The rule for determining "material decline" is as follows and is based on the classification of issuing company under self-assessment of assets.

Bankrupt/ Effectively bankrupt/ Potentially bankrupt issuers	: Market value is lower than acquisition cost.
Issuers requiring caution	: Market value is 30% or more lower than acquisition cost.
Normal issuers	: Market value is 50% or more lower than acquisition cost.

Bankrupt issuers: Issuers that are legally bankrupt or formally declared bankrupt.

Effectively bankrupt issuers: Issuers that are not legally bankrupt but regarded as substantially bankrupt.

Potentially bankrupt issuers: Issuers that are not bankrupt now, but are perceived to have a high risk of falling into bankruptcy.

Issuers requiring caution: Issuers that are identified for close monitoring.

Normal issuers: Issuers other than the above four categories of issuers.

(4) Held-to-maturity bonds sold during the fiscal year

There are no corresponding transactions.

(5) Other securities sold during the fiscal year

Year ended March 31, 2008	(Millions of yen)		
	Sales amount	Gains on sales	Losses on sales
Other securities	35,013,724	169,352	33,521

(6) Securities not stated at market value

As of March 31, 2008	(Millions of yen)
	Consolidated balance sheet amount
Bonds classified as held-to-maturity	
Unlisted foreign securities	7
Other	11,672
Other securities	
Unlisted stocks (excluding OTC stocks)	377,123
Unlisted bonds	2,826,953
Unlisted foreign securities	724,557
Other	567,374

(7) Change of classification of securities

There are no corresponding transactions.

(8) Redemption schedule of other securities with maturities and held-to-maturity bonds

As of March 31, 2008	(Millions of yen)			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Bonds	2,572,065	7,672,897	1,675,020	1,739,846
Japanese government bonds	1,919,514	5,205,946	521,200	1,693,316
Japanese local government bonds	142,310	142,937	153,582	398
Japanese corporate bonds	510,240	2,324,013	1,000,238	46,131
Other	825,298	3,847,580	580,263	562,258
Total	3,397,364	11,520,477	2,255,284	2,302,105

2. Money Held in Trust

(1) Money held in trust classified as trading purposes

As of March 31, 2008	(Millions of yen)	
	Consolidated balance sheet amount	Valuations gains (losses) included in the earnings for the fiscal year
Money held in trust classified as trading purposes	1,488	3

(2) Money held in trust classified as held-to-maturity

There are no corresponding transactions.

(3) Other money held in trust

As of March 31, 2008	(Millions of yen)				
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Other money held in trust	5,870	5,841	(29)	–	29

(Note) Consolidated balance sheet amount is calculated using market prices at the fiscal year-end.

3. Net Unrealized Gains on Other Securities and Other Money Held in Trust

Net unrealized gains on other securities that is reported on the consolidated balance sheet is shown as follows:

As of March 31, 2008	(Millions of yen)
Net unrealized gains	745,330
Other securities	745,359
Other money held in trust	(29)
(–) Deferred tax liabilities	192,478
Net unrealized gains on other securities (before following adjustment)	<u>552,851</u>
(–) Minority interests	1,632
(+) SMFG's interest in net unrealized gains on valuation of other securities held by affiliates accounted for by the equity method	<u>(570)</u>
Net unrealized gains on other securities	<u><u>550,648</u></u>

(Note)

Net unrealized gains included foreign currency translation adjustments on non-marketable securities denominated in foreign currency.

Employee Retirement Benefits

1. Outline of employee retirement benefits

Consolidated subsidiaries in Japan have contributory funded defined benefit pension plans such as employee pension plans, qualified pension plans and lump-sum severance indemnity plans. A consolidated subsidiary in Japan adopts defined-contribution pension plan. Certain domestic consolidated subsidiaries have general type of employee pension plans. They may grant additional benefits in case where certain requirements are met when employees retire.

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

2. Projected benefit obligation

As of March 31, 2008		(Millions of yen)
Projected benefit obligation	(A)	(919,082)
Plan assets	(B)	975,920
Unfunded projected benefit obligation	(C) = (A)+(B)	56,838
Unrecognized net actuarial gain or loss	(D)	153,949
Unrecognized prior service cost	(E)	(37,118)
Net amount recorded on the consolidated balance sheet	(F) = (C)+(D)+(E)	173,669
Prepaid pension cost	(G)	212,370
Reserve for employee retirement benefits	(F)-(G)	(38,701)

(Note)

Some consolidated subsidiaries adopt simple method in calculating projected benefit obligation.

3. Pension expenses

Year ended March 31, 2008	(Millions of yen)
Service cost	19,947
Interest cost on projected benefit obligation	22,414
Expected return on plan assets	(32,407)
Amortization of unrecognized net actuarial gain or loss	4,546
Amortization of unrecognized prior service cost	(11,182)
Other (nonrecurring additional retirement allowance paid and other)	2,544
Pension expenses	5,863

(Notes)

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

2. Premium paid to defined-contribution pension is included in "Other."

4. Assumptions

Year ended March 31, 2008	
(1) Discount rate	1.4% - 2.5%
(2) Expected rate of return on plan assets	0% - 4.5%
(3) Allocation of estimated amount of retirement benefits	Allocated to each period by the straight-line method
(4) Term to amortize unrecognized prior service cost	Mainly 9 years (amortized using the straight-line method, within the employees' average remaining service period at incurrence)
(5) Term to amortize unrecognized net actuarial gain or loss	Mainly 9 years (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)

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) SMFG

(a) Outline of stock options

Date of resolution	June 27, 2002
Title and number of grantees	Directors and employees of SMFG and SMBC 677
Number of stock options	Common shares 1,620
Grant date	August 30, 2002
Condition for vesting	N.A.
Requisite service period	N.A.
Exercise period	June 28, 2004 to June 27, 2012

(b) Stock options granted and changes

Number of stock options

Date of resolution	June 27, 2002
Before vested	
Previous fiscal year-end	–
Granted	–
Forfeited	–
Vested	–
Outstanding	–
After vested	
Previous fiscal year-end	1,116
Vested	–
Exercised	35
Forfeited	–
Exercisable	1,081

Price information (Yen)

Date of resolution	June 27, 2002
Exercise price	¥669,775
Average exercise price	¥1,188,285
Fair value at the grant date	–

(2) A consolidated subsidiary, Kansai Urban Banking Corporation

(a) Outline of stock options

Date of resolution	June 28, 2001	June 27, 2002	June 27, 2003	June 29, 2004	June 29, 2005
Title and number of grantees	Directors and employees 45	Directors and employees 44	Directors and employees 65	Directors and employees 174	Directors and employees 183
Number of stock options	Common shares 238,000	Common shares 234,000	Common shares 306,000	Common shares 399,000	Common shares 464,000
Grant date	July 31, 2001	July 31, 2002	July 31, 2003	July 30, 2004	July 29, 2005
Condition for vesting	N.A.	N.A.	N.A.	N.A.	N.A.
Requisite service period	N.A.	N.A.	N.A.	N.A.	N.A.
Exercise period	June 29, 2003 to June 28, 2011	June 28, 2004 to June 27, 2012	June 28, 2005 to June 27, 2013	June 30, 2006 to June 29, 2014	June 30, 2007 to June 29, 2015

Date of resolution	June 29, 2006	June 29, 2006	June 28, 2007	June 28, 2007
Title and number of grantees	Directors 9	Officers not doubling as directors 14 Employees 46	Directors 10	Officers not doubling as directors 14 Employees 48
Number of stock options	Common shares 162,000	Common shares 115,000	Common shares 174,000	Common shares 112,000
Grant date	July 31, 2006	July 31, 2006	July 31, 2007	July 31, 2007
Condition for vesting	N.A.	N.A.	N.A.	N.A.
Requisite service period	N.A.	N.A.	N.A.	N.A.
Exercise period	June 30, 2008 to June 29, 2016	June 30, 2008 to June 29, 2016	June 29, 2009 to June 28, 2017	June 29, 2009 to June 28, 2017

(b) Stock options granted and changes

Number of stock options

Date of resolution	June 28, 2001	June 27, 2002	June 27, 2003	June 29, 2004	June 29, 2005
Before vested					
Previous fiscal year-end	–	–	–	–	464,000
Granted	–	–	–	–	–
Forfeited	–	–	–	–	–
Vested	–	–	–	–	464,000
Outstanding	–	–	–	–	–
After vested					
Previous fiscal year-end	174,000	174,000	256,000	363,000	–
Vested	–	–	–	–	464,000
Exercised	52,000	16,000	26,000	33,000	13,000
Forfeited	–	–	–	–	–
Exercisable	122,000	158,000	230,000	330,000	451,000

Date of resolution	June 29, 2006	June 29, 2006	June 28, 2007	June 28, 2007
Before vested				
Previous fiscal year-end	162,000	115,000	–	–
Granted	–	–	174,000	112,000
Forfeited	–	–	–	–
Vested	–	–	–	–
Outstanding	162,000	115,000	174,000	112,000
After vested				
Previous fiscal year-end	–	–	–	–
Vested	–	–	–	–
Exercised	–	–	–	–
Forfeited	–	–	–	–
Exercisable	–	–	–	–

Price information

(Yen)

Date of resolution	June 28, 2001	June 27, 2002	June 27, 2003	June 29, 2004	June 29, 2005
Exercise price	¥155	¥131	¥179	¥202	¥313
Average exercise price	¥415	¥358	¥360	¥380	¥335
Fair value at the grant date	–	–	–	–	–

Date of resolution	June 29, 2006	June 29, 2006	June 28, 2007	June 28, 2007
Exercise price	¥490	¥490	¥461	¥461
Average exercise price	–	–	–	–
Fair value at the grant date	¥138	¥138	¥96	¥96

(c) Valuation technique used for valuating fair value of stock options

Stock options granted in the fiscal year 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 (*1)	36.91%
Average expected life (*2)	5 years
Expected dividends (*3)	¥5 per share
Risk-free interest rate (*4)	1.39%

(*1) 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.

Segment Information

1. Business segment information

Year ended March 31, 2008		(Millions of yen)				
	Banking business	Leasing business	Other business	Total	Elimination	Consolidated
Ordinary income						
(1) External customers	3,185,057	945,193	493,293	4,623,545	–	4,623,545
(2) Intersegment	58,113	20,644	249,030	327,788	(327,788)	–
Total	3,243,171	965,837	742,324	4,951,333	(327,788)	4,623,545
Ordinary expenses	2,501,702	921,338	669,064	4,092,105	(299,720)	3,792,384
Ordinary profit	741,469	44,499	73,259	859,228	(28,067)	831,160
Assets	107,336,930	3,020,106	6,707,715	117,064,752	(5,108,833)	111,955,918
Depreciation	61,223	399,910	25,972	487,106	16	487,122
Losses on impairment of fixed assets	4,740	109	310	5,161	–	5,161
Capital expenditure	99,277	458,002	36,007	593,286	3	593,290

(Notes)

- The business segmentation is classified based on SMFG's internal administrative purpose.
Ordinary income and ordinary profit are presented as counterparts of sales and operating profit of companies in other industries.
- "Other business" includes securities, credit card business, investment banking, loans, venture capital, system development and information processing.
- Amount of assets that are included in "Elimination and unallocated corporate assets" is ¥4,101,536 million, most of which are stocks of SMFG's subsidiaries and affiliates.

2. Geographic segment information

Year ended March 31, 2008		(Millions of yen)					
	Japan	The Americas	Europe and Middle East	Asia and Oceania	Total	Elimination	Consolidated
Ordinary income							
(1) External customers	3,911,887	280,556	249,321	181,780	4,623,545	–	4,623,545
(2) Intersegment	121,804	59,437	11,000	39,046	231,289	(231,289)	–
Total	4,033,692	339,994	260,321	220,826	4,854,834	(231,289)	4,623,545
Ordinary expenses	3,359,217	240,378	249,869	156,831	4,006,298	(213,913)	3,792,384
Ordinary profit	674,474	99,615	10,451	63,994	848,536	(17,375)	831,160
Assets	96,694,481	7,590,359	4,875,150	5,501,957	114,661,949	(2,706,030)	111,955,918

(Notes)

- The geographic segmentation is classified based on the degrees of following factors:
geographic proximity, similarity of economic activities and relationship of business activities among regions.
Ordinary income and ordinary profit are presented as counterparts of sales and operating profit of companies in other industries.
- The Americas includes the United States, Brazil, Canada and others; Europe and Middle East includes the United Kingdom, Germany, France and others; Asia and Oceania includes Hong Kong, Singapore, Australia and others except Japan.
- Amount of assets that are included in "Elimination and unallocated corporate assets" is ¥4,101,536 million, most of which are stocks of SMFG's subsidiaries and affiliates.

3. Ordinary income from overseas operations

Year ended March 31, 2008	(Millions of yen)
Consolidated ordinary income from overseas operations (A)	711,657
Consolidated ordinary income (B)	4,623,545
(A) / (B)	15.4 %

(Notes)

- Consolidated ordinary income from overseas operations are presented as counterparts of overseas sales of companies in other industries.
- The above table shows ordinary income from transactions of overseas branches of SMBC and transactions of overseas consolidated subsidiaries, excluding internal income. These extensive transactions are not categorized by transaction party and the geographic segment information is not presented because such information is not available.

Special Purpose Entities

SMBC, a consolidated subsidiary of SMFG, provides credit lines, liquidity lines and loans to fourteen special purpose entities ("SPEs") for their fund needs and issuing of commercial papers. The SPEs are engaged in purchases of monetary claims such as receivables from SMBC customers, and incorporated under the laws of the Cayman Islands or as intermediate corporations with limited liabilities.

The combined assets and liabilities of the fourteen SPEs as of their most recent closing dates were ¥3,219,524 million and ¥3,219,835 million, respectively. SMBC has no voting rights in the SPEs and sends no directors or employees.

The amounts of transactions with these SPEs in the fiscal year ended March 31, 2008 are as follows:

(Millions of yen)

	Balances of principal transactions as of March 31, 2008	Principal profit or loss for the fiscal year ended March 31, 2008	
		Item	Amount
Loans and bills discounted	¥ 1,803,952	Interest on loans and discounts	¥ 25,194
Credit lines	905,533	Fees and commissions	2,509
Liquidity lines	326,074	—	—

Business Combinations

A merger of leasing companies and a merger of auto leasing companies

SMFG, SMBC Leasing Company, Limited (“SMBC Leasing”) and SMBC Auto Leasing Company, Limited (“SMBC Auto Leasing”) reached a final agreement with Sumitomo Corporation, Sumisho Lease Co., Ltd. (“Sumisho Lease”) and Sumisho Auto Leasing Corporation (“Sumisho Auto Lease”) on July 30, 2007 concerning strategic joint businesses in leasing and auto leasing business and mergers of two businesses (a merger between SMBC Leasing and Sumisho Lease, and a merger between SMBC Auto Leasing and Sumisho Auto Lease). They also concluded “Basic Agreement Concerning the Joint Business” and “Merger Agreement” with respect to the two businesses. In accordance with the merger agreements, SMBC Leasing and Sumisho Lease merged on October 1, 2007, and SMBC Auto Leasing and Sumisho Auto Lease also merged on the same day.

<Purchase method>

A merger of leasing companies

1. Outline of the business combination of leasing companies

(1) Name and business of the acquired company

Sumisho Lease (Leasing business)

(2) Reason for the business combination

SMBC Leasing and Sumisho Lease have merged with the aim of achieving the highest leasing volume in Japan by leveraging the blue-chip customer bases of both the SMFG Group and the Sumitomo Corporation Group, and to create a high quality leasing company that can respond accurately and timely to market needs which are becoming increasingly sophisticated, by combining and blending the finance know-how of SMBC Leasing as a subsidiary of a bank and the product and distribution know-how of Sumisho Lease as a subsidiary of a trading company, thereby promoting diversification and differentiation of products and providing more value-added products going beyond traditional approaches.

(3) Date of the business combination

October 1, 2007

(4) Legal form of business combination

The merger was a merger procedure by absorption with Sumisho Lease as the surviving company and SMBC Leasing was dissolved.

(Name of the merged company: Sumitomo Mitsui Finance and Leasing Company, Limited)

(5) Name of the entity after the business combination

Sumitomo Mitsui Financial Group, Inc.

(6) Percentage share of voting rights SMFG has acquired

55%

2. Period of the acquired company’s financial results included in the consolidated financial statements

From October 1, 2007 to March 31, 2008

3. Acquisition cost of the acquired company

45% of the fair value of SMBC Leasing’s common stock	¥140,648 million
45% of the fair value of SMBC Leasing’s preferred stock	24,750 million
Acquisition cost	¥165,398 million

4. Merger ratio, calculation method, number of shares delivered and valuation

(1) Merger ratio

Common stock	Sumisho Lease	1 :	SMBC Leasing	1.4859 (*)
Preferred stock	Sumisho Lease	1 :	SMBC Leasing	5.7050 (*)

(*) The amounts are rounded down to the nearest ten-thousandth.

(2) Basis for calculation of the merger ratio

In order to ensure the fairness and reasonableness of the merger ratio (hereinafter referred to as the “merger ratio”), SMBC Leasing and Sumisho Lease conducted negotiation and discussion based on the analysis of the merger ratio provided by each financial advisor, Daiwa Securities SMBC Co. Ltd., appointed by SMBC Leasing, and Nomura Securities Co., Ltd., appointed by Sumisho Lease, respectively.

(3) Number of shares delivered and value

52,422,762 shares of common stock of Sumisho Lease were allocated for 31,375,000 shares (30,000,000 shares of common stock and 1,375,000 shares of preferred stock) of SMBC Leasing (44,578,289 shares of Sumisho Lease’s common stock for SMBC Leasing’s common stock and 7,844,473 shares of Sumisho Lease’s common stock for SMBC Leasing’s preferred stock). Total estimated value amounted to ¥367,552 million.

5. Goodwill, reason for recognizing goodwill, amortization method and amortization period

(1) Amount of goodwill

¥88,090 million

(2) Reason for recognizing goodwill

SMFG accounted for the difference between the acquisition cost and the increased amount of interest in Sumisho Lease as goodwill.

(3) Method and term to amortize goodwill

Straight-line method over 20 years

6. Amounts of assets and liabilities acquired on the day of the business combination

(1) Assets

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 amounts of impact on the consolidated statement of income for the fiscal year ended March 31, 2008 assuming that the business combinations had completed on the commencement date of the fiscal year

(1) The difference between the estimated ordinary income and other income information assuming that the business combinations had completed on the commencement date of the fiscal year and the actual ordinary income and other income information which is recorded in the consolidated statement of income is as follows.

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

(2) Calculation method of the approximate amounts and material assumptions

The approximate amounts are calculated retroactively to the commencement date of the fiscal year based on the amounts stated in Sumisho Lease’s statement of income for the period from April 1, 2007 to September 30, 2007. However, such amounts do not indicate the results of operations in case the business combinations actually completed on the commencement date of the fiscal year.

The estimated information mentioned above has not been audited by KPMG AZSA & Co.

<Business combination of consolidated subsidiary>

A merger of auto leasing companies

1. Outline of the business combination of auto leasing companies

(1) Name and business of the companies

Combining company: Sumisho Auto Lease (Auto leasing business)

Combined company: SMBC Auto Leasing (Auto leasing business)

(2) Reason for the business combination

Sumisho Auto Lease and SMBC Auto Leasing have merged to survive and thrive in the auto leasing industry that is becoming increasingly competitive and to establish a structure to capture the number one market share by capitalizing on the high-quality customer bases of both the Sumitomo Corporation Group and the SMFG Group and combining the high-value-added services of Sumisho Auto Lease based on its value chain and business network of SMBC Auto Leasing. Another aim of the merger is to achieve better customer satisfaction by combining and blending the product and distribution know-how of Sumisho Auto Lease as a subsidiary of a trading company, and the finance know-how of SMBC Auto Leasing as a subsidiary of a bank, thereby pursuing various services.

(3) Date of the business combination

October 1, 2007

(4) Legal form of business combination

The merger was a merger procedure by absorption with Sumisho Auto Leasing as the surviving company, and SMBC Auto Leasing was dissolved.

(Name of the merged company: Sumitomo Mitsui Auto Service Company, Limited)

2. Outline of accounting method

As a result of the merger between Sumisho Auto Leasing and SMBC Auto Leasing, SMBC Auto Leasing was excluded from the scope of affiliated company and the combined company became an equity method affiliated company of SMFG. SMFG will apply the accounting procedures stipulated by Article 20 of the “Accounting Standard for Business Divestitures” (ASBJ Statement No.7).

3. Name of the business segment, in which the subsidiary was included, in the segment information

Leasing business

4. Consolidated statement of income for the fiscal year included the following earnings of SMBC Auto Leasing: (approximate amounts)

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 affiliated companies accounted for by the equity method.

Per Share Data

	<u>(Yen)</u>
As of and year ended March 31,	<u>2008</u>
Net assets per share	424,546.01
Net income per share	59,298.24
Net income per share (diluted)	<u>56,657.41</u>

(Notes)

1. Net income per share and Net income per share (diluted) are calculated based on the followings:

	<u>(Millions of yen, except number of shares)</u>
Year ended March 31,	<u>2008</u>
Net income per share	
Net income	461,536
Amount not to attributable to common stockholders [preferred stock dividends]	12,958 [12,958]
Net income attributable to common stock	448,577
Average number of common stock during the fiscal year (in thousand)	7,564
Net income per share (diluted)	
Adjustment for net income	6,751
[preferred stock dividends]	[6,763]
[stock acquisition rights issued by subsidiaries and affiliates]	[(11)]
Increase in number of common stock (in thousand)	471
[preferred stock]	[471]
[stock acquisition rights]	[0]
Outline of dilutive securities which were not included in the calculation of "Net income per share (diluted)" because they do not have dilutive effect:	—

2. Net assets per share is calculated based on the followings:

	<u>(Millions of yen, except number of shares)</u>
March 31,	<u>2008</u>
Net assets	5,224,076
Amounts excluded from Net assets	2,012,532
[preferred stock]	[360,303]
[dividends on preferred stock]	[6,479]
[stock acquisition rights]	[43]
[minority interests]	[1,645,705]
Net assets attributable to common stock at the fiscal year-end	3,211,544
Number of common stock at the fiscal year-end used for the calculation of Net assets per share (in thousand)	7,564

Related Party Transactions

There are no material transactions with related parties to be reported for the fiscal year ended March 31, 2008.

Subsequent Events

1. SMFG resolved at 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. Outline of the preferred securities to be redeemed is as follows.
 - (1) Issuer
SB Treasury Company L.L.C.
 - (2) Type of securities issued
Non-cumulative perpetual preferred securities
 - (3) Redemption amount
\$1,800 million
 - (4) Scheduled redemption date
June 30, 2008
 - (5) Reason for redemption
Optional redemption

2. SMFG resolved at the meeting of the Board of Directors held on April 28, 2008 to issue preferred securities through overseas special purpose subsidiaries and establish wholly-owned subsidiaries in Cayman Island. The preferred securities issued on May 12, 2008 were as follows.

Issuer	SMFG Preferred Capital USD 2 Limited
	An overseas special purpose subsidiary established in the Cayman Islands, the voting rights of which are wholly owned by SMFG
Type of securities	U.S. Dollar denominated Non-cumulative Perpetual Preferred Securities
	The preferred securities are not convertible or exchangeable into common stock of SMFG
Total issue amount	\$1,800 million
Dividends	8.750% per annum (fixed rate)
Issue price	\$1,000 per preferred security
Use of proceeds	To be ultimately provided to SMBC, a banking subsidiary of SMFG, as perpetual subordinated loans
Ranking	The preferred securities rank, as to liquidation preferences, effectively <i>pari passu</i> with preferred stock of SMFG
Method of offering	Offered in euro market. Also, offered in the U.S. market through private placement to qualified institutional investors.
Listing	Singapore Exchange Securities Trading Limited
Issue date	May 12, 2008

3. With the enforcement of the “Law for Partial Amendment of the Laws Related to Transfer of Bonds, etc., to Streamline Settlement with respect to Transactions of Stock, etc.” (Law No. 88 of 2004, “Stock Settlement Streamlining Law”), the electronic share certificate system is scheduled to be introduced in January 2009 and fractional shares will need to be eliminated. In line with this process, SMFG resolved to implement a 100 for 1 common stock split and adopt a unit share system, under which the number of shares constituting one unit shall be 100, at the meeting of the Board of Directors held on May 16, 2008, subject to the approval of the amendment of the articles of incorporation at the 6th ordinary general meeting of shareholders and the general meeting of holders of class shares with respect to each class of shares that will be held on June 27, 2008.

If the stock split had been implemented on April 1, 2007, per share information for the fiscal year ended March 31, 2008 would be as follows.

Year ended March 31, 2008	(Yen)
Net assets per share	¥ 4,245.46
Net income per share	592.98
Net income per share (diluted)	566.57

Other Notes

Please refer to EDINET system (<http://info.edinet-fsa.go.jp/>) on and after June 30, 2008 (available in Japanese) for information on lease transactions, tax effect accounting and derivative transactions.

SMFG will also disclose the above-mentioned financial information on the Annual Report that will be issued in August 2008. (<http://www.smfg.co.jp/english/index.html>)

V. Non-Consolidated Financial Statements

1. Nonconsolidated Balance Sheets

March 31,	(Millions of yen)			
	2008		2007	
Assets		%		%
Current assets				
Cash and due from banks	53,735		37,073	
Prepaid expenses	21		21	
Deferred tax assets	359		265	
Accrued income	56		23	
Accrued income tax refunds	14,267		71,377	
Other current assets	<u>515</u>		<u>603</u>	
Total current assets	68,956	1.7	109,364	2.8
Fixed assets				
Tangible fixed assets				
Buildings	0		0	
Equipment	<u>4</u>		<u>6</u>	
Total tangible fixed assets	4	0.0	7	0.0
Intangible fixed assets				
Software	<u>9</u>		<u>20</u>	
Total intangible fixed assets	9	0.0	20	0.0
Investments and other assets				
Investments in securities	–		20	
Investments in subsidiaries and affiliates	3,950,642		3,847,716	
Deferred tax assets	<u>1,603</u>		<u>2,315</u>	
Total investments and other assets	<u>3,952,246</u>	98.3	<u>3,850,052</u>	97.2
Total fixed assets	3,952,260	98.3	3,850,079	97.2
Total assets	<u><u>4,021,217</u></u>	100.0	<u><u>3,959,444</u></u>	100.0
Liabilities				
Current liabilities				
Short-term borrowings	1,049,030		959,030	
Accounts payable	223		108	
Accrued expenses	173		48	
Income taxes payable	1,539		964	
Business office taxes payable	4		4	
Reserve for employee bonuses	81		83	
Reserve for executive bonuses	74		–	
Other current liabilities	<u>1,114</u>		<u>1,132</u>	
Total current liabilities	1,052,242	26.2	961,372	24.3
Fixed liabilities				
Reserve for executive retirement benefits	<u>225</u>		<u>174</u>	
Total fixed liabilities	225	0.0	174	0.0
Total liabilities	<u><u>1,052,468</u></u>	26.2	<u><u>961,546</u></u>	24.3
Net assets				
Stockholders' equity				
Capital stock	1,420,877	35.3	1,420,877	35.9
Capital surplus				
Capital reserve	642,355		642,355	
Other capital surplus	<u>288,031</u>		<u>288,113</u>	
Total capital surplus	930,386	23.1	930,469	23.5
Retained earnings				
Other retained earnings				
Voluntary reserve	30,420		30,420	
Retained earnings brought forward	<u>670,259</u>		<u>698,709</u>	
Total retained earnings	700,679	17.4	729,129	18.4
Treasury stock	(83,194)	(2.0)	(82,578)	(2.1)
Total stockholders' equity	<u>2,968,749</u>	73.8	<u>2,997,898</u>	75.7
Total net assets	<u>2,968,749</u>	73.8	<u>2,997,898</u>	75.7
Total liabilities and net assets	<u><u>4,021,217</u></u>	100.0	<u><u>3,959,444</u></u>	100.0

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

2. Nonconsolidated Statements of Income

Year ended March 31,	(Millions of yen)					
	2008			2007		
			%			%
Operating income						
Dividends on investments in subsidiaries and affiliates	89,693			366,680		
Fees and commissions received from subsidiaries	<u>21,944</u>	111,637	100.0	<u>9,798</u>	376,479	100.0
Operating expenses						
General and administrative expenses	<u>6,246</u>	<u>6,246</u>	5.6	<u>3,641</u>	<u>3,641</u>	1.0
Operating profit		<u>105,391</u>	94.4		<u>372,838</u>	99.0
Non-operating income						
Interest income on deposits	298			213		
Fees and commissions income	14			20		
Other non-operating income	<u>153</u>	466	0.4	<u>0</u>	234	0.1
Non-operating expenses						
Interest on borrowings	11,012			4,311		
Amortization of organization costs	-			301		
Fees and commissions expenses	1,263			3,978		
Losses on devaluation of stocks of affiliate	4,518			-		
Other non-operating expenses	<u>-</u>	<u>16,794</u>	15.0	<u>3</u>	<u>8,594</u>	2.3
Ordinary profit		<u>89,063</u>	79.8		<u>364,477</u>	96.8
Income before income taxes		89,063	79.8		364,477	96.8
Income taxes, current	5,470			2,918		
deferred	<u>618</u>	<u>6,088</u>	5.5	<u>(1,975)</u>	<u>942</u>	0.2
Net income		<u><u>82,975</u></u>	74.3		<u><u>363,535</u></u>	96.6

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

3. Nonconsolidated Statement of Changes in Net Assets

Year ended March 31, 2008

(Millions of yen)

	Stockholders' equity									Total net assets
	Capital stock	Capital surplus			Retained earnings			Treasury stock	Total stockholders' equity	
		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	(82,578)	2,997,898	2,997,898
Changes in the year										
Cash dividends						(111,425)	(111,425)		(111,425)	(111,425)
Net income						82,975	82,975		82,975	82,975
Acquisition of own shares								(901)	(901)	(901)
Disposal of treasury shares			(82)	(82)				285	202	202
Net changes in the year	-	-	(82)	(82)	-	(28,450)	(28,450)	(616)	(29,149)	(29,149)
Balance at March 31, 2008	1,420,877	642,355	288,031	930,386	30,420	670,259	700,679	(83,194)	2,968,749	2,968,749

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

Year ended March 31, 2007

(Millions of yen)

	Stockholders' equity									Total net assets
	Capital stock	Capital surplus			Retained earnings			Treasury stock	Total stockholders' equity	
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings			
					Voluntary reserve	Retained earnings brought forward				
Balance at March 31, 2006	1,420,877	1,420,989	684,406	2,105,396	30,420	383,126	413,546	(4,393)	3,935,426	3,935,426
Changes in the year										
Transfer of capital reserve to other capital surplus		(1,000,000)	1,000,000	–					–	–
Increase due to exchange of shares		221,365		221,365					221,365	221,365
Cash dividends						(47,951)	(47,951)		(47,951)	(47,951)
Net income						363,535	363,535		363,535	363,535
Acquisition of own shares								(1,474,644)	(1,474,644)	(1,474,644)
Disposal of treasury shares			(15)	(15)				182	167	167
Retirement of treasury shares			(1,396,277)	(1,396,277)				1,396,277	–	–
Net changes in the year	–	(778,634)	(396,292)	(1,174,927)	–	315,583	315,583	(78,184)	(937,527)	(937,527)
Balance at March 31, 2007	1,420,877	642,355	288,113	930,469	30,420	698,709	729,129	(82,578)	2,997,898	2,997,898