

## Sumitomo Mitsui Financial Group, Inc. (SMFG)

### Financial Results for the Six Months ended September 30, 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 Payment of Interim Dividends: December 5, 2008

Amounts less than one million yen have been omitted.

#### 1. Consolidated Financial Results (for the six months ended September 30, 2008)

##### (1) Operating Results

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

	Ordinary Income		Ordinary Profit		Net Income	
Six Months ended September 30, 2008	¥ 1,817,108	(12.5)%	¥ 190,962	(45.9)%	¥ 83,281	(51.2)%
Six Months ended September 30, 2007	2,077,552	13.8	353,237	(1.1)	170,592	(30.0)

	Net Income per Share	Net Income per Share (Diluted)
Six Months ended September 30, 2008	¥ 10,092.43	¥ 9,964.41
Six Months ended September 30, 2007	21,694.19	20,840.67

##### (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
September 30, 2008	¥ 111,033,760	¥ 5,257,748	3.1%	¥ 404,976.05	(Preliminary) 10.25 %
March 31, 2008	111,955,918	5,224,076	3.2	424,546.01	10.56

Notes: 1. Shareholders' equity

(a) as of September 30, 2008: ¥3,442,543 million (b) as of March 31, 2008: ¥3,578,326 million

2. Net assets ratio = {(Net assets – Subscription rights to shares – 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).

#### 2. Dividends on Common Stock per Share

(Yen)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
Fiscal Year ended March 31, 2008	¥ —	¥ 5,000	¥ —	¥ 7,000	¥ 12,000
Fiscal Year ending March 31, 2009	—	7,000			
Fiscal Year ending March 31, 2009 (Forecast)			—	5,000	12,000

Notes: 1. Dividends on unlisted preferred stock are reported on page 3.

2. Dividends forecast for the fiscal year ending March 31, 2009 does not reflect the stock split that SMFG announced on May 16, 2008. For more details, please refer to page 3.

3. Revision of dividend forecast was announced separately today. For more details, please refer to the press release “Revision of Dividend and Non-consolidated Earnings Forecasts for the Fiscal Year ending March 31, 2009.”

#### 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
Fiscal Year ending March 31, 2009	¥ 3,700,000	(20.0)%	¥ 480,000	(42.2)%	¥ 180,000	(61.0)%	¥ 21,925.50

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 on May 16, 2008. For more details, please refer to page 3.

## 4. Other Information

## (1) Changes in material consolidated subsidiaries in the six months ended September 30, 2008

Four companies, including SMFG Preferred Capital USD 2 Limited, have been newly consolidated. For more details, please refer to page 5.

(2) There are changes in accounting principles, procedures and presentation when preparing interim consolidated financial statements due to revisions in accounting standards. For more details, please refer to page 6.

## (3) Number of Shares Issued (common stock)

	As of September 30, 2008	As of March 31, 2008
(a) Number of shares issued (including treasury shares)	7,890,804 shares	7,733,653 shares
(b) Number of treasury shares	169,389 shares	168,997 shares
	Six Months ended September 30, 2008	Six Months ended September 30, 2007
(c) Average number of shares issued in the period	7,721,594 shares	7,564,850 shares

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

## 1. Non-consolidated Financial Results (for the six months ended September 30, 2008)

## (1) Operating Results

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

	Operating Income		Operating Profit		Ordinary Profit		Net Income	
Six Months ended								
September 30, 2008	¥ 49,659	107.5 %	¥ 46,193	124.2 %	¥ 33,771	189.7 %	¥ 32,074	242.5 %
September 30, 2007	23,936	(92.6)	20,602	(93.6)	11,655	(96.3)	9,366	(97.1)

	Net Income per Share
Six Months ended	
September 30, 2008	¥ 3,416.32
September 30, 2007	376.60

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
September 30, 2008	¥ 3,991,957	¥ 2,940,370	73.7 %	¥ 335,572.77
March 31, 2008	4,021,217	2,968,749	73.8	339,454.71

Note: Shareholders' equity

(a) as of September 30, 2008: ¥2,940,370 million (b) as of March 31, 2008: ¥2,968,749 million

## 2. Earnings Forecast on a Non-consolidated Basis (for the fiscal year ending March 31, 2009)

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

	Operating Income		Operating Profit		Ordinary Profit	
Fiscal Year ending March 31, 2009	¥ 135,000	20.9%	¥ 130,000	23.4%	¥ 110,000	23.5%

	Net Income		Net Income per Share
Fiscal Year ending March 31, 2009	¥ 105,000	26.5%	¥ 12,038.35

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 on May 16, 2008. For more details, please refer to page 3.

3. Revision of earnings forecast was announced separately today. For more details, please refer to the press release "Revision of Dividend and Non-consolidated Earnings Forecasts for the Fiscal Year ending March 31, 2009."

## [Dividends Information]

## Dividends on Preferred Stock per Share

(Yen)

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
Preferred stock (Type 4)	Fiscal Year ended March 31, 2008	¥ —	¥ 67,500	¥ —	¥ 67,500	¥ 135,000
	Fiscal Year ending March 31, 2009	—	67,500	/	/	135,000
	Fiscal Year ending March 31, 2009 (Forecast)	/	/	—	67,500	/
Preferred stock (Type 6)	Fiscal Year ended March 31, 2008	—	44,250	—	44,250	88,500
	Fiscal Year ending March 31, 2009	—	44,250	/	/	88,500
	Fiscal Year ending March 31, 2009 (Forecast)	/	/	—	44,250	/

## Forecast on Dividends

As announced on May 16, 2008, a 100 for 1 split of common stock will be implemented one day prior to 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.” If 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 and ¥50, respectively, and the total annual dividend per share would be ¥120.

## &lt;Reference&gt; Calculation for Indices

- 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) As announced on May 16, 2008, a 100 for 1 split of common stock will be implemented one day prior to 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.” If the stock split had been implemented at the beginning of the fiscal year, the forecasted net income per share for the fiscal year ending March 31, 2009 would be ¥219.26 on a consolidated basis.

- 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) As announced on September 29, 2008, SMFG is scheduled to reorganize its group structure on credit card business. In the process of the organizational restructuring, its treasury shares of common stock will decrease by 32,919 shares in December 2008. Accordingly, the forecasted net income per share has been calculated by setting the forecasted average number of common stocks during the period to 7,832,959.

As announced on May 16, 2008, a 100 for 1 split of common stock will be implemented one day prior to 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.” If the stock split had been implemented at the beginning of the fiscal year, the forecasted net income per share for the fiscal year ending March 31, 2009 would be ¥120.38 on a non-consolidated basis.

The interim consolidated financial statements and non-consolidated financial statements contained in this press release have been prepared in accordance with the Interim Consolidated Financial Statements Regulations and the Interim Financial Statements Regulations, respectively.

SMFG is providing its financial statements in the XBRL (eXtensible Business Reporting Language) format through the EDINET (Electronic Disclosure for Investors' NETwork) system from this fiscal year in accordance with the Financial Instruments and Exchange Act. The English translation of account names in the financial statements in the XBRL format is stipulated in the EDINET taxonomies under the relevant ordinances. Accordingly, SMFG has partially changed its presentation of financial statements from this fiscal year. For more information on the EDINET system, please refer to the following website.

<http://www.fsa.go.jp/en/news/2008/20080317.html>

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.

Sumitomo Mitsui Financial Group (“SMFG”) reports the financial results for the six months ended September 30, 2008.

## 1. Operating Results

In the six months ended September 30, 2008, Sumitomo Mitsui Banking Corporation (“SMBC”), a major consolidated subsidiary of SMFG, increased net interest income ¥35.4 billion year on year because of an increase in overseas lending and an improvement in loan-to-deposit interest spread of the International Banking Unit. As a result, SMFG’s consolidated gross profit increased ¥45.6 billion year on year to ¥1,068.1 billion.

General and administrative expenses increased ¥61.6 billion year on year to ¥539.0 billion mainly because it actively allocated resources to strengthen systems in strategic businesses and expanded branch network to further seek customer convenience.

Credit cost increased ¥159.0 billion year on year to ¥302.1 billion on a consolidated basis due mainly to a deterioration of borrowers’ financial conditions and provisions for claims on certain overseas financial institutions against a backdrop of financial market turmoil and global economic slowdown.

As a result of the factors mentioned above, on a consolidated basis, SMFG recorded ordinary profit of ¥191.0 billion, a year-on-year decrease of ¥162.3 billion, and net income of ¥83.3 billion, a year-on-year decrease of ¥87.3 billion.

### <Consolidated>

(Billions of yen)

	Six months ended September 30, 2008	Change from the six months ended September 30, 2007	Year ended March 31, 2008 (reference)
Gross profit	¥ 1,068.1	¥ 45.6	¥ 2,116.2
General and administrative expenses	(539.0)	(61.6)	(978.9)
Credit cost	(302.1)	(159.0)	(248.6)
Ordinary profit	191.0	(162.3)	831.2
Net income	83.3	(87.3)	461.5

### <SMBC, Non-consolidated>

Gross banking profit	¥ 735.1	¥ 16.6	¥ 1,484.8
Expenses (excluding non-recurring losses)	(356.6)	(29.0)	(665.1)
Banking profit (*)	378.5	(12.4)	819.7
Net gain (loss) on bonds	(4.6)	1.6	(30.1)
Credit cost	(224.1)	(109.9)	(147.8)
Ordinary profit	122.1	(35.7)	510.7
Net income	80.4	16.6	205.7

(\*) Banking profit (before provision for general reserve for possible loan losses)

## **2. Financial Position**

On a consolidated basis, SMFG's total assets as of September 30, 2008 decreased ¥922.2 billion to ¥111,033.8 billion, compared with March 31, 2008. Net assets amounted to ¥5,257.7 billion, a year-on-year increase of ¥33.7 billion. Shareholders' equity increased ¥20.3 billion year on year to ¥3,115.6 billion as a result of recording of net income and distribution of cash dividends.

Deposits increased ¥892.5 billion to ¥73,583.1 billion from March 31, 2008. Loans and bills discounted also increased ¥1,332.9 billion to ¥63,477.8 billion. On a non-consolidated basis, SMBC increased the balance of loans and bills discounted to ¥58,542.0 billion, an increase of ¥1,584.1 billion from March 31, 2008, due mainly to an increase in overseas lending to companies with high credit ratings.

On a consolidated basis, problem assets (non-performing loans as defined under the Financial Reconstruction Law) increased ¥336.5 billion to ¥1,469.1 billion from March 31, 2008. Problem asset ratio remained at a low-level of 2.04%, an increase of 0.43% from March 31, 2008.

## **3. Earnings Forecasts for the fiscal year ending March 31, 2009**

The consolidated earnings forecast announced on October 29, 2008 remains unchanged.

The non-consolidated earnings forecast has been revised. For more details, please refer to the press release "Revision of Dividend and Non-consolidated Earnings Forecasts for the Fiscal Year ending March 31, 2009."

## **4. Other**

### (1) Changes in Material Subsidiaries

The details of changes in specific subsidiaries in the six months are as follows:

Name	Address	Capital	Business	Percentage of Voting Rights
SMFG Preferred Capital USD 2 Limited	George Town, Grand Cayman, Cayman Islands	\$1,800,000,000.01	Other business (Finance)	100%
SMFG Preferred Capital USD 3 Limited	George Town, Grand Cayman, Cayman Islands	\$1,350,000,000.01	Other business (Finance)	100%
SMBC Preferred Capital USD 2 Limited	George Town, Grand Cayman, Cayman Islands	\$1,811,000 thousand	Other business (Finance)	100% (100%)
SMBC Preferred Capital USD 3 Limited	George Town, Grand Cayman, Cayman Islands	\$1,358,000 thousand	Other business (Finance)	100% (100%)

(\*) The figure in parenthesis indicates a voting right held indirectly via subsidiary.

## (2) Changes of Accounting Procedures and Presentation

## (a) Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

“Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force No. 18, issued on May 17, 2006) became effective from the fiscal year beginning on and after April 1, 2008. Accordingly, SMFG has applied it from this fiscal year. This accounting method has decreased retained earnings at the beginning of this fiscal year by ¥3,132 million, but has no material impact on the profit or loss for the six months ended September 30, 2008.

## (b) Accounting Standard for Lease Transactions

Non-transfer ownership finance leases had been accounted for using the same method as for operating leases. However, “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, issued on March 30, 2007) and “Implementation Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16, issued on March 30, 2007) became effective from the fiscal year beginning on and after April 1, 2008. Accordingly, SMFG has applied them from this fiscal year. Furthermore, the lease assets of lessees were depreciated using the straight-line method with “lease term = expected lifetime” and “salvage value = zero”.

As for non-transfer ownership finance lease transactions which commenced before April 1, 2008, their treatment was as follows:

## (i) Lessee side

Taking future minimum lease payment, excluding interest portion, at March 31, 2008 as acquisition cost, the amounts are recorded as “Tangible fixed assets” or “Intangible fixed assets,” assuming they had been acquired at the beginning of the fiscal year.

## (ii) Lessor side

Appropriate book value (excluding depreciation) of lease assets at March 31, 2008 was recorded as the beginning balance of “Lease receivables and investment assets.”

Accordingly, this accounting change has the following impact on the interim consolidated financial statements as compared with the previous accounting method:

	(Millions of yen)
Lease receivables and investment assets	¥ 2,039,354
Tangible fixed assets	2,427
Intangible fixed assets	460
Loans and bills discounted	(167,292)
Lease assets	(1,268,233)
Other assets	(673,062)
Other liabilities	(66,963)
Interest income	¥ 34,311
Interest expenses	(416)
Other ordinary income	(385,533)
Other ordinary expenses	(351,378)
General and administrative expenses	(50)

As a result, it does not have material impact on ordinary profit and income before income taxes.

## (c) Additional Information

Floating-rate Japanese government bonds which SMFG held as “Other securities – AFS securities” had been carried on the consolidated balance sheet at market values. From the six months ended September 30, 2008, such bonds have been carried at their reasonably estimated amounts in accordance with the “Practical Solution on Measurement of Fair Value of Financial Assets” (Accounting Standard Board of Japan Practical Issues Task Force No. 25, issued on October 28, 2008). As a result of this accounting change, compared with the former accounting method, “Securities,” “Valuation difference on available-for-sale securities” and “Minority interests” increased by ¥153,847 million, ¥88,504 million and ¥3,287 million, respectively, and “Deferred tax assets” decreased by ¥62,055 million.

**5. Consolidated Financial Statements****(1) Consolidated Balance Sheets**

	(Millions of yen)	
	September 30, 2008	March 31, 2008 (condensed)
<b>Assets:</b>		
Cash and due from banks	5,791,259	5,017,325
Call loans and bills bought	785,543	595,802
Receivables under resale agreements	11,555	357,075
Receivables under securities borrowing transactions	394,967	1,940,170
Monetary claims bought	1,149,942	1,153,070
Trading assets	3,850,732	4,123,611
Money held in trust	8,983	7,329
Securities	21,795,888	23,517,501
Loans and bills discounted	63,477,758	62,144,874
Foreign exchanges	1,125,449	893,567
Lease receivables and investment assets	2,039,354	—
Other assets	4,071,695	4,951,587
Tangible fixed assets	988,508	820,411
Intangible fixed assets	361,608	332,525
Lease assets	—	1,425,097
Deferred tax assets	1,033,015	985,528
Customers' liabilities for acceptances and guarantees	5,047,411	4,585,141
Allowance for loan losses	(899,914)	(894,702)
<b>Total assets</b>	<b>111,033,760</b>	<b>111,955,918</b>
<b>Liabilities:</b>		
Deposits	73,583,098	72,690,624
Negotiable certificates of deposit	3,254,678	3,078,149
Call money and bills sold	2,263,875	2,638,142
Payables under repurchase agreements	995,644	1,832,467
Payables under securities lending transactions	4,029,144	5,732,042
Trading liabilities	2,301,836	2,671,316
Borrowed money	4,343,253	4,279,034
Foreign exchanges	325,254	301,123
Short-term bonds payable	792,000	769,100
Bonds payable	3,836,959	3,969,308
Borrowed money from trust account	106,932	80,796
Other liabilities	4,737,517	3,916,427
Provision for bonuses	28,427	29,267
Provision for directors' bonuses	—	1,171
Provision for retirement benefits	37,270	38,701
Provision for directors' retirement benefits	7,419	7,998
Provision for reimbursement of deposits	7,818	10,417
Reserves under the special laws	432	1,118
Deferred tax liabilities	29,818	52,046
Deferred tax liabilities for land revaluation	47,218	47,446
Acceptances and guarantees	5,047,411	4,585,141
<b>Total liabilities</b>	<b>105,776,012</b>	<b>106,731,842</b>
<b>Net assets:</b>		
Capital stock	1,420,877	1,420,877
Capital surplus	57,759	57,826
Retained earnings	1,761,220	1,740,610
Treasury stock	(124,240)	(123,989)
<b>Shareholders' equity</b>	<b>3,115,616</b>	<b>3,095,324</b>
Valuation difference on available-for-sale securities	463,137	550,648
Deferred gains or losses on hedges	(114,154)	(75,233)
Revaluation reserve for land	35,052	34,910
Foreign currency translation adjustment	(57,108)	(27,323)
<b>Valuation and translation adjustments</b>	<b>326,926</b>	<b>483,002</b>
Subscription rights to shares	56	43
Minority interests	1,815,148	1,645,705
<b>Total net assets</b>	<b>5,257,748</b>	<b>5,224,076</b>
<b>Total liabilities and net assets</b>	<b>111,033,760</b>	<b>111,955,918</b>

**(2) Consolidated Statements of Income**

Six months ended September 30	(Millions of yen)	
	2008	2007
Ordinary income	1,817,108	2,077,552
Interest income	1,116,721	1,082,577
Interest on loans and discounts	798,557	771,407
Interest and dividends on securities	182,855	167,526
Trust fees	1,268	2,262
Fees and commissions	345,903	346,671
Trading income	13,458	118,362
Other ordinary income	327,158	488,686
Other income	12,598	38,991
Ordinary expenses	1,626,145	1,724,314
Interest expenses	438,206	483,002
Interest on deposits	202,906	276,767
Fees and commissions payments	61,903	53,232
Trading expenses	13,800	—
Other ordinary expenses	222,468	479,774
General and administrative expenses	538,960	477,357
Other expenses	350,806	230,947
Ordinary profit	190,962	353,237
Extraordinary income	2,523	1,549
Extraordinary loss	2,930	4,453
Income before income taxes	190,555	350,334
Income taxes-current	46,433	53,951
Income taxes-deferred	15,790	89,270
Minority interests in income	45,051	36,519
Net income	83,281	170,592



**(3) Consolidated Statements of Changes in Net Assets**

Six months ended September 30	(Millions of yen)	
	2008	2007
Shareholders' equity		
Capital stock		
Balance at end of previous fiscal year	1,420,877	1,420,877
Changes in the period		
Net changes in the period	—	—
Balance at end of period	1,420,877	1,420,877
Capital surplus		
Balance at end of previous fiscal year	57,826	57,773
Changes in the period		
Disposal of treasury stock	(67)	96
Net changes in the period	(67)	96
Balance at end of period	57,759	57,869
Retained earnings		
Balance at end of previous fiscal year	1,740,610	1,386,436
Decrease in retained earnings at beginning of period due to accounting change of overseas subsidiary	(3,132)	—
Changes in the period		
Cash dividends	(59,431)	(65,911)
Net income	83,281	170,592
Increase due to increase in subsidiaries	2	1
Increase due to decrease in subsidiaries	6	4
Decrease due to increase in subsidiaries	(7)	(6)
Decrease due to decrease in subsidiaries	(0)	(3)
Reversal of revaluation reserve for land	(108)	263
Net changes in the period	23,742	104,941
Balance at end of period	1,761,220	1,491,378
Treasury stock		
Balance at end of previous fiscal year	(123,989)	(123,454)
Changes in the period		
Purchase of treasury stock	(423)	(641)
Disposal of treasury stock	172	240
Net changes in the period	(251)	(400)
Balance at end of period	(124,240)	(123,855)
Total shareholders' equity		
Balance at end of previous fiscal year	3,095,324	2,741,632
Decrease in retained earnings at beginning of period due to accounting change of overseas subsidiary	(3,132)	—
Changes in the period		
Cash dividends	(59,431)	(65,911)
Net income	83,281	170,592
Purchase of treasury stock	(423)	(641)
Disposal of treasury stock	105	337
Increase due to increase in subsidiaries	2	1
Increase due to decrease in subsidiaries	6	4
Decrease due to increase in subsidiaries	(7)	(6)
Decrease due to decrease in subsidiaries	(0)	(3)
Reversal of revaluation reserve for land	(108)	263
Net changes in the period	23,424	104,636
Balance at end of period	3,115,616	2,846,269

(continued)

Six months ended September 30	(Millions of yen)	
	2008	2007
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at end of previous fiscal year	550,648	1,262,135
Changes in the period		
Net changes in the items other than shareholders' equity in the period	(87,511)	(196,259)
Net changes in the period	(87,511)	(196,259)
Balance at end of period	463,137	1,065,875
Deferred gains or losses on hedges		
Balance at end of previous fiscal year	(75,233)	(87,729)
Changes in the period		
Net changes in the items other than shareholders' equity in the period	(38,921)	(5,428)
Net changes in the period	(38,921)	(5,428)
Balance at end of period	(114,154)	(93,158)
Revaluation reserve for land		
Balance at end of previous fiscal year	34,910	37,605
Changes in the period		
Net changes in the items other than shareholders' equity in the period	141	(265)
Net changes in the period	141	(265)
Balance at end of period	35,052	37,339
Foreign currency translation adjustment		
Balance at end of previous fiscal year	(27,323)	(30,656)
Changes in the period		
Net changes in the items other than shareholders' equity in the period	(29,784)	22,228
Net changes in the period	(29,784)	22,228
Balance at end of period	(57,108)	(8,428)
Valuation and translation adjustments		
Balance at end of previous fiscal year	483,002	1,181,353
Changes in the period		
Net changes in the items other than shareholders' equity in the period	(156,075)	(179,725)
Net changes in the period	(156,075)	(179,725)
Balance at end of period	326,926	1,001,628
Subscription rights to shares		
Balance at end of previous fiscal year	43	14
Changes in the period		
Net changes in the items other than shareholders' equity in the period	12	12
Net changes in the period	12	12
Balance at end of period	56	27
Minority interests		
Balance at end of previous fiscal year	1,645,705	1,408,279
Changes in the period		
Net changes in the items other than shareholders' equity in the period	169,442	12,649
Net changes in the period	169,442	12,649
Balance at end of period	1,815,148	1,420,928

(continued)

Six months ended September 30	(Millions of yen)	
	2008	2007
Total net assets		
Balance at end of previous fiscal year	5,224,076	5,331,279
Decrease in retained earnings at beginning of period due to accounting change of overseas subsidiary	(3,132)	—
Changes in the period		
Cash dividends	(59,431)	(65,911)
Net income	83,281	170,592
Purchase of treasury stock	(423)	(641)
Disposal of treasury stock	105	337
Increase due to increase in subsidiaries	2	1
Increase due to decrease in subsidiaries	6	4
Decrease due to increase in subsidiaries	(7)	(6)
Decrease due to decrease in subsidiaries	(0)	(3)
Reversal of revaluation reserve for land	(108)	263
Net changes in the items other than shareholders' equity in the period	13,379	(167,063)
Net changes in the period	36,804	(62,426)
Balance at end of period	5,257,748	5,268,853

**(4) Consolidated Statements of Cash Flows**

Six months ended September 30	(Millions of yen)	
	2008	2007
1. Cash flows from operating activities:		
Income before income taxes	190,555	350,334
Depreciation and amortization	58,235	—
Depreciation of fixed assets	—	39,470
Depreciation of lease assets	—	170,242
Losses on impairment of fixed assets	1,331	3,205
Amortization of goodwill	6,285	4,182
Equity in (earnings) losses of affiliates	6,138	(19,030)
Gains on sale of subsidiaries' shares and gains on change in equity of subsidiary	—	106
Net change in allowance for loan losses	6,043	13,038
Net change in provision for bonuses	(169)	(2,603)
Net change in provision for directors' bonuses	(1,171)	—
Net change in provision for retirement benefits	529	412
Net change in provision for directors' retirement benefits	(528)	(444)
Net change in provision for reimbursement of deposits	(2,598)	11,716
Interest income	(1,116,721)	(1,082,577)
Interest expenses	438,206	483,002
Net (gains) losses on securities	22,916	49,784
Net (gains) losses from money held in trust	(73)	(245)
Net exchange (gains) losses	79,578	36,271
Net (gains) losses from disposal of fixed assets	686	84
Net (gains) losses from disposal of lease assets	—	(1,987)
Net change in trading assets	235,921	(198,303)
Net change in trading liabilities	(335,661)	206,229
Net change in loans and bills discounted	(1,614,687)	(1,564,926)
Net change in deposits	863,036	818,665
Net change in negotiable certificates of deposit	174,126	(62,963)
Net change in borrowed money (excluding subordinated borrowings)	63,808	859,543
Net change in deposits with banks	131,845	(1,379,961)
Net change in call loans and bills bought and others	160,603	(694,085)
Net change in receivables under securities borrowing transactions	1,545,202	1,212,637
Net change in call money and bills sold and others	(1,209,619)	(95,414)
Net change in payables under securities lending transactions	(1,702,897)	1,231,137
Net change in foreign exchanges (assets)	(230,208)	(43,849)
Net change in foreign exchanges (liabilities)	24,004	16,960
Net change in lease receivables and investment assets	(218)	—
Net change in short-term bonds payable (liabilities)	16,900	(1,300)
Issuance and redemption of bonds payable (excluding subordinated bonds)	(95,369)	(135,716)
Net change in borrowed money from trust account	26,136	(19,169)
Interest received	1,124,780	1,070,519
Interest paid	(424,919)	(454,539)
Other, net	(32,672)	410,817
Subtotal	<u>(1,590,644)</u>	<u>1,231,246</u>
Income taxes paid	(39,584)	6,590
Net cash provided by (used in) operating activities	<u>(1,630,228)</u>	<u>1,237,836</u>

(continued)

Six months ended September 30	(Millions of yen)	
	2008	2007
2. Cash flows from investing activities:		
Purchase of securities	(21,349,839)	(17,909,744)
Proceeds from sale of securities	16,455,015	10,576,473
Proceeds from redemption of securities	7,584,824	6,891,933
Purchase of money held in trust	(1,778)	(547)
Proceeds from sale of money held in trust	0	796
Purchase of tangible fixed assets	(100,698)	(24,122)
Proceeds from sale of tangible fixed assets	8,389	2,059
Purchase of intangible fixed assets	(38,625)	(23,015)
Proceeds from sale of intangible fixed assets	31	20
Purchase of lease assets	—	(200,317)
Proceeds from sale of lease assets	—	21,044
Purchase of investments in subsidiaries	(21,925)	—
Proceeds from sales of investments in subsidiaries	363	198
Purchase of treasury stock of subsidiaries in consolidation	(20,000)	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(6,352)	(3,453)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	1,725	—
Net cash provided by (used in) investing activities	<u>2,511,133</u>	<u>(668,677)</u>
3. Cash flows from financing activities:		
Proceeds from issuance of subordinated borrowings	—	25,000
Repayment of subordinated borrowings	(20,500)	(63,000)
Proceeds from issuance of subordinated bonds and bonds with subscription rights to shares	149,600	90,000
Repayment of subordinated bonds and bonds with subscription rights to shares	(180,885)	(19,700)
Cash dividends paid	(59,396)	(65,837)
Proceeds from minority shareholders	376,319	3,425
Repayment to minority shareholders	(186,534)	—
Cash dividends paid to minority shareholders	(49,990)	(33,704)
Purchase of treasury stock	(423)	(641)
Proceeds from disposal of treasury stock	105	770
Net cash provided by (used in) financing activities	<u>28,294</u>	<u>(63,688)</u>
4. Effect of exchange rate changes on cash and cash equivalents	<u>(2,936)</u>	<u>1,082</u>
5. Net change in cash and cash equivalents	<u>906,261</u>	<u>506,553</u>
6. Cash and cash equivalents at beginning of period	2,736,752	1,927,024
7. Change in cash and cash equivalents due to newly consolidated subsidiaries	0	18,869
8. Cash and cash equivalents at end of period	<u><u>3,643,014</u></u>	<u><u>2,452,448</u></u>

**(5) Note on the Assumption as a Going Concern**

Not applicable.

**(6) Segment Information****(a) Business segment information**

Six months ended September 30, 2008

(Millions of yen)

	Banking business	Leasing business	Other business	Total	Elimination	Consolidated
Ordinary income						
(1) External customers	1,426,233	173,984	216,890	1,817,108	–	1,817,108
(2) Intersegment	29,757	2,767	148,535	181,060	(181,060)	–
Total	1,455,990	176,752	365,425	1,998,168	(181,060)	1,817,108
Ordinary expenses	1,312,538	154,398	306,324	1,773,261	(147,115)	1,626,145
Ordinary profit	143,451	22,354	59,101	224,907	(33,944)	190,962

(Notes)

1. 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.
2. "Other business" includes securities, credit card business, investment banking, loans, venture capital, system development and information processing.

Six months ended September 30, 2007

(Millions of yen)

	Banking business	Leasing business	Other business	Total	Elimination	Consolidated
Ordinary income						
(1) External customers	1,452,779	409,593	215,180	2,077,552	–	2,077,552
(2) Intersegment	26,932	10,133	125,849	162,915	(162,915)	–
Total	1,479,711	419,727	341,029	2,240,468	(162,915)	2,077,552
Ordinary expenses	1,215,669	401,701	252,145	1,869,516	(145,202)	1,724,314
Ordinary profit	264,042	18,025	88,883	370,951	(17,713)	353,237

(Notes)

1. 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.
2. "Other business" includes securities, credit card business, investment banking, loans, venture capital, system development and information processing.

**(b) Geographic segment information**

Six months ended September 30, 2008

(Millions of yen)

	Japan	The Americas	Europe and Middle East	Asia and Oceania	Total	Elimination	Consolidated
Ordinary income							
(1) External customers	1,453,386	120,897	132,713	110,111	1,817,108	–	1,817,108
(2) Intersegment	63,688	43,385	3,820	14,111	125,006	(125,006)	–
Total	1,517,075	164,283	136,533	124,223	1,942,115	(125,006)	1,817,108
Ordinary expenses	1,345,952	146,968	137,725	106,754	1,737,401	(111,255)	1,626,145
Ordinary profit	171,122	17,314	(1,192)	17,468	204,714	(13,751)	190,962

(Notes)

1. The geographic segmentation is classified based on the degrees of the 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.

2. 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 China, Singapore, Australia and others except Japan.

Six months ended September 30, 2007

(Millions of yen)

	Japan	The Americas	Europe and Middle East	Asia and Oceania	Total	Elimination	Consolidated
Ordinary income							
(1) External customers	1,695,995	137,724	130,801	113,030	2,077,552	–	2,077,552
(2) Intersegment	53,655	28,300	7,890	24,455	114,300	(114,300)	–
Total	1,749,650	166,025	138,691	137,485	2,191,853	(114,300)	2,077,552
Ordinary expenses	1,475,840	128,653	122,810	102,507	1,829,812	(105,498)	1,724,314
Ordinary profit	273,810	37,371	15,880	34,977	362,040	(8,802)	353,237

(Notes)

1. The geographic segmentation is classified based on the degrees of the 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.

2. 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.

**(c) Ordinary income from overseas operations**

(Millions of yen)

Six months ended September 30

	2008	2007
Consolidated ordinary income from overseas operations (A)	363,722	381,556
Consolidated ordinary income (B)	1,817,108	2,077,552
(A) / (B)	20.0%	18.4%

(Notes)

1. Consolidated ordinary income from overseas operations are presented as counterparts of overseas sales of companies in other industries.

2. 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.

**6. Non-consolidated Financial Statements****(1) Non-consolidated Balance Sheets**

	(Millions of yen)	
	September 30, 2008	March 31, 2008 (condensed)
<b>Assets:</b>		
Current assets		
Cash and due from banks	10,153	53,735
Other current assets	5,371	15,220
Total current assets	<u>15,524</u>	<u>68,956</u>
Fixed assets		
Tangible fixed assets	3	4
Intangible fixed assets	5	9
Investments and other assets	3,976,422	3,952,246
Investments in subsidiaries and affiliates	3,972,567	3,950,642
Other	3,854	1,603
Total fixed assets	<u>3,976,432</u>	<u>3,952,260</u>
Total assets	<u><u>3,991,957</u></u>	<u><u>4,021,217</u></u>
<b>Liabilities:</b>		
Current liabilities		
Short-term borrowings	1,049,030	1,049,030
Income taxes payable	785	1,539
Provision for bonuses	97	81
Provision for directors' bonuses	—	74
Other current liabilities	1,511	1,517
Total current liabilities	<u>1,051,424</u>	<u>1,052,242</u>
Fixed liabilities		
Provision for directors' retirement benefits	162	225
Total fixed liabilities	<u>162</u>	<u>225</u>
Total liabilities	<u><u>1,051,587</u></u>	<u><u>1,052,468</u></u>
<b>Net assets:</b>		
Shareholders' equity		
Capital stock	1,420,877	1,420,877
Capital surplus		
Capital reserve	642,355	642,355
Other capital surplus	287,963	288,031
Total capital surplus	<u>930,319</u>	<u>930,386</u>
Retained earnings		
Other retained earnings		
Voluntary reserve	30,420	30,420
Retained earnings brought forward	642,199	670,259
Total retained earnings	<u>672,619</u>	<u>700,679</u>
Treasury stock		
Treasury stock	(83,445)	(83,194)
Total shareholders' equity	<u>2,940,370</u>	<u>2,968,749</u>
Total net assets	<u>2,940,370</u>	<u>2,968,749</u>
Total liabilities and net assets	<u><u>3,991,957</u></u>	<u><u>4,021,217</u></u>



**(2) Non-consolidated Statements of Income**

Six months ended September 30	(Millions of yen)	
	2008	2007
Operating income		
Dividends on investments in subsidiaries and affiliates	38,493	15,022
Fees and commissions received from subsidiaries	11,166	8,913
Total operating income	49,659	23,936
Operating expenses		
General and administrative expenses	3,466	3,333
Total operating expenses	3,466	3,333
Operating profit	46,193	20,602
Nonoperating income	142	282
Nonoperating expenses	12,563	9,228
Ordinary profit	33,771	11,655
Income before income taxes	33,771	11,655
Current	3,850	1,583
Deferred	(2,153)	706
Income taxes	1,696	2,289
Net income	32,074	9,366

**(3) Non-consolidated Statements of Changes in Net Assets**

Six months ended September 30	(Millions of yen)	
	2008	2007
Shareholders' equity		
Capital stock		
Balance at end of previous fiscal year	1,420,877	1,420,877
Changes in the period		
Net changes in the period	—	—
Balance at end of period	<u>1,420,877</u>	<u>1,420,877</u>
Capital surplus		
Capital reserve		
Balance at end of previous fiscal year	642,355	642,355
Changes in the period		
Net changes in the period	—	—
Balance at end of period	<u>642,355</u>	<u>642,355</u>
Other capital surplus		
Balance at end of previous fiscal year	288,031	288,113
Changes in the period		
Disposal of treasury stock	(67)	(39)
Net changes in the period	<u>(67)</u>	<u>(39)</u>
Balance at end of period	<u>287,963</u>	<u>288,073</u>
Total capital surplus		
Balance at end of previous fiscal year	930,386	930,469
Changes in the period		
Disposal of treasury stock	(67)	(39)
Net changes in the period	<u>(67)</u>	<u>(39)</u>
Balance at end of period	<u>930,319</u>	<u>930,429</u>
Retained earnings		
Other retained earnings		
Voluntary reserve		
Balance at end of previous fiscal year	30,420	30,420
Changes in the period		
Net changes in the period	—	—
Balance at end of period	<u>30,420</u>	<u>30,420</u>
Retained earnings brought forward		
Balance at end of previous fiscal year	670,259	698,709
Changes in the period		
Cash dividends	(60,135)	(66,619)
Net income	<u>32,074</u>	<u>9,366</u>
Net changes in the period	<u>(28,060)</u>	<u>(57,253)</u>
Balance at end of period	<u>642,199</u>	<u>641,456</u>
Total retained earnings		
Balance at end of previous fiscal year	700,679	729,129
Changes in the period		
Cash dividends	(60,135)	(66,619)
Net income	<u>32,074</u>	<u>9,366</u>
Net changes in the period	<u>(28,060)</u>	<u>(57,253)</u>
Balance at end of period	<u>672,619</u>	<u>671,876</u>

(continued)

Six months ended September 30	(Millions of yen)	
	2008	2007
Treasury stock		
Balance at end of previous fiscal year	(83,194)	(82,578)
Changes in the period		
Purchase of treasury stock	(423)	(641)
Disposal of treasury stock	172	158
Net changes in the period	<u>(251)</u>	<u>(482)</u>
Balance at end of period	<u>(83,445)</u>	<u>(83,060)</u>
Total shareholders' equity		
Balance at end of previous fiscal year	2,968,749	2,997,898
Changes in the period		
Cash dividends	(60,135)	(66,619)
Net income	32,074	9,366
Purchase of treasury stock	(423)	(641)
Disposal of treasury stock	105	119
Net changes in the period	<u>(28,378)</u>	<u>(57,775)</u>
Balance at end of period	<u>2,940,370</u>	<u>2,940,122</u>
Total net assets		
Balance at end of previous fiscal year	2,968,749	2,997,898
Changes in the period		
Cash dividends	(60,135)	(66,619)
Net income	32,074	9,366
Purchase of treasury stock	(423)	(641)
Disposal of treasury stock	105	119
Net changes in the period	<u>(28,378)</u>	<u>(57,775)</u>
Balance at end of period	<u>2,940,370</u>	<u>2,940,122</u>

**(4) Note on the Assumption as a Going Concern**

Not applicable.