

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

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

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

May 16, 2008

Announcement of Financial Results for Fiscal Year 2007

We would now like to explain our financial results for FY2007, by using *Financial Results for the Fiscal Year 2007 ended March 31, 2008* and *Financial Results Fiscal Year 2007 Supplementary Information*.

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

<SMBC Non-consolidated Financial Results>

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

In line 22, Banking profit before provision for general reserve for possible loan losses was JPY 819.7 billion, a JPY 79.1 billion increase year over year.

Gross banking profit, shown in line 1, was JPY 1,484.8 billion, an increase of JPY 140.3 billion year over year.

This was mainly attributable to (a) a decrease of Losses on bonds by approximately JPY 82.3 billion year over year as shown in line 26, led by proper management responding to interest rate trends in both domestic and overseas markets in FY2007, while in FY2006 we recorded Losses on bonds through reduction of bond exposure, aiming for reducing risks on the portfolio in advance, and (b) an increase of Net interest income by JPY 33.3 billion, reflecting expansion of Loan to deposit spread in both domestic and overseas operations.

Expenses, shown in line 18, increased by JPY 61.2 billion year over year, to JPY 665.1 billion, mainly due to aggressive investment in strategic business areas in order to improve customer convenience and enhance competitiveness.

<SMBC Non-consolidated>		(Billions of yen)		
		FY2007		FY2006
			Change	
Gross banking profit	1	1,484.8	140.3	1,344.5
Expenses (excluding non-recurring losses)	18	(665.1)	(61.2)	(603.9)
Banking profit (before provision for general reserve for possible loan losses)	22	819.7	79.1	740.6
Gains (losses) on bonds	26	(30.1)	82.3	(112.4)

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

Total credit cost, calculated by adding Credit related costs in line 28, Gains on reversal of reserve for possible loan losses in line 38 and Gains on collection of written-off claims in line 39, was JPY 147.8 billion, a JPY 58.3 billion increase year over year, as shown in line 46.

Total credit cost was increased due to the provisions for subprime loan related exposure and unanticipated deterioration in credit quality of certain borrowers which suffered worsening business performance, though reversal of reserve for possible loan losses was recorded due to a decrease in historical loan loss ratio.

<SMBC Non-consolidated>		(Billions of yen)		
		FY2007		FY2006
			Change	
Provision for general reserve for possible loan losses	24	-	(41.7)	41.7
Non-recurring gains (losses)	27	(309.0)	(100.0)	(209.0)
Credit related costs	28	(155.0)	(23.3)	(131.7)
Extraordinary gains (losses)	35	(3.3)	(16.9)	13.6
Gains on reversal of reserve for possible loan losses	38	7.2	7.2	-
Gains on collection of written-off claims	39	0.0	(0.5)	0.5
Total credit cost (24+28+38+39)	46	(147.8)	(58.3)	(89.5)

Now looking at Gains (losses) on stocks in line 29, there was a net loss of JPY 141.0 billion, a JPY 152.1 billion worsening year over year, mainly due to Losses on devaluation of stocks of JPY 165.4 billion as a result of decline in stock market prices, mainly driven by impairment on shares of affiliates such as OMC Card, Inc. and Promise Co., Ltd., etc.

<SMBC Non-consolidated>

(Billions of yen)

		FY2007		FY2006
			Change	
Gains (losses) on stocks	29	(141.0)	(152.1)	11.1
Gains on sale of stocks	30	26.7	(23.5)	50.2
Losses on sale of stocks	31	(2.3)	(1.8)	(0.5)
Losses on devaluation of stocks	32	(165.4)	(126.8)	(38.6)

These items added up to Ordinary profit of JPY 510.7 billion, a JPY 62.6 billion decrease year over year, as shown in line 34.

Also, in order to secure sound financial base, Deferred income taxes have been recognized conservatively and was JPY 285.7 billion, as shown in line 44.

As a result, shown in line 45, Net income was JPY 205.7 billion, a year over year decrease of JPY 110.0 billion.

<SMBC Non-consolidated>

(Billions of yen)

		FY2007		FY2006
			Change	
Ordinary profit	34	510.7	(62.6)	573.3
Extraordinary gains (losses)	35	(3.3)	(16.9)	13.6
Income before income taxes	42	507.4	(79.5)	586.9
Income taxes, current	43	(16.0)	0.5	(16.5)
Income taxes, deferred	44	(285.7)	(31.0)	(254.7)
Net income	45	205.7	(110.0)	315.7

<SMFG Consolidated Financial Results>

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

Thanks to an increase of financial results of subsidiaries and equity method affiliates, other than SMBC, Ordinary profit shown in line 16 increased by JPY 32.6 billion year over year to JPY 831.2 billion, and Net income shown in line 26 increased by JPY 20.1 billion year over year to JPY 461.5 billion.

<SMFG Consolidated>

(Billions of yen)

		FY2007		FY2006
			Change	
Consolidated gross profit	1	2,116.2	210.1	1,906.2
General and administrative expenses	7	(978.9)	(90.3)	(888.6)
Credit related costs	8	(249.9)	(103.7)	(146.2)
Gains (losses) on stocks	13	(7.1)	(51.8)	44.7
Equity in earnings (losses) of affiliates	14	(41.8)	62.4	(104.2)
Other income (expenses)	15	(7.4)	6.0	(13.4)
Ordinary profit	16	831.2	32.6	798.6
Net income	26	461.5	20.1	441.4

<Unrealized Gains (Losses) on Securities>

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

Figures on non-consolidated Unrealized gains (losses) on securities portfolio of SMBC are shown in the middle of the page.

In the table, you can see Net unrealized gains on Other securities decreased by JPY 1,077.1 billion to JPY 755.7 billion compared with that of March 31, 2007, which consists of Gains on stocks (JPY 936.3 billion, a decrease of JPY 1,042.4 billion led by decline in domestic stock markets), Losses on bonds (JPY 129.5 billion) and Losses on others (JPY 51.1 billion).

<SMBC Non-consolidated>

(Billions of yen)

		Mar. 31, 2008		
		Net unrealized gains (losses)		
		Change from Mar. 31, 2007	Gains	Losses
Other securities	755.7	(1,077.1)	1,030.8	(275.0)
Stocks	936.3	(1,042.4)	992.7	(56.3)
Bonds	(129.5)	21.9	15.6	(145.1)
Others	(51.1)	(56.6)	22.5	(73.6)

<BIS Capital Ratio>

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

As you can see, the preliminary figure on the consolidated capital ratio as of March 31, 2008 was 10.55%, a decrease of 0.76 % compared with that of March 31, 2007.

This was principally due to an increase of risk weighted assets, mainly led by an increase of overseas lending.

<SMFG Consolidated>

(%)

	Mar. 31, 2008	Change	Mar. 31, 2007
	[Preliminary]		
Capital ratio	10.55	(0.76)	11.31

<Non-Performing Loans>

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

The total amount of Problem assets based on the Financial Reconstruction Law was JPY 803.9 billion, a JPY 65.2 billion increase year over year.

Meanwhile, Problem asset ratio, a ratio of Problem assets to Total credit which includes Normal assets was 1.24%, maintained as low level as FY2006 results.

<SMBC Non-consolidated>

(Billions of yen, %)

	Mar. 31, 2008	Change from Mar. 31, 2007	Mar. 31, 2007
	Bankrupt and quasi-bankrupt assets	117.8	8.9
Doubtful assets	402.0	101.9	300.1
Substandard loans	284.1	(45.6)	329.7
Total (A)	803.9	65.2	738.7
Normal assets	63,928.2	3,386.0	60,542.2
Total (B)	64,732.1	3,451.2	61,280.9
Problem asset ratio (A/B)	1.24%	0.03%	1.21%

< Earnings Forecast for FY 2008 >

Next, we will explain the earnings forecast for FY2008 on page 20.

SMFG's non-consolidated earnings forecast for FY2008 is as follows.

Operating income: JPY 150.0 billion
 Operating profit: JPY 145.0 billion
 Ordinary profit: JPY 130.0 billion
 Net income: JPY 125.0 billion.

From the viewpoint of increasing return to shareholders, we increased the forecast of cash dividends per common share for FY2008 to be JPY 14,000, an increase by JPY 2,000 year over year. Dividend per preferred share will be paid as originally set. Also, half of such annual dividends will be paid as an interim dividend.

<SMFG Non-consolidated>

Dividend per share forecast

(Yen)

	FY2008	
	Interim	Annual
Common stock	7,000	14,000

(Reference)

(Billions of yen)

Total dividend planned	60.1	120.2
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Next, we forecast SMFG's consolidated earnings for FY2008 to increase year over year as shown in the middle of the page:

Ordinary profit: JPY 850.0 billion

Net income: JPY 480.0 billion

We also expect SMBC's non-consolidated earnings for FY2008 to increase year over year as shown at the bottom of the page:

Banking profit: JPY 830.0 billion

Ordinary profit: JPY 610.0 billion

Net income: JPY 390.0 billion

Total credit cost: JPY 180.0 billion

< Overview of medium-term management plan and management policy in FY2008 >

Please look at page 21, which shows an overview of medium-term management plan, major initiatives in FY2007 and management policy in FY2008.

At the left side of the top chart, which explains overview of our medium-term management plan, we show the initiatives implemented in FY2007.

For FY2007, as a “first step towards accomplishing the medium-term management plan”, we steadily strengthened our initiatives in our targeted growth business areas as follows.

- Expanded branch network aggressively and expanded lineup of insurance products
- Promoted strategic alliances in credit card business
- Strengthened solution providing for corporations
- Expanded channel network and promoted strategic alliances in Asia

Together with above initiatives, from the viewpoint of increasing return to shareholders, we determined to increase dividends for FY2007 compared with the original forecast, and realize the payout ratio of more than 20%, which is targeted in the medium-term management plan.

At the bottom of the page, we show the management policy in FY2008.

We have designated FY2008 as “the year for taking a step forward to accomplishing the medium-term management plan, while coping with uncertainty in business environment,” and we continue to implement our strategic initiatives centered on “strengthening targeted growth business areas” and “fortifying platform for supporting sustainable growth” as shown.

< SMFG's exposure of securitized products >

Let us look at exposure of securitized products summarized from page 22.

We have maintained regular disclosure regarding the exposure to subprime loan related assets and transactions with monoline insurance companies. Considering the continued turmoil of financial markets especially in the United States and Europe, and following the recommendation on the Report of the Financial Stability Forum (FSF) released in April, we decided to disclose broader information related to securitized products and other related transactions.

Specifically, we additionally disclosed our exposure to broader securitized products in addition to those related to subprime loan, the balance of leveraged loans and our exposure to ABCP programs as a sponsor.

Please look at page 22, which shows our exposure to securitized products, including products not related to subprime loan, as of March 31, 2008. As a total figure showed at the bottom of the line, the balance after the provisions and write-offs was around JPY 270 billion, and most of these securitized products were AAA graded securities guaranteed by U.S. government sponsored enterprises.

Also, with regard to the exposure to subprime loan related assets, the total amount of losses we recorded during FY2007 was approximately JPY 93.0 billion, and the remaining balance after write-offs and provisions was merely JPY 5.5 billion.

Please look at page 24 for transactions with monoline insurance companies.

Regarding credit derivatives transactions with monoline insurance companies, since creditworthiness of a part of monoline insurance companies was substantially deteriorated, we realized loss of approximately JPY 30 billion in FY2007. As a result, our net exposure after net of reserve as of March 31, 2008 was approximately JPY 30 billion. All of the remaining exposure is with higher credit ratings.

Also, the exposure in loans and investments guaranteed by monoline insurance companies as of March 31, 2008 was approximately JPY 40 billion, and all of the reference assets guaranteed are investment grade equivalent.

On page 25 and 26, we disclosed our balance of leveraged loans and ABCP programs as a sponsor. Each of these transactions is backed by the credible portfolio in general with proper provisions and write-offs, and therefore, we do not expect any additional

losses with substantial amount.

Accordingly, we believe that the potential negative impacts which could arise from the exposure of our securitized products including the exposures disclosed this time would be manageable enough.

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

(END)