

Consolidated Statements of Cash Flows

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2007	2006	2007
1. Cash flows from operating activities:			
Income before income taxes and minority interests.....	¥ 806,790	¥ 1,043,362	\$ 6,832
Depreciation of premises, equipment and others	—	82,671	—
Depreciation of fixed assets.....	78,869	—	668
Depreciation of lease assets.....	335,399	336,871	2,840
Losses on impairment of fixed assets.....	30,548	12,303	259
Amortization of goodwill	4,858	6,270	41
Equity in (earnings) losses of affiliates.....	104,170	(31,887)	882
Gains on sale of subsidiaries' shares and gains on change in equity of subsidiary	(5,072)	(63,257)	(43)
Net change in reserve for possible loan losses	(146,971)	(241,530)	(1,245)
Net change in reserve for employee bonuses	2,128	1,403	18
Net change in reserve for employee retirement benefits	(2,639)	1,993	(22)
Net change in reserve for executive retirement benefits.....	7,371	—	62
Net change in reserve for expenses related to EXPO 2005 Japan	—	(231)	—
Interest income	(1,979,069)	(1,662,600)	(16,759)
Interest expenses.....	810,476	500,993	6,863
Net (gains) losses on securities	71,686	(27,853)	607
Net gains from money held in trust	(0)	(13)	(0)
Net exchange gains	(103,541)	(175,815)	(877)
Net gains from disposal of premises and equipment.....	—	(551)	—
Net losses from disposal of fixed assets.....	3,067	—	26
Net gains from disposal of lease assets	(1,364)	(3,235)	(12)
Net change in trading assets	767,067	(225,005)	6,496
Net change in trading liabilities	(969,090)	746,642	(8,206)
Net change in loans and bills discounted.....	(1,376,693)	(2,311,499)	(11,658)
Net change in deposits	1,307,266	2,210,634	11,070
Net change in negotiable certificates of deposit	(136,304)	(8,026)	(1,154)
Net change in borrowed money (excluding subordinated debt).....	1,141,752	90,612	9,668
Net change in deposits with banks	(157,092)	175,960	(1,330)
Net change in call loans and bills bought and others.....	(612,297)	342,387	(5,185)
Net change in receivables under securities borrowing transactions	(320,243)	(1,388,310)	(2,712)
Net change in call money and bills sold and others.....	(5,994,528)	3,027,037	(50,762)
Net change in commercial paper	(10,000)	(364,100)	(85)
Net change in payables under securities lending transactions	(1,230,782)	(1,120,876)	(10,422)
Net change in foreign exchanges (assets).....	66,917	(46,473)	567
Net change in foreign exchanges (liabilities)	(124,047)	(31,381)	(1,050)
Net change in short-term bonds (liabilities).....	55,700	382,900	472
Issuance and redemption of bonds (excluding subordinated bonds).....	(198,091)	(365,646)	(1,677)
Net change in due to trust account	(253,534)	268,140	(2,147)
Interest received	1,966,949	1,691,320	16,656
Interest paid	(774,678)	(509,760)	(6,560)
Other, net	197,841	(104,996)	1,675
Subtotal.....	(6,637,179)	2,238,450	(56,204)
Income taxes paid.....	(123,561)	(30,096)	(1,047)
Net cash (used in) provided by operating activities.....	(6,760,740)	2,208,354	(57,251)

(Continued)

Year ended March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2007	2006	2007
2. Cash flows from investing activities:			
Purchases of securities.....	(35,085,809)	(43,620,790)	(297,111)
Proceeds from sale of securities.....	21,544,154	33,089,259	182,438
Proceeds from maturity of securities.....	18,886,454	10,164,213	159,933
Purchases of money held in trust	—	(2,851)	—
Proceeds from sale of money held in trust.....	—	3,789	—
Purchases of premises and equipment.....	—	(43,066)	—
Purchases of tangible fixed assets	(193,614)	—	(1,640)
Proceeds from sale of premises and equipment.....	—	17,733	—
Proceeds from sale of tangible fixed assets	8,474	—	72
Purchases of intangible fixed assets.....	(57,506)	—	(487)
Proceeds from sale of intangible fixed assets.....	6	—	0
Purchases of lease assets	(383,526)	(380,894)	(3,248)
Proceeds from sale of lease assets.....	48,392	55,186	410
Proceeds from sale of stocks of subsidiaries.....	3,745	54,937	32
Purchases of stocks of subsidiaries.....	(1,317)	—	(11)
Net cash provided by (used in) investing activities	4,769,454	(662,482)	40,388
3. Cash flows from financing activities:			
Proceeds from issuance of subordinated debt.....	20,000	103,000	169
Repayment of subordinated debt.....	(83,000)	(215,884)	(703)
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights	196,951	431,458	1,668
Repayment of subordinated bonds and bonds with stock acquisition rights	(181,283)	(198,800)	(1,535)
Proceeds from issuance of stocks	—	136,451	—
Dividends paid	(47,926)	(44,373)	(406)
Proceeds from minority stockholders.....	360,362	59,640	3,052
Dividends paid to minority stockholders.....	(46,724)	(42,366)	(396)
Purchases of treasury stock.....	(1,474,644)	(2,209)	(12,487)
Proceeds from disposal of treasury stock	11,320	452,549	96
Net cash (used in) provided by financing activities	(1,244,945)	679,464	(10,542)
4. Effect of exchange rate changes on cash and due from banks	3,434	3,840	29
5. Net change in cash and due from banks	(3,232,797)	2,229,177	(27,376)
6. Cash and due from banks at beginning of year.....	5,159,822	2,930,645	43,694
7. Change in cash and due from banks due to newly consolidated subsidiaries	0	—	0
8. Change in cash and due from banks due to exclusion of consolidated subsidiaries	—	(0)	—
9. Cash and due from banks at end of year	¥ 1,927,024	¥ 5,159,822	\$ 16,318

See accompanying notes to consolidated financial statements.