

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.