Notes to Consolidated Financial Statements

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Years ended March 31, 2007 and 2006

1. Basis of Presentation

Sumitomo Mitsui Financial Group, Inc. ("SMFG") was established on December 2, 2002 as a holding company for the SMFG group through a statutory share transfer (*kabushiki iten*) of all of the outstanding equity securities of former Sumitomo Mitsui Banking Corporation ("former SMBC") in exchange for SMFG's newly issued securities. SMFG is a joint stock corporation with limited liability (*Kabushiki Kaisha*) incorporated under the former Commercial Code of Japan. Upon formation of SMFG and completion of the statutory share transfer, former SMBC became a direct wholly-owned subsidiary of SMFG.

SMFG has prepared the accompanying consolidated financial statements in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile.

The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of SMFG prepared in accordance with Japanese GAAP.

Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

Amounts less than one million yen have been omitted. As a result, the totals in Japanese yen shown in the financial statements do not necessarily agree with the sum of the individual amounts.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2007, which was ¥118.09 to US$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at that rate.

2. Significant Accounting Policies

(1) Consolidation and equity method

(a) Scope of consolidation

Japanese accounting standards on consolidated financial statements require a company to consolidate any subsidiaries of which the company substantially controls the operations, even if it is not a majority owned subsidiary. Control is defined as the power to govern the decision making body of an enterprise.

(i) Consolidated subsidiaries

The number of consolidated subsidiaries is as follows:

March 31	2007	2006
Consolidated subsidiaries	181	162

Principal companies:

Sumitomo Mitsui Banking Corporation ("SMBC")
THE MINATO BANK, LTD.
Kansai Urban Banking Corporation
Sumitomo Mitsui Banking Corporation Europe Limited
Manufacturers Bank
SMBC Leasing Company, Limited ("SMBC Leasing")
Sumitomo Mitsui Card Company, Limited ("SMCC")
SMBC Finance Service Co., Ltd.
SMBC Friend Securities Co., Ltd. ("SMBC Friend Securities")
The Japan Research Institute, Limited
SMBC Capital Markets, Inc.

Changes in consolidated subsidiaries in the fiscal year ended March 31, 2007 are as follows:

Forty-two companies including JRI Solution Ltd. were newly consolidated due to establishment and other reasons.

Four companies including SUMIGIN GUARANTEE COMPANY, LIMITED were excluded from the scope of consolidation because they were no longer subsidiaries due to merger and other reasons. Also, nineteen companies including SMLC MAHOGANY 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 silent partnerships for lease transactions.

(ii) Unconsolidated subsidiaries

Principal company:

SBCS Co., Ltd.

One hundred and twenty-four subsidiaries including S.B.L. Jupiter Co., Ltd. are 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 and retained earnings 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.

(b) Application of the equity method

Japanese accounting standards also require any unconsolidated subsidiaries and affiliates over the financial and operating policies of which SMFG is able to exercise material influence to be accounted for by the equity method.

(i) Unconsolidated subsidiaries accounted for by the equity method

The number of unconsolidated subsidiaries accounted for by the equity method is as follows:

March 31	2007	2006
Unconsolidated subsidiaries	3	3

Principal company:

SBCS Co., Ltd.

(ii) Affiliates accounted for by the equity method

The number of affiliates accounted for by the equity method is as follows:

March 31	2007	2006
Affiliates	59	60

Principal companies:

Promise Co., Ltd.
Daiwa Securities SMBC Co. Ltd.
NIF SMBC Ventures Co., Ltd.
Daiwa SB Investments Ltd.
Sumitomo Mitsui Asset Management Company, Limited
QUOQ Inc.

Changes in affiliates accounted for by the equity method in the fiscal year ended March 31, 2007 are as follows:

Four companies including NIFSMBC-V2006S1 Investment Enterprise Partnership newly became affiliated companies accounted for by the equity method due to establishment and other reasons.

Five companies including SMFC Holdings (Cayman) Limited were excluded from the scope of affiliated companies accounted for by the equity method because they were no longer affliated companies due to liquidation and other reasons.

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

One hundred and twenty-four subsidiaries including S.B.L. Jupiter Co., Ltd. are 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.

(iv) Affiliates that are not accounted for by the equity method

Principal company:

Daiwa SB Investments (USA) Ltd.

Unconsolidated subsidiaries and 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 and retained earnings 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.

(c) The balance sheet dates of consolidated subsidiaries

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

March 31	2007	2006
June 30	2	2
July 31	1	—
September 30	7	5
October 31	2	1
November 30	2	2
December 31	70	64
January 31	1	1
February 28	3	2
March 31	93	85

A consolidated overseas subsidiary changed its balance sheet date from December 31 to March 31 in the fiscal year ended March 31, 2007. Therefore, SMFG's consolidated financial statements include the subsidiary's earnings for the 15month period from January 1, 2006 to March 31, 2007. However, this change had no material impact on the consolidated financial statements.

(ii) The subsidiaries whose balance sheet dates are June 30, September 30 and November 30 are consolidated after the accounts were provisionally closed as of March 31 for the purpose of consolidation. In case of the subsidiary whose balance sheet date is July 31, it is consolidated after the accounts were provisionally closed as of January 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.

(2) Statements of cash flows

(a) For the purposes of presenting the consolidated statements of cash flows, cash and cash equivalents represent cash and due from banks.

(b) In accordance with the change in presentation of "Premises and equipment" in the consolidated balance sheet as of March 31, 2007, "Depreciation of premises, equipment and others" is presented as "Depreciation of fixed assets." "Net (gains) losses from disposal of premises and equipment" is also renamed as "Net (gains) losses from disposal of fixed assets." In addition, "Purchases of premises and equipment" and "Proceeds from sale of premises and equipment" are presented as "Purchases of tangible fixed assets" and "Proceeds from sale of tangible fixed assets," respectively.

(c) In accordance with the change in presentation of consolidated balance sheet as of March 31, 2007, software which had been included in "Other assets" is included in "Intangible fixed assets." Therefore, payments or proceeds from purchase or sale of software which had been included in "Other, net" in "Cash flows from operating activities" are included in "Purchases of intangible fixed assets" and "Proceeds from sale of intangible fixed assets" in "Cash flows from investing activities."

(d) Material non-monetary transactions

Capital surplus increased by ¥221,365 million ($1,875 million) because SMFG made SMBC Friend Securities into a wholly-owned subsidiary through a share exchange and delivered common stocks in the fiscal year ended March 31, 2007.

(3) 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. Profits and losses on trading-purpose transactions are recognized on a trade date basis, and recorded as "Trading profits" or "Trading losses."

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.

"Trading profits" and "Trading losses" include interest received or paid during the fiscal year. The year-on-year valuation differences of securities and monetary 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.

(4) Securities

As for securities other than trading purposes, 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," after deducting the amount that is reflected in the fiscal year's earnings by applying fair value hedge accounting.

Securities included in money held in trust are carried in the same method as for securities mentioned above.

(5) 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.

(6) 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 or fair value 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" (Japanese Institute of Certified Public Accountants ("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 basically applies deferred hedge accounting. But, SMBC applies fair value hedge accounting to hedging transactions for reducing the market volatility of bonds classified as other securities that are held for the purpose of Asset and Liability Management.

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. Gross amounts of deferred hedge losses and gains on "macro hedge" (prior to application of tax effect accounting) at March 31, 2007 were ¥41,522 million ($352 million) and ¥29,583 million ($251 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 non-arbitrary and 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).

(7) Non-accrual loans

Loans are generally placed on non-accrual status when their borrowers are classified as Bankrupt, Effectively Bankrupt or Potentially Bankrupt under the self-assessment rule (see (11) Reserve for possible loan losses).

(8) Bills discounted

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 at March 31, 2007 and 2006 was ¥915,318 million ($7,751 million) and ¥891,160 million, respectively, and bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought that were rediscounted by the banking subsidiaries accounted for ¥2,918 million of the total amount at March 31, 2006.

(9) Tangible fixed assets and leases assets

Tangible fixed assets owned by SMFG and SMBC are generally stated at cost less accumulated depreciation. Depreciation of tangible fixed assets and equipment is calculated using the straight-line method and the declining-balance method over the estimated useful lives of the respective assets, respectively. 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.

(10) Intangible fixed assets

Depreciation of intangible fixed assets is calculated using the straight-line method.

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

(11) 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 ¥490,123 million ($4,150 million) and ¥799,143 million at March 31, 2007 and 2006, respectively.

(12) 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 respective fiscal year.

(13) 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 nine years within the employees' average remaining service period at incurrence.

Unrecognized net actuarial gain (loss) is amortized using the straight-line method, primarily over nine years within the employees' average remaining service period, commencing from the next fiscal year of incurrence.

(14) 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.

Retirement benefits to directors, corporate auditors and other executive officers were formerly expensed when they were paid. However, "Treatment for Auditing of Reserve under Special Taxation Measures Law and Reserve under Special Laws" (JICPA Audit Committee Report No.42, issued on September 21, 1982) was revised and "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) was announced on April 13, 2007. In accordance with this accounting change, from March 31, 2007, SMFG started recording "reserve for executive retirement benefits" in order to recognize periodic gains (losses) more proper by allocating the estimated retirement benefits to the tenure of the relevant executives. As a result, "Income before income taxes and minority interests" decreased by ¥7,371 million ($62 million) as compared with the former method.

Consolidated financial statements for the six months ended September 30, 2006 were accounted for under the former method because this accounting change was announced on April 13, 2007. Accordingly, "Income before income taxes and minority interests" for the six months were excessively recorded by ¥6,241 million ($53 million) as compared with the revised method.

(15) Other reserves

Reserves required by special laws are provided as follows:

(a) Reserve for contingent liabilities from financial futures transactions is provided in accordance with Article 81 of the Financial Futures Transaction Law and Article 29 of the Enforcement Ordinance on the Financial Futures Transaction Law, in order to cover losses arising from financial futures transactions.

(b) Reserve for contingent liabilities from securities transactions is provided in accordance with Article 51 of the Securities and Exchange Law in provision for losses arising from securities transactions.

(16) 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.

(17) 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 by the same method as operating leases.

Standards for recognizing lease-related income on lease transactions and income/expenses on installment sales are as follows:

(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.

(18) Valuation of consolidated subsidiaries' assets and liabilities

Assets and liabilities of consolidated subsidiaries including the portion attributable to the minority stockholders are valuated for consolidation at fair value when SMFG acquires control.

(19) Amortization of goodwill

Goodwill on SMBC Friend Securities, SMBC Leasing and SMCC is amortized using the straight-line method over twenty years, five years and five years, respectively, and goodwill on other companies is charged or credited to income directly when incurred.

(20) Issuance of new shares and sale of treasury shares

On January 31, 2006, SMFG issued 80,000 new shares of common stock at ¥1,130,500 per share (issue price) for final allocation by underwriters at ¥1,166,200 per share (offer price). Furthermore, in connection with the over-allotment of 40,700 shares of common stock offered for sale at ¥1,166,200 per share (sales price) in the public offering, SMFG issued on February 28, 2006 the same number of new shares of common stock at ¥1,130,500 per share (issue price) through third-party allocation to the underwriter who conducted the over-allotment. The purchase agreement for the offering prescribes that the total amount of issue price be treated as the total amount of subscription price and no underwriting commission be paid. Accordingly, other expenses do not include the amount equivalent to the underwriting commission for the offering. Out of the issue price per share, ¥565,250 is accounted for as capital stock and ¥565,250 as capital surplus.

Also, on January 31, 2006, SMFG disposed of 400,000 shares of treasury stock at ¥1,130,500 per share (disposal price) for final allocation by underwriters at ¥1,166,200 per share (sales price). The purchase agreement for the offering prescribes that the total amount of disposal price be treated as the total amount of subscription price and no underwriting commission be paid. Accordingly, other expenses do not include the amount equivalent to the underwriting commission for the offering. The difference between the disposal price and the book value of the treasury stock sold in the offering is accounted for as capital surplus.

(21) Impairment of fixed assets

Effective April 1, 2005, SMFG has applied "Accounting Standards for Impairment of Fixed Assets" ("Opinion Concerning Establishment of Accounting Standard for Impairment on Fixed Assets," issued by the Business Accounting Council ("BAC") on August 9, 2002) and "Guidelines on Implementation of Accounting Standard for Impairment of Fixed Assets" (Guidelines on Implementation of Business Accounting Standard No.6, issued by the Accounting Standards Board of Japan ("ASBJ") on October 31, 2003). As a result, income before income taxes and minority interests for the fiscal year ended March 31, 2006 decreased by ¥11,523 million compared with the former method.

In the banking industry, fixed assets are stated at cost less accumulated depreciation pursuant to the Enforcement Ordinance of the Banking Law and the accumulated impairment loss is also deducted from the book value of each asset.

(22) Application of new accounting standards

(a) "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No.5, issued on December 9, 2005) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No.8, issued on December 9, 2005) were applicable from the fiscal year beginning on and after April 1, 2006. Effective April 1, 2006, SMFG has changed its consolidated balance sheet presentation as follows:

(i) Former "Stockholders' equity" is renamed as "Net assets," which consists of stockholders' equity, valuation and translation adjustments, stock acquisition rights and minority interests. The amount corresponding to former stockholders' equity at March 31, 2007 was ¥4,010,715 million ($33,963 million).

(ii) "Minority interests" which were presented below liabilities section are presented in net assets.

(iii) Deferred unrealized losses or gains on hedging instruments which were included in "Other assets" or "Other liabilities" on a net basis are presented as "Net deferred gains (losses) on hedges" in valuation and translation adjustments after deducting tax effect on a net basis.

(b) "Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations" (ASBJ Practical Issues Task Force No.20, issued on September 8, 2006) was applicable from on and after the fiscal year ending September 8, 2006, the announcement date, and SMFG has applied the new accounting pronouncement. This accounting change had no material impact on the consolidated financial statements.

(c) "Accounting Standard for Share-based Payment" (ASBJ Statement No.8, issued on December 27, 2005) and "Guidance on Accounting Standard for Share-based Payment" (ASBJ Guidance No.11, issued on May 31, 2006) were applicable to the stock options which are granted on and after May 1, 2006. As a result, SMFG has applied the new accounting standards from the fiscal year beginning on April 1, 2006. This accounting change had no material impact on the consolidated financial statements.

(d) "Accounting Standards for Business Combinations" ("Opinion Concerning Establishment of Accounting Standards for Business Combinations," issued by the BAC on October 31, 2003), "Accounting Standard for Business Divestitures" (ASBJ Statement No.7, issued on December 27, 2005) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, issued on December 22, 2006) were applicable from the fiscal year beginning on April 1, 2006. Effective April 1, 2006, SMFG has applied the new accounting standards.

(e) SMFG previously recognized deferred bond discounts as assets and amortized them over the redemption periods. On August 11, 2006, "Accounting Standard for Financial Instruments" (issued by the BAC on January 22, 1999) was revised by ASBJ Statement No.10 "Accounting Standards for Financial Instruments," and the revised accounting standards were applicable from on and after the fiscal year ending August 11, 2006. SMFG applied the revised accounting standards and bonds were carried at the amounts calculated based on amortized cost (straight-line method) on the consolidated balance sheet. As a result, deferred bond discounts in "Other assets" and "Bonds" each decreased by ¥2,308 million ($20 million) compared with the former method.

Deferred bond discounts, which were recognized on the consolidated balance sheet at March 31, 2006, were accounted for by the former method pursuant to "Tentative Solution on Accounting for Deferred Assets" (ASBJ Practical Issues Task Force No.19, issued on August 11, 2006) and amortized over the redemption periods and the unamortized balances have been deducted from bonds balances.

(23) Changes in presentation

The Enforcement Ordinance of the Banking Law was revised on April 28, 2006 and applicable from the fiscal year beginning on and after April 1, 2006. Effective April 1, 2006, SMFG has changed its consolidated financial statement presentation as follows:

(a) "Premises and equipment" are separately presented as "Tangible fixed assets," "Intangible fixed assets" and "Other assets."

(b) "Goodwill" which had been separately presented in assets section is included in "Intangible fixed assets." As a result, amortization of goodwill which was accounted for as "Other expenses" in "Expenses" is accounted for as amortization of intangible fixed assets and included in "General and administrative expenses."

(24) Basic agreement on strategic joint businesses in leasing and auto leasing

SMFG, SMBC Leasing and SMBC Auto Leasing Company, Limited ("SMBC Auto Leasing") reached a basic agreement to pursue strategic joint businesses in leasing and auto leasing with Sumitomo Corporation, Sumisho Lease Co., Ltd. ("Sumisho Lease") and Sumisho Auto Leasing Corporation ("Sumisho Auto Lease") on October 13, 2006. Based on the agreement, SMBC Leasing and Sumisho Lease plan to merge on October 1, 2007, and the merged company is expected to be a consolidated subsidiary of SMFG, which will have 55% of the voting rights. The merger is regarded as an acquisition under "Accounting Standards for Business Combinations," and SMFG will recognize goodwill. However, the amount of goodwill is undetermined at this time.

SMBC Auto Leasing and Sumisho Auto Lease also plan to merge on October 1, 2007.

3. Trading Assets

Trading assets at March 31, 2007 and 2006 consisted of the following:

March 31	Millions of yen 2007	Millions of yen 2006	Millions of U.S. dollars 2007
Trading securities	¥ 53,288	¥ 163,042	$ 451
Derivatives of trading securities	373	275	3
Derivatives of securities related to trading transactions	2,344	4,162	20
Trading-related financial derivatives	2,125,214	2,984,988	17,997
Other trading assets	1,096,664	925,557	9,287
	¥3,277,885	¥4,078,025	$27,758

4. Securities

Securities at March 31, 2007 and 2006 consisted of the following:

March 31	Millions of yen 2007	Millions of yen 2006	Millions of U.S. dollars 2007
Japanese government bonds*1	¥ 7,640,069	¥11,566,093	$ 64,697
Japanese local government bonds	571,103	607,777	4,836
Japanese corporate bonds	4,066,497	3,958,181	34,436
Japanese stocks*1, 2	4,747,601	4,500,639	40,203
Other*2	3,512,228	4,873,169	29,742
	¥20,537,500	¥25,505,861	$173,914

*1 Unsecured loaned securities for which borrowers have the right to sell or pledge in the amount of ¥2,188 million ($19 million) and ¥1,331 million are included in Japanese government bonds and Japanese stocks at March 31, 2007 and 2006, respectively.
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 that are permitted to be sold or pledged without restrictions, ¥2,088,859 million ($17,689 million) of securities are pledged, and ¥154,192 million ($1,306 million) of securities are held in hand at March 31, 2007. The respective amounts at March 31, 2006 were ¥1,713,027 million and ¥199,720 million.

*2 Japanese stocks and other include investments in unconsolidated subsidiaries and affiliates of ¥430,090 million ($3,642 million) and ¥498,660 million at March 31, 2007 and 2006, respectively.

5. Loans and Bills Discounted

(1) Loans and bills discounted at March 31, 2007 and 2006 consisted of the following:

March 31	Millions of yen 2007	Millions of yen 2006	Millions of U.S. dollars 2007
Bills discounted	¥ 454,164	¥ 432,795	$ 3,846
Loans on notes	3,781,841	4,022,517	32,025
Loans on deeds	46,485,666	44,949,655	393,646
Overdrafts	7,967,649	7,862,235	67,471
	¥58,689,322	¥57,267,203	$496,988

(2) Loans and bills discounted included the following "Risk-monitored loans" stipulated in the Banking Law:

March 31	Millions of yen 2007	Millions of yen 2006	Millions of U.S. dollars 2007
Risk-monitored loans:			
Bankrupt loans*1	¥ 60,715	¥ 59,332	$ 514
Non-accrual loans*2	507,289	714,366	4,296
Past due loans (3 months or more)*3	22,018	24,571	187
Restructured loans*4	477,362	444,889	4,042
	¥1,067,386	¥1,243,160	$9,039

*1 "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.

*2 "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.

*3 "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."

*4 "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)."

(3) 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 amounts of unused commitments at March 31, 2007 and 2006 were ¥40,947,052 million ($346,744 million) and ¥38,176,896 million, respectively, and the amounts of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time at March 31, 2007 and 2006 were ¥34,769,824 million ($294,435 million) and ¥32,754,665 million, respectively.

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 the contracts are made.

6. Other Assets

Other assets at March 31, 2007 and 2006 consisted of the following:

	Millions of yen		Millions of U.S. dollars
March 31	2007	2006	2007
Prepaid expenses	¥ 38,293	¥ 36,731	$ 324
Accrued income	280,115	275,870	2,372
Deferred assets	725,893	702,914	6,147
Financial derivatives*	702,211	814,433	5,947
Other	1,603,435	1,573,880	13,578
	¥3,349,949	¥3,403,832	$28,368

* Net amount of deferred unrealized losses on hedging instruments to which deferred hedge accounting is applied is reported as deferred losses on hedge and is included in "Financial derivatives." Gross deferred unrealized losses and gains on hedging instruments before netting at March 31, 2006 were ¥610,517 million and ¥436,183 million, respectively.

7. Tangible Fixed Assets

Tangible fixed assets at March 31, 2007 consisted of the following:

	Millions of yen	Millions of U.S. dollars
March 31	2007	2007
Buildings	¥226,593	$1,919
Land*	476,059	4,031
Construction in progress	703	6
Other tangible fixed assets	114,211	967
Total	¥817,567	$6,923
Accumulated depreciation	¥555,288	$4,702

* Includes land revaluation excess referred to in Note 18.

8. Premises and Equipment

Premises and equipment at March 31, 2006 consisted of the following:

	Millions of yen
March 31	2006
Land*	¥ 396,667
Buildings	493,406
Equipment and others	462,967
Total	1,353,041
Accumulated depreciation	(546,672)
	¥ 806,369

* Includes land revaluation excess referred to in Note 18.

9. Intangible Fixed Assets

Intangible fixed assets at March 31, 2007 consisted of the following:

	Millions of yen	Millions of U.S. dollars
March 31	2007	2007
Software	¥123,151	$1,043
Goodwill	100,850	854
Other intangible fixed assets	10,894	92
	¥234,896	$1,989

10. Lease Assets

Lease assets at March 31, 2007 and 2006 were as follows:

	Millions of yen		Millions of U.S. dollars
March 31	2007	2006	2007
Equipment and others	¥2,593,445	¥2,564,601	$21,962
Accumulated depreciation	(1,592,098)	(1,564,686)	(13,482)
	¥1,001,346	¥ 999,915	$ 8,480

11. Assets Pledged as Collateral

Assets pledged as collateral at March 31, 2007 and 2006 consisted of the following:

	Millions of yen		Millions of U.S. dollars
March 31	2007	2006	2007
Assets pledged as collateral			
Cash and due from banks and Deposits with banks	¥ 104,328	¥ 79,117	$ 883
Trading assets	202,292	114,551	1,713
Securities	3,043,253	9,229,645	25,771
Loans and bills discounted	934,423	1,552,435	7,913
Other assets (installment account receivable etc.)	1,946	1,131	16
Liabilities corresponding to assets pledged as collateral			
Deposits	20,588	19,111	174
Call money and bills sold	1,335,000	6,996,598	11,305
Payables under repurchase agreements	128,695	383,597	1,090
Payables under securities lending transactions	1,250,450	2,543,261	10,589
Trading liabilities	84,532	196,137	716
Borrowed money	1,112,257	27,019	9,419
Other liabilities	23,207	36,317	197
Acceptances and guarantees	167,153	157,658	1,415

In addition to the assets presented above, the following assets were pledged as collateral for cash settlements, variation margins of futures markets and certain other purposes at March 31, 2007 and 2006:

	Millions of yen		Millions of U.S. dollars
March 31	2007	2006	2007
Cash and due from banks and Deposits with banks	¥ 6,761	¥ 6,729	$ 57
Trading assets	500,158	665,395	4,235
Securities	3,946,194	4,072,275	33,417
Loans and bills discounted	535,770	—	4,537

Other assets included surety deposits and intangibles of ¥94,129 million ($797 million) and initial margins of futures markets of ¥3,140 million ($27 million) at March 31, 2007.

Premises and equipment included surety deposits and intangibles of ¥97,162 million, and other assets included initial margins of futures markets of ¥14,631 million at March 31, 2006.

12. Deposits

Deposits at March 31, 2007 and 2006 consisted of the following:

March 31	Millions of yen 2007	Millions of yen 2006	Millions of U.S. dollars 2007
Current deposits	¥ 6,631,965	¥ 7,043,924	$ 56,160
Ordinary deposits	33,667,482	33,369,831	285,100
Savings deposits	933,026	1,025,890	7,901
Deposits at notice	5,364,306	4,458,093	45,426
Time deposits	22,279,749	20,866,095	188,667
Negotiable certificates of deposit	2,589,217	2,708,643	21,926
Other deposits	3,279,695	4,070,290	27,773
	¥74,745,441	¥73,542,769	$632,953

13. Trading Liabilities

Trading liabilities at March 31, 2007 and 2006 consisted of the following:

March 31	Millions of yen 2007	Millions of yen 2006	Millions of U.S. dollars 2007
Trading securities sold for short sales	¥ 16,415	¥ 119,337	$ 139
Derivatives of trading securities	288	1,238	2
Derivatives of securities related to trading transactions	1,975	4,079	17
Trading-related financial derivatives	1,924,294	2,783,503	16,295
	¥1,942,973	¥2,908,158	$16,453

14. Borrowed Money

Borrowed money at March 31, 2007 and 2006 consisted of the following:

March 31	Millions of yen 2007	Millions of yen 2006	Millions of U.S. dollars 2007	Average interest rate*1	Due
Bills rediscounted	¥ —	¥ 2,918	$ —	—%	—
Other borrowings*2	3,214,137	2,130,788	27,218	1.27	Jan. 2007 — Perpetual
	¥3,214,137	¥2,133,707	$27,218	1.27%	

*1 Average interest rate represents the weighted average interest rate based on the balances and rates at respective year-end of SMBC and other consolidated subsidiaries.

*2 Includes subordinated debt of ¥559,500 million ($4,738 million) and ¥622,500 million at March 31, 2007 and 2006, respectively.

The repayment schedule within five years on borrowed money at March 31, 2007 was as follows:

March 31	Millions of yen 2007	Millions of U.S. dollars 2007
Within 1 year	¥1,832,734	$15,520
After 1 year through 2 years	212,380	1,798
After 2 years through 3 years	222,596	1,885
After 3 years through 4 years	151,006	1,279
After 4 years through 5 years	137,446	1,164

15. Bonds

Bonds at March 31, 2007 and 2006 consisted of the following:

March 31

Issuer / Description	Millions of yen*1 2007	Millions of yen*1 2006	Millions of U.S. dollars 2007	Interest rate*2 (%)	Due
SMBC:					
Straight bonds, payable in Yen	¥1,692,060	¥1,883,760	$14,329	0.52–2.625	Apr. 2007–May 2025
	[405,500]	[390,781]			
Straight bonds, payable in Euroyen	38,900	22,900	329	1.50–22.15	Mar. 2012–Feb. 2037
Subordinated bonds, payable in Yen	519,880	450,000	4,402	1.71–2.62	Jun. 2010–Feb. 2017
Subordinated bonds, payable in Euroyen	731,300	774,800	6,193	0.92–2.97	May 2011–Perpetual
Subordinated bonds, payable in U.S. dollars	350,461	349,385	2,968	5.625–8.15	Nov. 2011–Perpetual
	($2,967,747 thousand)	($2,974,000 thousand)			
Subordinated bonds, payable in British pound sterling	2,782	2,462	24	6.98	Perpetual
	(£12,000 thousand)	(£12,000 thousand)			
Subordinated bonds, payable in Euro	109,261	99,960	925	4.375	Perpetual
	(€694,207 thousand)	(€700,000 thousand)			
Subordinated bonds, payable in Euro	196,341	178,500	1,663	4.375	Oct. 2014
	(€1,247,482 thousand)	(€1,250,000 thousand)			
Other consolidated subsidiaries:					
Straight bonds, payable in Yen	174,504	197,181	1,477	0.2535–4.50	Apr. 2007–Oct. 2024
	[64,902]	[85,893]			
Straight bonds, payable in U.S. dollars	2,382	3,886	20	5.77188–7.00	Sep. 2007–May 2009
	($20,000 thousand)	($33,000 thousand)			
	[1,191]	[1,525]			
Straight bonds, payable in British pound sterling	1,866	1,622	16	3.95	Oct. 2008
	(£8,000 thousand)	(£8,000 thousand)			
Subordinated bonds, payable in Yen	155,694	159,478	1,318	0.98188–4.95	Dec. 2007–Perpetual
	[500]	[1,993]			
Subordinated bonds, payable in U.S. dollars	118,090	117,480	1,000	8.50	Jun. 2009
	($1,000,000 thousand)	($1,000,000 thousand)			
Short-term bonds	439,600	383,900	3,723	0.4888–0.8099	Apr. 2007–Aug. 2007
	[439,600]	[383,900]			
	¥4,533,125	¥4,625,317	$38,387		

*1 Figures in ( ) are the balances in the original currency of the foreign currency denominated bonds, and figures in [ ] are the amounts to be redeemed within one year.

*2 Interest rates indicate nominal interest rates which are applied at the consolidated balance sheet dates. Therefore, they may differ from real interest rates.

The redemption schedule within five years on bonds at March 31, 2007 was as follows:

March 31	Millions of yen 2007	Millions of U.S. dollars 2007
Within 1 year	¥911,693	$7,720
After 1 year through 2 years	425,866	3,606
After 2 years through 3 years	570,677	4,833
After 3 years through 4 years	312,998	2,651
After 4 years through 5 years	274,534	2,325

16. Other Liabilities

Other liabilities at March 31, 2007 and 2006 consisted of the following:

March 31	Millions of yen 2007	Millions of yen 2006	Millions of U.S. dollars 2007
Accrued expenses	¥ 169,803	¥ 127,194	$ 1,438
Unearned income	180,374	183,091	1,527
Income taxes payable	56,292	47,260	477
Financial derivatives	868,169	830,867	7,352
Other	1,707,075	1,437,180	14,456
	¥2,981,714	¥2,625,594	$25,250

17. Other Reserves

Other reserves at March 31, 2007 and 2006 consisted of the following:

	Millions of yen		Millions of U.S. dollars
March 31	2007	2006	2007
Reserve for contingent liabilities from financial futures transactions	¥ 18	¥ 18	$ 0
Reserve for contingent liabilities from securities transactions	1,118	1,122	10
	¥1,137	¥1,141	$10

18. Land Revaluation Excess

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" at March 31, 2007 and "Stockholders' equity" at March 31, 2006.

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.

Total fair value of land used for business activities at March 31, 2006, whose book value had been revaluated pursuant to Article 10 of the Law, was ¥15,253 million lower than the book value.

19. Minority Interests

SB Treasury Company L. L. C., a subsidiary of SMBC, issued noncumulative perpetual preferred securities, totaling $1,800 million in February 1998. SB Equity Securities (Cayman), Limited, a subsidiary of SMBC, issued noncumulative perpetual preferred securities, totaling ¥340,000 million in February and March 1999. Sakura Preferred Capital (Cayman) Limited, a subsidiary of SMBC, issued noncumulative perpetual preferred securities, totaling ¥283,750 million in December 1998 and March 1999. SMFG Preferred Capital USD 1 Limited and SMFG Preferred Capital GBP 1 Limited, subsidiaries of SMFG, issued noncumulative perpetual preferred securities, totaling $1,650 million and £500 million, respectively, in December 2006. These subsidiaries are consolidated and the preferred securities are accounted for as minority interests.

20. Capital Stock

Capital stock consists of common stock and preferred stock. Common stock and preferred stock at March 31, 2007 and 2006 were as follows:

	Number of shares			
	2007		2006	
March 31	Authorized*[1]	Issued	Authorized	Issued
Common stock	15,000,000	7,733,653.77	15,000,000	7,424,172.77
Preferred stock (Type 1)*[2]	35,000	—	35,000	35,000
Preferred stock (Type 2)*[2]	100,000	—	100,000	100,000
Preferred stock (Type 3)*[2]	695,000	—	695,000	695,000
Preferred stock (Type 4)	135,000	50,100	135,000	50,100
Preferred stock (Type 5)	250,000	—	250,000	—
Preferred stock (Type 6)	300,000	70,001	300,000	70,001
Total	16,515,000	7,853,754.77	16,515,000	8,374,273.77

*[1] Partial amendment of the Articles of Incorporation was approved at the annual ordinary general meeting of shareholders held on June 28, 2007 and the amended Articles stipulate that the total number of authorized shares is 15,684,101, which consists of the types and the number of authorized shares as follows:

Common stock	15,000,000 shares
Preferred stock (Type 4)	50,100 shares
Preferred stock (Type 5)	167,000 shares
Preferred stock (Type 6)	70,001 shares
Preferred stock (Type 7)	167,000 shares
Preferred stock (Type 8)	115,000 shares
Preferred stock (Type 9)	115,000 shares

*[2] See Note 28.

All of the preferred stock is noncumulative and nonparticipating for dividend payments, and shareholders of the preferred stock are not entitled to vote at a general meeting of shareholders except when the proposal to pay the prescribed dividends to shareholders is not submitted to the general meeting of shareholders or is rejected at the general meeting of shareholders.

In the event that SMFG pays dividends, SMFG shall pay to holders of shares of its preferred stock, in preference to the holders of its common stock, cash dividends in the amounts as described below. If preferred interim dividends stipulated in the Articles of Incorporation of SMFG were paid during the relevant fiscal year, the amount of such preferred interim dividends shall be subtracted from such amount of annual preferred dividends. Preferred stock (1st to 12th series Type 4) bear an annual noncumulative dividend of ¥135,000 per share and, in the event SMFG pays an interim dividend, holders are entitled to receive ¥67,500 in preference to common shareholders.

Preferred stock (1st series Type 6) bear an annual noncumulative dividend of ¥88,500 per share and, in the event SMFG pays an interim dividend, holders are entitled to receive ¥44,250 in preference to common shareholders. Holders of preferred stock are not entitled to any further dividends in excess of the amount as described above.

In the event of SMFG's voluntary or involuntary liquidation, holders of its preferred stock will be entitled, equally in rank as among themselves and in preference over shares of its common stock, to receive out of SMFG's residual assets upon liquidation a distribution of ¥3,000,000 per share in the case of Type 4 and Type 6 preferred stock. Holders of preferred stock are not entitled to any further dividends or other participation or distribution of SMFG's residual assets upon SMFG's liquidation.

SMFG may, subject to the requirements provided in the Company Law, purchase any shares of the preferred stock then outstanding at any time and retire such preferred stock out of distributable amounts of SMFG. SMFG may also, subject to the requirements provided in the Company Law, redeem all or some of preferred stock (1st series Type 6) out of distributable amounts of SMFG at any time on and after March 31, 2011 at a price of ¥3,000,000 per share.

Preferred stock (1st to 12th series Type 4) are convertible at any time through February 7, 2028. Such preferred stock is convertible at a conversion price, which is ¥318,800 as of March 31, 2007, subject to anti-dilution adjustment, and to downward reset if the market price of SMFG's common stock at the time of conversion is less than the then-applicable conversion price. The reset is subject to a floor price, which is ¥105,100 as of March 31, 2007 and is subject to anti-dilution adjustment. Preferred stock (Type 4) outstanding on the last day of the applicable conversion period will be mandatorily converted into shares of its common stock on the immediately following day.

Preferred stock (Type 6) is non-convertible.

21. Fees and Commissions

Fees and commissions for the years ended March 31, 2007 and 2006 consisted of the following:

Year ended March 31	Millions of yen 2007	Millions of yen 2006	Millions of U.S. dollars 2007
Fees and commissions (income):			
Deposits and loans	¥ 65,698	¥ 54,698	$ 556
Remittances and transfers	132,836	131,526	1,125
Securities-related business	48,650	64,773	412
Agency	16,581	18,929	141
Safe deposits	7,322	7,384	62
Guarantees	45,961	41,445	389
Credit card business	117,197	108,643	993
Investment trusts	77,971	69,481	660
Other	193,778	207,046	1,641
	¥705,998	¥703,928	$5,979
Fees and commissions (expenses):			
Remittances and transfers	¥ 27,200	¥ 25,868	$ 230
Other	69,612	58,468	590
	¥ 96,812	¥ 84,336	$ 820

22. Trading Income

Trading income for the years ended March 31, 2007 and 2006 consisted of the following:

Year ended March 31	Millions of yen 2007	Millions of yen 2006	Millions of U.S. dollars 2007
Trading profits:			
Gains on trading securities	¥ 15,109	¥12,880	$ 128
Gains on securities related to trading transactions	—	1,229	—
Gains on trading-related financial derivatives	109,208	18,599	925
Other	3,244	97	27
	¥127,561	¥32,807	$1,080
Trading losses:			
Losses on securities related to trading transactions	¥ 1,936	—	$ 16
	¥ 1,936	—	$ 16

23. Other Operating Income

Other operating income for the years ended March 31, 2007 and 2006 consisted of the following:

Year ended March 31	Millions of yen 2007	Millions of yen 2006	Millions of U.S. dollars 2007
Gains on sale of bonds	¥ 28,180	¥ 51,003	$ 239
Gains on redemption of bonds	1,119	90	9
Lease-related income	744,881	716,846	6,308
Gains on foreign exchange transactions	56,800	203,929	481
Other	172,649	172,278	1,462
	¥1,003,632	¥1,144,147	$8,499

24. Other Income

Other income for the years ended March 31, 2007 and 2006 consisted of the following:

Year ended March 31	Millions of yen 2007	2006	Millions of U.S. dollars 2007
Gains on sale of stocks and other securities	¥ 62,793	¥ 93,433	$ 532
Gains on money held in trust	0	39	0
Equity in earnings of affiliates	—	31,887	—
Gains on disposal of fixed assets	4,730	—	40
Gains on disposal of premises and equipment	—	5,794	—
Collection of written-off claims	1,236	31,584	10
Gains on return of securities from retirement benefits trust	36,330	—	308
Gains on sale of a subsidiary's shares and change in equity of the subsidiary	4,226	60,574	36
Other	18,700	27,660	158
	¥128,017	¥250,973	$1,084

25. Other Operating Expenses

Other operating expenses for the years ended March 31, 2007 and 2006 consisted of the following:

Year ended March 31	Millions of yen 2007	2006	Millions of U.S. dollars 2007
Losses on sale of bonds	¥ 139,302	¥ 66,483	$1,180
Losses on redemption of bonds	3,534	195	30
Losses on devaluation of bonds	—	50	—
Bond issuance costs	799	760	7
Lease-related expenses	674,662	650,132	5,713
Losses on financial derivatives	22,809	5,619	193
Other	163,262	153,395	1,382
	¥1,004,370	¥876,635	$8,505

26. Other Expenses

Other expenses for the years ended March 31, 2007 and 2006 consisted of the following:

Year ended March 31	Millions of yen 2007	2006	Millions of U.S. dollars 2007
Write-off of loans	¥ 81,415	¥ 69,355	$ 689
Losses on sale of stocks and other securities	1,499	13,968	13
Losses on devaluation of stocks and other securities	16,562	32,345	140
Losses on sale of delinquent loans	39,302	100,666	333
Equity in losses of affiliates	104,170	—	882
Losses on disposal of fixed assets	7,798	—	66
Losses on disposal of premises and equipment	—	5,242	—
Losses on impairment of fixed assets*	30,548	12,303	259
Provision for reserve for contingent liabilities from securities transactions	—	47	—
Other	33,876	46,484	287
	¥315,175	¥280,414	$2,669

*Losses on impairment of fixed assets consisted of the following:

Year ended March 31 Area	Purpose of use	Type	Millions of yen 2007	2006	Millions of U.S. dollars 2007
Tokyo metropolitan area	Branches (2 branches)	Land and premises etc.	¥25,799	¥ —	$219
	Idle assets (32 items)		1,782	5,277	15
Kinki area	Branches (19 branches)	Land and premises etc.	839	4,668	7
	Idle assets (22 items)		443	2,022	4
Other	Idle assets (18 items)	Land and premises etc.	1,683	334	14

A consolidated subsidiary, 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 reduce the book values to their recoverable amounts and recognize the relevant losses.

Recoverable amounts are calculated using net realizable value which is based on appraisal value in accordance with the Real Estate Appraisal Standard less the expected sale costs.

27. Income Taxes

(1) Significant components of deferred tax assets and liabilities at March 31, 2007 and 2006 were as follows:

	Millions of yen		Millions of U.S. dollars
March 31	2007	2006	2007
Deferred tax assets:			
Net operating loss carryforwards	¥1,170,595	¥1,190,699	$ 9,913
Write-off of securities	284,084	301,260	2,406
Reserve for possible loan losses	191,150	374,368	1,619
Write-off of loans	101,611	170,249	860
Reserve for employee retirement benefits	75,582	91,208	640
Gain or loss on deferred hedges	60,247	—	510
Depreciation	9,256	8,984	78
Other	120,304	92,013	1,019
Subtotal	2,012,833	2,228,784	17,045
Valuation allowance	(457,174)	(533,411)	(3,871)
Total deferred tax assets	1,555,659	1,695,373	13,174
Deferred tax liabilities:			
Net unrealized gains on other securities	(569,723)	(560,800)	(4,825)
Leveraged lease	(60,724)	(56,423)	(514)
Gains on securities contributed to employee retirement benefits trust	(42,408)	(52,329)	(359)
Securities returned from employee retirement benefits trust	(20,312)	—	(172)
Undistributed earnings of subsidiaries	(10,600)	(11,223)	(90)
Other	(15,619)	(12,470)	(132)
Total deferred tax liabilities	(719,388)	(693,247)	(6,092)
Net deferred tax assets	¥ 836,270	¥1,002,125	$ 7,082

(2) SMFG and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes, which, in the aggregate, resulted in an effective statutory tax rate of approximately 40.69% for the years ended March 31, 2007 and 2006. A reconciliation of the effective income tax rate reflected in the accompanying consolidated statements of income to the statutory tax rate for the years ended March 31, 2007 and 2006 was as follows:

	2007	2006
Statutory tax rate	40.69%	40.69%
Valuation allowance	(6.94)	(8.53)
Dividends exempted for income tax purposes	—	(2.45)
Difference in the effective statutory tax rate between SMFG and consolidated overseas subsidiaries	—	(2.15)
Equity in losses of affiliates	5.25	—
Other	(1.00)	0.88
Effective income tax rate	38.00%	28.44%

28. Changes in Net Assets

(1) Type and number of shares issued and treasury shares are as follows:

	Number of shares			
	March 31, 2006	Increase	Decrease	March 31, 2007
Shares issued				
Common stock	7,424,172.77	309,481*[1]	—	7,733,653.77
Preferred stock (Type 1)	35,000	—	35,000*[2]	—
Preferred stock (Type 2)	100,000	—	100,000*[3]	—
Preferred stock (Type 3)	695,000	—	695,000*[4]	—
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	8,374,273.77	309,481	830,000	7,853,754.77
Treasury shares				
Common stock	6,307.15	170,936.41*[5]	8,612.61*[5]	168,630.95
Preferred stock (Type 1)	—	35,000*[2]	35,000*[2]	—
Preferred stock (Type 2)	—	100,000*[3]	100,000*[3]	—
Preferred stock (Type 3)	—	695,000*[4]	695,000*[4]	—
Total	6,307.15	1,000,936.41	838,612.61	168,630.95

*[1] **Increase in number of common shares issued:**

- 249,015 shares due to issuance of new shares related to the share exchange with SMBC Friend Securities on September 1, 2006
- 60,466 shares due to exercising of rights to request acquisition of common shares with respect to preferred stock (Type 3) on September 29, 2006

*[2] **Increase in number of treasury shares of preferred stock (Type 1):**

- 35,000 shares due to acquisition of own shares on May 17, 2006 pursuant to the resolution of the ordinary general meeting of shareholders held on June 29, 2005

Decrease in number of shares issued and treasury shares of preferred stock (Type 1):

- 35,000 shares due to retirement of treasury shares on May 17, 2006

*[3] **Increase in number of treasury shares of preferred stock (Type 2):**

- 100,000 shares due to acquisition of own shares on May 17 and September 6, 2006 pursuant to the resolution of the ordinary general meetings of shareholders held on June 29, 2005 and June 29, 2006

Decrease in number of shares issued and treasury shares of preferred stock (Type 2):

- 100,000 shares due to retirement of treasury shares on May 17 and September 6, 2006

*[4] **Increase in number of treasury shares of preferred stock (Type 3):**

- 645,000 shares due to acquisition of own shares on September 29 and October 11, 2006 pursuant to the resolution of the ordinary general meeting of shareholders held on June 29, 2006
- 50,000 shares due to acquisition of own shares on September 29, 2006 as a result of exercising of rights to request acquisition of common shares

Decrease in number of shares issued and treasury shares of preferred stock (Type 3):

- 695,000 shares due to retirement of treasury shares on September 29 and October 11, 2006

*[5] **Increase in number of treasury common shares:**

- 60,466 shares due to acquisition of own shares on October 17, 2006 pursuant to the resolution of the ordinary general meeting of shareholders held on June 29, 2006
- 1,265.41 shares due to purchase of fractional shares
- 109,205 shares owned by consolidated subsidiaries and affiliates in connection with the share exchange with SMBC Friend Securities

Decrease in number of treasury common shares:

- 182.61 shares due to sale of fractional shares and delivery of shares in connection with exercising of stock options
- 8,430 shares due to sale of shares of SMFG's common stock owned by subsidiaries and affiliates

(2) Information on stock acquisition rights is as follows:

	Detail of stock acquisition rights	Type of shares	Number of shares: March 31, 2006	Number of shares: Increase	Number of shares: Decrease	Number of shares: March 31, 2007	Millions of yen: March 31, 2007	Millions of U.S. dollars: March 31, 2007
SMFG	Stock options	—	—	—	—	—	¥ —	$ —
Consolidated subsidiaries	—	—	—	—	—	—	14	0
Total							¥ 14	$ 0

(3) Information on dividends is as follows:

(a) Dividends paid in the fiscal year ended March 31, 2007 (Millions of yen, except per share amount)

Type of shares	Aggregate amount of dividends	Cash dividends per share	Record date	Effective date
Common stock	¥22,253	¥ 3,000	March 31, 2006	June 29, 2006
Preferred stock (Type 1)	367	10,500	March 31, 2006	June 29, 2006
Preferred stock (Type 2)	2,850	28,500	March 31, 2006	June 29, 2006
Preferred stock (Type 3)	9,521	13,700	March 31, 2006	June 29, 2006
Preferred stock (1st series Type 4)	563	135,000	March 31, 2006	June 29, 2006
Preferred stock (2nd series Type 4)	563	135,000	March 31, 2006	June 29, 2006
Preferred stock (3rd series Type 4)	563	135,000	March 31, 2006	June 29, 2006
Preferred stock (4th series Type 4)	563	135,000	March 31, 2006	June 29, 2006
Preferred stock (5th series Type 4)	563	135,000	March 31, 2006	June 29, 2006
Preferred stock (6th series Type 4)	563	135,000	March 31, 2006	June 29, 2006
Preferred stock (7th series Type 4)	563	135,000	March 31, 2006	June 29, 2006
Preferred stock (8th series Type 4)	563	135,000	March 31, 2006	June 29, 2006
Preferred stock (9th series Type 4)	563	135,000	March 31, 2006	June 29, 2006
Preferred stock (10th series Type 4)	563	135,000	March 31, 2006	June 29, 2006
Preferred stock (11th series Type 4)	563	135,000	March 31, 2006	June 29, 2006
Preferred stock (12th series Type 4)	563	135,000	March 31, 2006	June 29, 2006
Preferred stock (1st series Type 6)	6,195	88,500	March 31, 2006	June 29, 2006

Date of resolution: Ordinary general meeting of shareholders held on June 29, 2006

(b) Dividends to be paid in the fiscal year ending March 31, 2008 (Millions of yen, except per share amount)

Type of shares	Aggregate amount of dividends	Source of dividends	Cash dividends per share	Record date	Effective date
Common stock	¥53,660	Retained earnings	¥ 7,000	March 31, 2007	June 28, 2007
Preferred stock (1st series Type 4)	563	Retained earnings	135,000	March 31, 2007	June 28, 2007
Preferred stock (2nd series Type 4)	563	Retained earnings	135,000	March 31, 2007	June 28, 2007
Preferred stock (3rd series Type 4)	563	Retained earnings	135,000	March 31, 2007	June 28, 2007
Preferred stock (4th series Type 4)	563	Retained earnings	135,000	March 31, 2007	June 28, 2007
Preferred stock (5th series Type 4)	563	Retained earnings	135,000	March 31, 2007	June 28, 2007
Preferred stock (6th series Type 4)	563	Retained earnings	135,000	March 31, 2007	June 28, 2007
Preferred stock (7th series Type 4)	563	Retained earnings	135,000	March 31, 2007	June 28, 2007
Preferred stock (8th series Type 4)	563	Retained earnings	135,000	March 31, 2007	June 28, 2007
Preferred stock (9th series Type 4)	563	Retained earnings	135,000	March 31, 2007	June 28, 2007
Preferred stock (10th series Type 4)	563	Retained earnings	135,000	March 31, 2007	June 28, 2007
Preferred stock (11th series Type 4)	563	Retained earnings	135,000	March 31, 2007	June 28, 2007
Preferred stock (12th series Type 4)	563	Retained earnings	135,000	March 31, 2007	June 28, 2007
Preferred stock (1st series Type 6)	6,195	Retained earnings	88,500	March 31, 2007	June 28, 2007

Date of resolution: Ordinary general meeting of shareholders held on June 28, 2007

29. 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. Some domestic consolidated subsidiaries have general type of employee pension plans. They may grant additional benefits in cases where certain requirements are met when employees retire.

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

(2) Projected benefit obligation

March 31		Millions of yen 2007	Millions of yen 2006	Millions of U.S. dollars 2007
Projected benefit obligation	(A)	¥ (910,139)	¥ (909,802)	$ (7,707)
Plan assets	(B)	1,186,060	1,236,535	10,044
Unfunded projected benefit obligation	(C)=(A)+(B)	275,921	326,733	2,337
Unrecognized net actuarial gain or loss	(D)	(83,905)	(126,816)	(711)
Unrecognized prior service cost	(E)	(48,257)	(59,727)	(409)
Net amount recorded on the consolidated balance sheet	(F)=(C)+(D)+(E)	143,757	140,189	1,217
Prepaid pension cost	(G)	178,182	176,976	1,509
Reserve for employee retirement benefits	(F)–(G)	¥ (34,424)	¥ (36,786)	$ (292)

(a) On January 26, 2004, SMBC received the approval from the Minister of Health, Labor and Welfare for exemption from future retirement benefit obligations with respect to the entrusted portion of the employee pension fund, in accordance with the implementation of the "Defined benefit enterprise pension plan law." On September 1, 2005, SMBC also received the approval from the Minister of Health, Labor and Welfare for exemption from past retirement benefit obligations with respect to the entrusted portion, and adopted defined benefit pension plan.

(b) Some consolidated subsidiaries adopt the simple method in calculating projected benefit obligation.

(c) Plan assets related to the general type of welfare pension plan at March 31, 2007 and 2006, amounted to ¥19,648 million ($166 million) and ¥18,701 million, respectively, and were not included in the "Plan assets" shown above.

(3) Pension expenses

Year ended March 31	Millions of yen 2007	Millions of yen 2006	Millions of U.S. dollars 2007
Service cost	¥ 20,082	¥20,600	$ 170
Interest cost on projected benefit obligation	22,325	22,002	189
Expected return on plan assets	(30,184)	(24,416)	(256)
Amortization of unrecognized net actuarial gain or loss	3,305	23,343	28
Amortization of unrecognized prior service cost	(11,175)	(9,374)	(95)
Other (nonrecurring additional retirement allowance paid and other)	3,254	3,263	28
Pension expenses	¥ 7,607	¥35,419	$ 64
Gains on return of employee retirement benefits trust	(36,330)	—	(307)
Total	¥(28,722)	¥35,419	$(243)

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

(4) Assumptions

The principal assumptions used in determining benefit obligation and pension expenses at or for the years ended March 31, 2007 and 2006 were as follows:

Year ended March 31	2007	2006
Discount rate	1.4% to 2.5%	1.4% to 2.5%
Expected rate of return on plan assets	0% to 4.5%	0% to 4.0%
Allocation of estimated amount of retirement benefits	Allocated to each period by the straight-line method	Allocated to each period by the straight-line method
Period to amortize unrecognized prior service cost	Mainly 9 years (using the straight-line method within the employees' average remaining service period at incurrence)	Mainly 10 years (using the straight-line method within the employees' average remaining service period at incurrence)
Period to amortize unrecognized net actuarial gain or loss	Mainly 9 years (using the straight-line method within the employees' average remaining service period, commencing from the next fiscal year of incurrence)	Mainly 10 years (using the straight-line method within the employees' average remaining service period, commencing from the next fiscal year of incurrence)

30. Lease Transactions

(1) Financing leases

A summary of assumed amounts of acquisition cost, accumulated depreciation and net book value for financing leases without transfer of ownership at March 31, 2007 and 2006 was as follows:

(a) Lessee side

	Millions of yen						Millions of U.S. dollars		
	2007			2006			2007		
March 31	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value
Equipment	¥11,843	¥5,188	¥6,654	¥7,464	¥3,146	¥4,317	$100	$44	$56
Other	721	423	298	313	193	120	6	3	3
Total	¥12,564	¥5,612	¥6,952	¥7,778	¥3,339	¥4,438	$106	$47	$59

Future minimum lease payments excluding interests at March 31, 2007 and 2006 were as follows:

	Millions of yen		Millions of U.S. dollars
March 31	2007	2006	2007
Due within one year	¥3,006	¥1,653	$25
Due after one year	4,205	2,888	36
	¥7,212	¥4,542	$61

Total lease expenses for the years ended March 31, 2007 and 2006 were ¥3,046 million ($26 million) and ¥1,509 million, respectively. Assumed depreciation for the years ended March 31, 2007 and 2006 amounted to ¥2,690 million ($23 million) and ¥1,383 million, respectively. Assumed depreciation is calculated using the straight-line method over the lease term of the respective assets without salvage values. The difference between the minimum lease payments and the acquisition costs of the lease assets represents interest expenses. The allocation of such interest expenses over the lease term is calculated using the effective interest method. Interest expenses for the years ended March 31, 2007 and 2006 amounted to ¥179 million ($2 million) and ¥141 million, respectively.

(b) Lessor side

	Millions of yen						Millions of U.S. dollars		
	2007			2006			2007		
March 31	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value
Equipment	¥1,812,599	¥1,186,663	¥625,936	¥1,834,771	¥1,173,611	¥661,159	$15,349	$10,049	$5,300
Other	692,551	384,134	308,416	670,443	376,694	293,749	5,865	3,253	2,612
Total	¥2,505,150	¥1,570,797	¥934,353	¥2,505,215	¥1,550,306	¥954,908	$21,214	$13,302	$7,912

Future lease payments receivable excluding interests at March 31, 2007 and 2006 were as follows:

	Millions of yen		Millions of U.S. dollars
March 31	2007	2006	2007
Due within one year	¥307,152	¥304,065	$2,601
Due after one year	629,981	667,086	5,335
	¥937,133	¥971,151	$7,936

At March 31, 2007 and 2006, future lease payments receivable shown above included subleases of ¥5,057 million ($43 million) and ¥1,963 million (due within one year: ¥2,214 million ($19 million) and ¥707 million) on the lessor side, respectively. The amount on the lessee side was almost the same and was included in the future minimum lease payments shown in (a).

Total lease income for the years ended March 31, 2007 and 2006 was ¥403,316 million ($3,415 million) and ¥412,926 million, respectively. Depreciation for the years ended March 31, 2007 and 2006 amounted to ¥324,614 million ($2,749 million) and ¥327,776 million, respectively. Interest income represents the difference between the sum of the lease payments receivable and estimated salvage values, and the acquisition costs of the lease assets. The allocation of such interest income over the lease term is calculated using the effective interest method. Interest income for the years ended March 31, 2007 and 2006 amounted to ¥52,856 million ($448 million) and ¥58,255 million, respectively.

(2) Operating leases

(a) Lessee side

Future minimum lease payments at March 31, 2007 and 2006 were as follows:

	Millions of yen		Millions of U.S. dollars
March 31	2007	2006	2007
Due within one year	¥14,164	¥ 18,089	$120
Due after one year	55,124	87,061	467
	¥69,288	¥105,150	$587

(b) Lessor side

Future lease payments receivable at March 31, 2007 and 2006 were as follows:

March 31	Millions of yen 2007	Millions of yen 2006	Millions of U.S. dollars 2007
Due within one year	¥18,861	¥11,703	$160
Due after one year	53,625	28,648	454
	¥72,487	¥40,352	$614

Future lease payments receivable at March 31, 2007 and 2006 amounting to ¥47,816 million ($405 million) and ¥56,572 million, respectively, on the lessor side referred to in (1) and (2) above were pledged as collateral for borrowings.

31. Market Value of Securities and Money Held in Trust

(1) Securities

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 "Deposits with banks," and beneficiary claims on loan trust classified as "Commercial paper and other debt purchased," in addition to "Securities" stated in the consolidated balance sheets.

(a) Securities classified as trading purposes

March 31	Millions of yen 2007	Millions of yen 2006	Millions of U.S. dollars 2007
Consolidated balance sheet amount	¥1,149,952	¥1,088,599	$9,738
Valuation gains (losses) included in the earnings for the fiscal year	438	(648)	4

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

	Millions of yen				
	2007				
March 31	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds	¥ 629,762	¥ 621,717	¥ (8,045)	¥ 20	¥ 8,065
Japanese local government bonds	97,102	95,307	(1,794)	—	1,794
Japanese corporate bonds	380,142	376,735	(3,406)	—	3,406
Other	5,445	5,626	180	180	—
Total	¥1,112,452	¥1,099,387	¥(13,065)	¥200	¥13,266

	Millions of yen				
	2006				
March 31	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds	¥ 750,204	¥ 730,568	¥(19,635)	¥306	¥19,942
Japanese local government bonds	96,892	93,527	(3,365)	—	3,365
Japanese corporate bonds	379,614	371,560	(8,053)	—	8,053
Other	19,619	19,893	274	274	—
Total	¥1,246,330	¥1,215,549	¥(30,781)	¥580	¥31,361

	Millions of U.S. dollars				
	2007				
March 31	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds	$5,333	$5,264	$ (69)	$0	$ 69
Japanese local government bonds	822	807	(15)	—	15
Japanese corporate bonds	3,219	3,190	(29)	—	29
Other	46	48	2	2	—
Total	$9,420	$9,309	$(111)	$2	$113

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

(c) Other securities with market value

	Millions of yen				
	2007				
March 31	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	¥ 1,953,767	¥ 3,926,414	¥1,972,647	¥1,987,337	¥ 14,689
Bonds	8,481,507	8,324,140	(157,367)	1,805	159,173
Japanese government bonds	7,150,792	7,010,306	(140,485)	1,182	141,668
Japanese local government bonds	482,555	474,001	(8,554)	119	8,674
Japanese corporate bonds	848,158	839,831	(8,327)	503	8,830
Other	2,754,061	2,763,949	9,888	42,977	33,089
Total	¥13,189,336	¥15,014,504	¥1,825,168	¥2,032,120	¥206,952

	Millions of yen				
	2006				
March 31	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	¥ 1,903,193	¥ 3,605,884	¥1,702,690	¥1,722,129	¥ 19,438
Bonds	12,683,880	12,386,646	(297,233)	988	298,222
Japanese government bonds	11,083,609	10,815,889	(267,720)	173	267,894
Japanese local government bonds	525,076	510,885	(14,191)	282	14,473
Japanese corporate bonds	1,075,194	1,059,872	(15,321)	532	15,854
Other	4,194,178	4,162,057	(32,120)	48,052	80,172
Total	¥18,781,252	¥20,154,589	¥1,373,337	¥1,771,170	¥397,833

	Millions of U.S. dollars				
	2007				
March 31	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks	$ 16,545	$ 33,250	$16,705	$16,829	$ 124
Bonds	71,822	70,489	(1,333)	15	1,348
Japanese government bonds	60,554	59,364	(1,190)	10	1,200
Japanese local government bonds	4,086	4,014	(72)	1	73
Japanese corporate bonds	7,182	7,111	(71)	4	75
Other	23,322	23,406	84	364	280
Total	$111,689	$127,145	$15,456	$17,208	$1,752

Notes: 1. Net unrealized gains at March 31, 2006 included losses of ¥3,193 million that were recognized in the fiscal year's earnings by applying fair value hedge accounting.
2. 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
3. Other securities with market value are considered as impaired if the market value declines 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 losses for the fiscal years ended March 31, 2007 and 2006 were ¥7,296 million ($62 million) and ¥97 million, respectively. 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.

(d) Held-to-maturity bonds sold during the years ended March 31, 2007 and 2006

There are no corresponding transactions.

(e) Other securities sold during the years ended March 31, 2007 and 2006

	Millions of yen		Millions of U.S. dollars
Year ended March 31	2007	2006	2007
Sales amount	¥21,543,637	¥33,089,259	$182,434
Gains on sales	87,911	138,964	744
Losses on sales	141,143	78,609	1,195

(f) Securities with no available market value

March 31	Millions of yen Consolidated balance sheet amount 2007	2006	Millions of U.S. dollars Consolidated balance sheet amount 2007
Bonds classified as held-to-maturity			
Unlisted foreign securities	¥ 17	¥ 269	$ 0
Other	5,422	3,758	46
Other securities			
Unlisted stocks (excluding OTC stocks)	402,141	402,747	3,405
Unlisted bonds	2,846,521	2,518,691	24,105
Unlisted foreign securities	595,286	457,953	5,041
Other	476,942	309,303	4,039

(g) Change of classification of securities

There are no corresponding transactions.

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

March 31	Millions of yen 2007 Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Bonds	¥3,564,060	¥4,284,559	¥2,346,081	¥2,082,953
Japanese government bonds	2,824,945	1,872,346	956,640	1,986,136
Japanese local government bonds	101,824	161,564	307,293	421
Japanese corporate bonds	637,290	2,250,648	1,082,146	96,396
Other	665,251	495,728	701,134	956,785
Total	¥4,229,311	¥4,780,288	¥3,047,215	¥3,039,739

March 31	Millions of yen 2006 Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Bonds	¥5,841,530	¥4,784,630	¥2,468,673	¥3,037,217
Japanese government bonds	5,339,631	2,060,842	1,239,560	2,926,058
Japanese local government bonds	32,135	252,239	322,956	445
Japanese corporate bonds	469,763	2,471,547	906,156	110,713
Other	870,175	1,564,473	682,146	848,570
Total	¥6,711,706	¥6,349,103	¥3,150,820	¥3,885,788

March 31	Millions of U.S. dollars 2007 Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Bonds	$30,181	$36,282	$19,867	$17,639
Japanese government bonds	23,922	15,855	8,101	16,819
Japanese local government bonds	862	1,368	2,602	4
Japanese corporate bonds	5,397	19,059	9,164	816
Other	5,633	4,198	5,937	8,102
Total	$35,814	$40,480	$25,804	$25,741

(2) Money held in trust

(a) Money held in trust classified as trading purposes

There are no corresponding transactions.

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

There are no corresponding transactions.

(c) Other money held in trust

March 31	Millions of yen 2007	2006	Millions of U.S. dollars 2007
Acquisition cost	¥2,602	¥2,703	$22
Consolidated balance sheet amount	2,924	2,912	25
Net unrealized gains	322	209	3
Unrealized gains	322	209	3
Unrealized losses	—	—	—

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

March 31	Millions of yen 2007	2006	Millions of U.S. dollars 2007
Net unrealized gains	¥1,825,564	¥1,376,785	$15,459
Other securities	1,825,242	1,376,576	15,456
Other money held in trust	322	209	3
(–) Deferred tax liabilities	567,845	559,501	4,808
Net unrealized gains on other securities (before following adjustment)	1,257,719	817,283	10,651
(–) Minority interests	8,589	8,343	73
(+) SMFG's interest in net unrealized gains on valuation of other securities held by affiliates accounted for by the equity method	13,004	10,986	110
Net unrealized gains on other securities	¥1,262,135	¥ 819,927	$10,688

Notes: 1. Net unrealized gains on other securities at March 31, 2006 included losses of ¥3,193 million that were recognized in the fiscal year's earnings by applying fair value hedge accounting.
2. Net unrealized gains include foreign currency translation adjustments on nonmarketable securities denominated in foreign currency.

32. Derivative Transactions

(1) Interest rate derivatives

	Millions of yen			
	2007			
	Contract amount			
March 31	Total	Over 1 year	Market value	Valuation gains (losses)
Transactions listed on exchange				
Interest rate futures:				
Sold	¥ 60,107,669	¥ 3,490,131	¥ 4,557	¥ 4,557
Bought	58,921,496	3,573,504	(3,229)	(3,229)
Interest rate options:				
Sold	118,090	—	(20)	(20)
Bought	—	—	—	—
Over-the-counter transactions				
Forward rate agreements:				
Sold	400,000	—	278	278
Bought	11,162,242	125,008	(35)	(35)
Interest rate swaps:	445,985,618	333,381,100	57,891	57,891
Receivable fixed rate/payable floating rate	213,209,584	162,321,475	(292,629)	(292,629)
Receivable floating rate/payable fixed rate	212,837,074	156,710,751	342,402	342,402
Receivable floating rate/payable floating rate	19,815,084	14,229,818	13,821	13,821
Interest rate swaptions:				
Sold	3,163,737	1,550,186	(40,755)	(40,755)
Bought	3,380,799	2,002,072	61,695	61,695
Caps:				
Sold	21,500,368	14,937,062	(27,574)	(27,574)
Bought	12,022,208	8,260,827	16,947	16,947
Floors:				
Sold	842,962	709,538	(2,931)	(2,931)
Bought	3,569,523	2,042,491	1,342	1,342
Other:				
Sold	1,950,131	1,368,826	(11,465)	(11,465)
Bought	4,049,334	2,440,410	27,040	27,040
Total	/	/	¥ 83,740	¥ 83,740

March 31	Millions of yen 2006 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Transactions listed on exchange				
Interest rate futures:				
Sold	¥ 49,280,626	¥ 2,201,562	¥ 60,069	¥ 60,069
Bought	50,392,316	2,231,955	(64,209)	(64,209)
Interest rate options:				
Sold	176,220	—	(178)	(178)
Bought	2,702,918	2,526,698	691	691
Over-the-counter transactions				
Forward rate agreements:				
Sold	801,161	—	1	1
Bought	7,893,630	216,820	(98)	(98)
Interest rate swaps:	419,010,536	332,474,995	125,464	125,464
Receivable fixed rate/payable floating rate	199,965,277	160,275,395	(1,679,647)	(1,679,647)
Receivable floating rate/payable fixed rate	199,621,924	157,996,133	1,789,530	1,789,530
Receivable floating rate/payable floating rate	19,271,520	14,070,934	20,004	20,004
Interest rate swaptions:				
Sold	2,088,827	1,524,826	(45,860)	(45,860)
Bought	2,237,396	1,836,727	82,932	82,932
Caps:				
Sold	13,530,699	9,447,218	(28,931)	(28,931)
Bought	7,730,947	5,314,256	16,252	16,252
Floors:				
Sold	413,170	205,858	(1,460)	(1,460)
Bought	211,275	124,754	1,661	1,661
Other:				
Sold	717,241	554,895	(5,505)	(5,505)
Bought	2,034,707	1,470,629	15,554	15,554
Total	/	/	¥ 156,383	¥ 156,383

March 31	Millions of U.S. dollars 2007 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Transactions listed on exchange				
Interest rate futures:				
Sold	$ 508,999	$ 29,555	$ 39	$ 39
Bought	498,954	30,261	(27)	(27)
Interest rate options:				
Sold	1,000	—	(0)	(0)
Bought	—	—	—	—
Over-the-counter transactions				
Forward rate agreements:				
Sold	3,387	—	2	2
Bought	94,523	1,059	(0)	(0)
Interest rate swaps:	3,776,659	2,823,110	490	490
Receivable fixed rate/payable floating rate	1,805,484	1,374,557	(2,478)	(2,478)
Receivable floating rate/payable fixed rate	1,802,329	1,327,045	2,900	2,900
Receivable floating rate/payable floating rate	167,796	120,500	117	117
Interest rate swaptions:				
Sold	26,791	13,127	(345)	(345)
Bought	28,629	16,954	522	522
Caps:				
Sold	182,068	126,489	(234)	(234)
Bought	101,805	69,954	144	144
Floors:				
Sold	7,138	6,008	(25)	(25)
Bought	30,227	17,296	11	11
Other:				
Sold	16,514	11,591	(97)	(97)
Bought	34,290	20,666	229	229
Total	/	/	$ 709	$ 709

Notes: 1. The above transactions are valuated at market value and the valuation gains (losses) are accounted for in the consolidated statements of income.
Derivative transactions to which deferred hedge accounting method is applied are not included in the amounts above.
Some consolidated overseas subsidiaries account for interest rate derivatives in accordance with local accounting standards. Such transactions are not included in the amounts above. Net unrealized losses at March 31, 2006 amounted to ¥589 million.
2. Market value of transactions listed on exchange is calculated using the closing prices on the Tokyo International Financial Futures Exchange and others.
Market value of OTC transactions is calculated using discounted present value and option pricing models.

(2) Currency derivatives

March 31	Millions of yen 2007 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Over-the-counter transactions				
Currency swaps	¥20,642,376	¥12,660,922	¥ 42,405	¥ 55,918
Currency swaptions:				
Sold	866,633	863,798	3,489	3,487
Bought	896,229	890,206	4,146	4,149
Forward foreign exchange	61,066,579	5,056,679	(104,438)	(104,438)
Currency options:				
Sold	4,501,193	2,381,131	(159,703)	(159,703)
Bought	4,344,112	2,195,492	98,237	98,237
Total	/	/	¥(115,862)	¥(102,349)

March 31	Millions of yen 2006 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Over-the-counter transactions				
Currency swaps	¥20,199,152	¥12,978,710	¥ 75,779	¥ 64,049
Currency swaptions:				
Sold	1,021,039	1,009,291	(2,495)	(2,502)
Bought	1,237,505	1,215,027	12,292	12,299
Forward foreign exchange	46,902,149	3,882,673	(139,351)	(139,351)
Currency options:				
Sold	3,516,658	1,672,181	(126,859)	(126,859)
Bought	3,297,890	1,501,779	71,540	71,540
Total	/	/	¥(109,094)	¥(120,824)

March 31	Millions of U.S. dollars 2007 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Over-the-counter transactions				
Currency swaps	$174,802	$107,214	$ 359	$ 473
Currency swaptions:				
Sold	7,339	7,315	29	29
Bought	7,589	7,538	35	35
Forward foreign exchange	517,119	42,821	(884)	(884)
Currency options:				
Sold	38,117	20,164	(1,352)	(1,352)
Bought	36,786	18,592	832	832
Total	/	/	$ (981)	$ (867)

Notes: 1. The above transactions are valuated at market value and the valuation gains (losses) are accounted for in the consolidated statements of income. The amounts above do not include the following:

(a) Derivative transactions to which deferred hedge accounting method is applied;

(b) Those that are allotted to financial assets/liabilities denominated in foreign currency and whose market values are already reflected to the consolidated balance sheet; and

(c) Those that are allotted to financial assets/liabilities denominated in foreign currency, and the financial assets/liabilities are eliminated in the process of consolidation.

Some consolidated overseas subsidiaries account for currency derivatives in accordance with local accounting standards. Such transactions are not included in the amounts above. Net unrealized losses at March 31, 2006 amounted to ¥276 million.

2. Market value is calculated using discounted present value and option pricing models.

(3) Equity derivatives

March 31	Millions of yen 2007 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Transactions listed on exchange				
Equity price index futures:				
Sold	¥ 13,146	¥ —	¥(150)	¥(150)
Bought	19,646	—	403	403
Over-the-counter transactions				
Equity options:				
Sold	17,000	17,000	587	587
Bought	252,092	105,043	(587)	(587)
Total	/	/	¥ 252	¥ 252

March 31	Millions of yen 2006 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Transactions listed on exchange				
Equity price index futures:				
Sold	¥20,967	¥ —	¥(1,037)	¥(1,037)
Bought	23,459	—	1,103	1,103
Over-the-counter transactions				
Equity options:				
Sold	19,051	19,051	238	238
Bought	21,672	21,672	(219)	(219)
Total	/	/	¥ 84	¥ 84

March 31	Millions of U.S. dollars 2007 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Transactions listed on exchange				
Equity price index futures:				
Sold	$ 111	$ —	$(1)	$(1)
Bought	166	—	3	3
Over-the-counter transactions				
Equity options:				
Sold	144	144	5	5
Bought	2,135	890	(5)	(5)
Total	/	/	$ 2	$ 2

Notes: 1. The above transactions are valuated at market value and the valuation gains (losses) are accounted for in the consolidated statements of income. Derivative transactions to which deferred hedge accounting method is applied are not included in the amounts above.
2. Market value of transactions listed on exchange is calculated using the closing prices on the Tokyo Stock Exchange and others. Market value of OTC transactions is calculated using option pricing models.

(4) Bond derivatives

March 31	Millions of yen 2007 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Transactions listed on exchange				
Bond futures:				
Sold	¥667,769	¥ —	¥1,895	¥1,895
Bought	655,089	—	(1,680)	(1,680)
Over-the-counter transactions				
Forward bond agreements:				
Sold	—	—	—	—
Bought	69,970	65,498	1,575	1,575
Total	/	/	¥1,791	¥1,791

March 31	Millions of yen 2006 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Transactions listed on exchange				
Bond futures:				
Sold	¥565,847	¥ —	¥3,517	¥3,517
Bought	627,879	—	(5,063)	(5,063)
Bond futures options:				
Sold	4,699	—	(88)	(88)
Bought	42,880	2,937	122	122
Over-the-counter transactions				
Forward bond agreements:				
Sold	—	—	—	—
Bought	17,038	9,517	1,614	1,614
Bond options:				
Sold	162,044	13,044	(540)	(540)
Bought	349,000	—	1,525	1,525
Total	/	/	¥1,088	¥1,088

March 31	Millions of U.S. dollars 2007 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Transactions listed on exchange				
Bond futures:				
Sold	$5,655	$ —	$16	$16
Bought	5,547	—	(14)	(14)
Over-the-counter transactions				
Forward bond agreements:				
Sold	—	—	—	—
Bought	593	555	13	13
Total	/	/	$15	$15

Notes: 1. The above transactions are valuated at market value and the valuation gains (losses) are accounted for in the consolidated statements of income. Derivative transactions to which deferred hedge accounting method is applied are not included in the amounts above.
2. Market value of transactions listed on exchange is calculated using the closing prices on the Tokyo Stock Exchange and others. Market value of OTC transactions is calculated using discounted present value and option pricing models.

(5) Commodity derivatives

March 31	Millions of yen 2007 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Transactions listed on exchange				
Commodity futures:				
Sold	¥ 237	¥ —	¥ (3)	¥ (3)
Bought	359	—	6	6
Commodity futures option:				
Sold	949	—	(43)	(43)
Bought	949	—	43	43
Over-the-counter transactions				
Commodity swaps:				
Receivable fixed price/payable floating price	359,881	311,948	(69,212)	(69,212)
Receivable floating price/payable fixed price	259,581	209,132	157,000	157,000
Receivable fixed price/payable fixed price	17,821	—	29	29
Commodity options:				
Sold	7,624	7,058	(945)	(945)
Bought	38,356	30,957	6,304	6,304
Total	/	/	¥ 93,180	¥ 93,180

March 31	Millions of yen 2006 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Over-the-counter transactions				
Commodity swaps:				
Receivable fixed price/payable floating price	¥211,239	¥180,091	¥(136,629)	¥(136,629)
Receivable floating price/payable fixed price	202,635	168,747	153,389	153,389
Commodity options:				
Sold	9,924	7,454	(8,056)	(8,056)
Bought	8,921	7,135	7,875	7,875
Total	/	/	¥ 16,578	¥ 16,578

March 31	Millions of U.S. dollars 2007 Contract amount Total	Over 1 year	Market value	Valuation gains (losses)
Transactions listed on exchange				
Commodity futures:				
Sold	$ 2	$	$ (0)	$ (0)
Bought	3	—	0	0
Commodity futures option:				
Sold	8	—	(0)	(0)
Bought	8	—	0	0
Over-the-counter transactions				
Commodity swaps:				
Receivable fixed price/payable floating price	3,048	2,642	(586)	(586)
Receivable floating price/payable fixed price	2,198	1,771	1,330	1,330
Receivable fixed price/payable fixed price	151	—	0	0
Commodity options:				
Sold	65	60	(8)	(8)
Bought	325	262	53	53
Total	/	/	$ 789	$ 789

Notes: 1. The above transactions are valuated at market value and the valuation gains (losses) are accounted for in the consolidated statements of income. Derivative transactions to which deferred hedge accounting method is applied are not included in the amounts above.
2. Market value of transactions listed on exchange is calculated using the closing prices on the New York Mercantile Exchange and others. Market value of OTC transactions is calculated based on factors such as price of the relevant commodity and contact term.
3. Commodity derivatives are transactions on fuel and metal.

(6) Credit derivative transactions

	Millions of yen			
	2007			
	Contract amount			
March 31	Total	Over 1 year	Market value	Valuation gains (losses)
Over-the-counter transactions				
Credit default options:				
Sold	¥1,322,651	¥1,295,611	¥2,628	¥2,628
Bought	1,514,279	1,509,279	(1,816)	(1,816)
Other:				
Sold	40	—	(3)	(3)
Bought	40	—	3	3
Total	/	/	¥ 812	¥ 812

	Millions of yen			
	2006			
	Contract amount			
March 31	Total	Over 1 year	Market value	Valuation gains (losses)
Over-the-counter transactions				
Credit default options:				
Sold	¥301,923	¥298,381	¥ 118	¥ 118
Bought	306,790	298,748	1,359	1,359
Other:				
Sold	754	—	(23)	(23)
Bought	140	—	7	7
Total	/	/	¥1,462	¥1,462

	Millions of U.S. dollars			
	2007			
	Contract amount			
March 31	Total	Over 1 year	Market value	Valuation gains (losses)
Over-the-counter transactions				
Credit default options:				
Sold	$11,200	$10,971	$22	$22
Bought	12,823	12,781	(15)	(15)
Other:				
Sold	0	—	(0)	(0)
Bought	0	—	0	0
Total	/	/	$ 7	$ 7

Notes: 1. The above transactions are valuated at market value and the valuation gains (losses) are accounted for in the consolidated statements of income. Derivative transactions to which deferred hedge accounting method is applied are not included in the amounts above.
2. Market value is calculated using discounted present value and option pricing models.
3. "Sold" represents transactions in which the credit risk is accepted; "Bought" represents transactions in which the credit risk is transferred.

33. Stock Options

SMFG applied the "Accounting Standard for Share-based Payment" and the related guidance from the fiscal year beginning on April 1, 2006. These accounting standards require companies to recognize compensation expense for stock acquisition rights based on the fair value at the grant date and over the vesting periods for stock acquisition rights newly granted on and after May 1, 2006. Share-based compensation expense of ¥14 million ($0 million) are accounted for as general and administrative expenses in the fiscal year ended March 31, 2007.

Outline of stock options and changes are as follows:

(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	1,215
Vested	—
Exercised	99
Forfeited	—
Exercisable	1,116

Price information (Yen)

Date of resolution	June 27, 2002
Exercise price	¥ 669,775
Average exercise price	1,188,686
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	June 29, 2006	June 29, 2006
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	Directors 9	Officers not doubling as directors 14 Employees 46
Number of stock options	Common shares 238,000	Common shares 234,000	Common shares 306,000	Common shares 399,000	Common shares 464,000	Common shares 162,000	Common shares 115,000
Grant date	July 31, 2001	July 31, 2002	July 31, 2003	July 30, 2004	July 29, 2005	July 31, 2006	July 31, 2006
Condition for vesting	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Requisite service period	N.A.	N.A.	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	June 30, 2008 to June 29, 2016	June 30, 2008 to June 29, 2016

(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	June 29, 2006	June 29, 2006
Before vested							
Previous fiscal year-end	—	—	—	399,000	464,000	—	—
Granted	—	—	—	—	—	162,000	115,000
Forfeited	—	—	—	—	—	—	—
Vested	—	—	—	399,000	—	—	—
Outstanding	—	—	—	—	464,000	162,000	115,000
After vested							
Previous fiscal year-end	220,000	204,000	282,000	—	—	—	—
Vested	—	—	—	399,000	—	—	—
Exercised	46,000	30,000	26,000	36,000	—	—	—
Forfeited	—	—	—	—	—	—	—
Exercisable	174,000	174,000	256,000	363,000	—	—	—

Price information (Yen)

Date of resolution	June 28, 2001	June 27, 2002	June 27, 2003	June 29, 2004	June 29, 2005	June 29, 2006	June 29, 2006
Exercise price	¥155	¥131	¥179	¥202	¥313	¥490	¥490
Average exercise price	488	489	486	487	—	—	—
Fair value at the grant date	—	—	—	—	—	138	138

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

Stock options granted in the fiscal year ended March 31, 2007 were valuated using the Black-Scholes option-pricing model and the principal parameters were as follows:

Date of resolution	June 29, 2006
Expected volatility *1	38.84%
Average expected life *2	5 years
Expected dividends *3	¥4 per share
Risk-free interest rate *4	1.40%

*1 Calculated based on the actual stock prices during the five years from June 2001 to June 2006

*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, 2006

*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.

34. Segment Information

(1) Business segment information

	Millions of yen					
	2007					
Year ended March 31	Banking business	Leasing business	Other business	Total	Elimination	Consolidated
I. Ordinary income						
(1) External customers	¥ 2,689,086	¥ 783,119	¥ 429,052	¥ 3,901,259	¥ —	¥ 3,901,259
(2) Intersegment	53,714	20,831	220,369	294,914	(294,914)	—
Total	2,742,800	803,951	649,421	4,196,173	(294,914)	3,901,259
Ordinary expenses	1,993,893	759,103	609,781	3,362,779	(260,130)	3,102,649
Ordinary profit	¥ 748,907	¥ 44,847	¥ 39,640	¥ 833,394	¥ (34,784)	¥ 798,610
II. Assets, depreciation, losses on impairment of fixed assets and capital expenditure						
Assets	¥97,525,686	¥2,241,572	¥5,663,614	¥105,430,874	¥(4,572,564)	¥100,858,309
Depreciation	59,908	336,712	17,630	414,251	16	414,268
Losses on impairment of fixed assets	4,661	—	25,887	30,548	—	30,548
Capital expenditure	216,612	390,455	27,565	634,633	13	634,647

	Millions of yen					
	2006					
Year ended March 31	Banking business	Leasing business	Other business	Total	Elimination	Consolidated
I. Ordinary income						
(1) External customers	¥ 2,485,470	¥ 755,137	¥ 464,529	¥ 3,705,136	¥ —	¥ 3,705,136
(2) Intersegment	44,864	18,503	204,294	267,661	(267,661)	—
Total	2,530,334	773,640	668,823	3,972,798	(267,661)	3,705,136
Ordinary expenses	1,764,055	728,363	487,692	2,980,111	(238,529)	2,741,582
Ordinary profit	¥ 766,278	¥ 45,277	¥ 181,130	¥ 992,686	¥ (29,131)	¥ 963,554
II. Assets, depreciation, losses on impairment of fixed assets and capital expenditure						
Assets	¥103,026,827	¥2,056,078	¥6,083,193	¥111,166,100	¥(4,155,524)	¥107,010,575
Depreciation	62,886	337,345	21,274	421,505	13	421,519
Losses on impairment of fixed assets	7,435	620	4,247	12,303	—	12,303
Capital expenditure	62,482	384,370	22,859	469,711	0	469,711

	Millions of U.S. dollars					
	2007					
Year ended March 31	Banking business	Leasing business	Other business	Total	Elimination	Consolidated
I. Ordinary income						
(1) External customers	$ 22,771	$ 6,632	$ 3,633	$ 33,036	$ —	$ 33,036
(2) Intersegment	455	176	1,867	2,498	(2,498)	—
Total	23,226	6,808	5,500	35,534	(2,498)	33,036
Ordinary expenses	16,884	6,428	5,164	28,476	(2,203)	26,273
Ordinary profit	$ 6,342	$ 380	$ 336	$ 7,058	$ (295)	$ 6,763
II. Assets, depreciation, losses on impairment of fixed assets and capital expenditure						
Assets	$825,859	$18,982	$47,960	$892,801	$(38,721)	$854,080
Depreciation	507	2,852	149	3,508	0	3,508
Losses on impairment of fixed assets	40	—	219	259	—	259
Capital expenditure	1,834	3,306	234	5,374	0	5,374

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, investment banking, loans, venture capital, system development and information processing.
3. Assets in Elimination include unallocated corporate assets of ¥4,012,414 million ($33,978 million) and ¥4,214,877 million at March 31, 2007 and 2006, respectively, which mainly consist of investments in subsidiaries and affiliates.
4. Ordinary income represents total income, excluding gains on return of securities from retirement benefits trust, gains on disposal of fixed assets, collection of written-off claims and other extraordinary gains. Ordinary expenses represent total expenses, excluding losses on disposal of fixed assets, losses on impairment of fixed assets and other extraordinary expenses.
5. As mentioned in Note 2. (14), retirement benefits to directors, corporate auditors and other executive officers were formerly expensed when they were paid. However, "Treatment for Auditing of Reserve under Special Taxation Measures Law and Reserve under Special Laws" (JICPA Audit Committee Report No.42, issued on September 21, 1982) was revised and "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) was announced on April 13, 2007. In accordance with this accounting change, from March 31, 2007, SMFG started recording "reserve for executive retirement benefits" in order to recognize periodic gains (losses) more proper by allocating the estimated retirement benefits to the tenure of the relevant executives. As a result, "Ordinary profit" of "Banking business," "Leasing business" and "Other business" for the year ended March 31, 2007 decreased by ¥5,397 million ($46 million), ¥221 million ($2 million) and ¥1,752 million ($15 million), respectively, as compared with the former method.
Interim consolidated financial statements for the six months ended September 30, 2006 were accounted for under the former method because this accounting change was announced on April 13, 2007. Accordingly, "Ordinary profit" of "Banking business," "Leasing business" and "Other business" for the six months were excessively recorded by ¥4,556 million ($38 million), ¥188 million ($2 million) and ¥1,496 million ($13 million), respectively, as compared with the revised method.
6. As mentioned in Note 2. (22), "Accounting Standard for Financial Instruments" (issued by the BAC on January 22, 1999) was revised on August 11, 2006 by ASBJ Statement No.10 "Accounting Standards for Financial Instruments," and the revised accounting standards were applicable from on and after the fiscal year ending August 11, 2006. SMFG applied the revised accounting standards and bonds were carried at the amounts calculated based on amortized cost (straight-line method) on the consolidated balance sheet. As a result, "Assets" of "Banking business" at March 31, 2007 decreased by ¥2,308 million ($20 million) compared with the former method.

(2) Geographic segment information

Year ended March 31	Japan	The Americas	Europe and Middle East	Asia and Oceania	Total	Elimination	Consolidated
	Millions of yen						
	2007						
I. Ordinary income							
(1) External customers	¥ 3,238,374	¥ 247,208	¥ 203,585	¥ 212,090	¥ 3,901,259	¥ —	¥ 3,901,259
(2) Intersegment	98,720	46,833	9,974	59,802	215,330	(215,330)	—
Total	3,337,094	294,042	213,559	271,892	4,116,589	(215,330)	3,901,259
Ordinary expenses	2,686,461	222,992	177,377	202,955	3,289,786	(187,137)	3,102,649
Ordinary profit	¥ 650,633	¥ 71,049	¥ 36,182	¥ 68,937	¥ 826,802	¥ (28,192)	¥ 798,610
II. Assets	¥89,301,196	¥5,775,716	¥3,190,553	¥4,514,648	¥102,782,115	¥(1,923,805)	¥100,858,309

Year ended March 31	Japan	The Americas	Europe	Asia and Oceania	Total	Elimination	Consolidated
	Millions of yen						
	2006						
I. Ordinary income							
(1) External customers	¥ 3,256,730	¥ 176,443	¥ 125,351	¥ 146,611	¥ 3,705,136	¥ —	¥ 3,705,136
(2) Intersegment	70,044	41,114	2,836	36,345	150,341	(150,341)	—
Total	3,326,774	217,558	128,188	182,956	3,855,478	(150,341)	3,705,136
Ordinary expenses	2,482,510	152,350	103,720	136,967	2,875,548	(133,966)	2,741,582
Ordinary profit	¥ 844,264	¥ 65,208	¥ 24,468	¥ 45,988	¥ 979,929	¥ (16,375)	¥ 963,554
II. Assets	¥97,046,578	¥5,034,350	¥2,825,039	¥3,856,601	¥108,762,570	¥(1,751,994)	¥107,010,575

Year ended March 31	Japan	The Americas	Europe and Middle East	Asia and Oceania	Total	Elimination	Consolidated
	Millions of U.S. dollars						
	2007						
I. Ordinary income							
(1) External customers	$ 27,423	$ 2,093	$ 1,724	$ 1,796	$ 33,036	$ —	$ 33,036
(2) Intersegment	836	397	84	507	1,824	(1,824)	—
Total	28,259	2,490	1,808	2,303	34,860	(1,824)	33,036
Ordinary expenses	22,749	1,888	1,502	1,719	27,858	(1,585)	26,273
Ordinary profit	$ 5,510	$ 602	$ 306	$ 584	$ 7,002	$ (239)	$ 6,763
II. Assets	$756,213	$48,909	$27,018	$38,231	$870,371	$(16,291)	$854,080

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.
3. Assets in Elimination include unallocated corporate assets of ¥4,012,414 million ($33,978 million) and ¥4,214,877 million at March 31, 2007 and 2006, respectively, which mainly consist of investments in subsidiaries and affiliates.
4. Ordinary income represents total income, excluding gains on return of securities from retirement benefits trust, gains on disposal of fixed assets, collection of written-off claims and other extraordinary gains. Ordinary expenses represent total expenses, excluding losses on disposal of fixed assets, losses on impairment of fixed assets and other extraordinary expenses.
5. As mentioned in Note 2. (14), retirement benefits to directors, corporate auditors and other executive officers were formerly expensed when they were paid. However, "Treatment for Auditing of Reserve under Special Taxation Measures Law and Reserve under Special Laws" (JICPA Audit Committee Report No.42, issued on September 21, 1982) was revised and "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) was announced on April 13, 2007. In accordance with this accounting change, from March 31, 2007, SMFG started recording "reserve for executive retirement benefits" in order to recognize periodic gains (losses) more proper by allocating the estimated retirement benefits to the tenure of the relevant executives. As a result, "Ordinary profit" of "Japan" for the year ended March 31, 2007 decreased by ¥7,371 million ($62 million) as compared with the former method.
Interim consolidated financial statements for the six months ended September 30, 2006 were accounted for under the former method because this accounting change was announced on April 13, 2007. Accordingly, "Ordinary profit" of "Japan" for the six months were excessively recorded by ¥6,241 million ($53 million) as compared with the revised method.
6. As mentioned in Note 2. (22), "Accounting Standard for Financial Instruments" (issued by the BAC on January 22, 1999) was revised on August 11, 2006 by ASBJ Statement No.10 "Accounting Standards for Financial Instruments," and the revised accounting standards were applicable from on and after the fiscal year ending August 11, 2006. SMFG applied the revised accounting standards and bonds were carried at the amounts calculated based on amortized cost (straight-line method) on the consolidated balance sheet. As a result, "Assets" of "Japan" and "The Americas" at March 31, 2007 decreased by ¥2,266 million ($19million) and ¥41 million ($0 million), respectively, compared with the former method.

(3) Ordinary income from overseas operations

Year ended March 31	Millions of yen 2007	Millions of yen 2006	Millions of U.S. dollars 2007
Consolidated ordinary income from overseas operations (A)	¥ 662,884	¥ 448,406	$ 5,613
Consolidated ordinary income (B)	3,901,259	3,705,136	33,036
(A) / (B)	17.0%	12.1%	17.0%

Notes: 1. Consolidated ordinary income from overseas operations is presented as counterpart of overseas sales of companies in other industries.
2. The above table shows ordinary income from transactions of overseas branches of domestic consolidated banking subsidiaries 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.

35. Business Combinations

Transactions under common control in the year ended March 31, 2007

(1) Outline of the transactions

(a) Name and business of combined entity

SMBC Friend Securities Co., Ltd. ("SMBC Friend Securities")

Securities business

(b) Form of reorganization

Exchange of shares

(c) Name of the entity after the reorganization

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

(d) Outline and purpose of the transaction

In accordance with the stabilization of the Japanese financial system, Japanese households' portfolios have shown clear signs of a shift from savings to investment, and their investment needs are expected to become further diversified. At the same time, we believe that new types of asset management services will become popular among individual investors who improve their financial knowledge and have an increased interest in portfolio management based on asset allocation concepts.

In view of these trends, SMFG will further strengthen cooperation among group companies by making SMBC Friend Securities a wholly-owned subsidiary, establishing a new business model distinct from the conventional one by combining banking and securities businesses and maximizing synergies between them. With such initiatives, SMFG will try to make every effort to enhance the enterprise value of the whole group.

(2) Accounting method

SMFG applied the following accounting treatments stipulated by the Accounting Standard for Business Combinations to the consolidated and nonconsolidated financial statements:

"Chapter 3 Accounting Standard for Business Combinations, Article 4 Accounting treatment for the transactions under common control, Paragraph 2 Transactions with minority shareholders."

(3) Additional acquisition of subsidiary's shares

(a) Acquisition cost

	Millions of yen	Millions of U.S. dollars
Common shares	¥221,365	$1,875
Expenses for acquiring the common shares	160	1
Acquisition cost	¥221,525	$1,876

(b) Share exchange ratio, its basis for determination, number of shares delivered and its values

(i) Type of shares and share exchange ratio

Common shares

SMFG 1: SMBC Friend Securities 0.0008

(ii) Basis for determination of share exchange ratio

SMFG appointed Goldman Sachs (Japan) Ltd. as its financial advisor and SMBC Friend Securities appointed Merrill Lynch Japan Securities Co., Ltd. as its financial advisor. SMFG and SMBC Friend Securities comprehensively considered numerous factors including results of the analyses provided by their respective financial advisors, and discussed and agreed to the above.

(iii) Number of shares delivered and values

249,015 shares

¥221,525 million ($1,876 million)

(c) Goodwill, reason for recognizing goodwill, amortization method and amortization term

(i) Amount of goodwill

¥99,995 million ($847 million)

(ii) Reason for recognizing goodwill

SMFG accounted for the difference between the acquisition cost of additional shares of common stock of SMBC Friend Securities, and the decrease in minority interests, as goodwill.

(iii) Method and term to amortize goodwill

Straight-line method over 20 years

36. Per Share Data

March 31	Yen 2007	Yen 2006	U.S. dollars 2007
Net assets per share	¥469,228.59	¥400,168.89	$3,973.48

Year ended March 31	Yen 2007	Yen 2006	U.S. dollars 2007
Net income per share	¥57,085.83	¥94,733.62	$483.41
Net income per share (diluted)	51,494.17	75,642.93	436.06

Notes: 1. The ASBJ revised "Guidance on Accounting Standard for Earnings per Share" (ASBJ Guidance No.4, issued on September 25, 2002) on January 31, 2006, and the revised Guidance was applicable from the fiscal year ending on or after May 1, 2006, the implementation date of the Company Law. Effective April 1, 2006, SMFG has applied the revised Guidance and calculated net assets per share by including "Net deferred gains (losses) on hedges." This accounting change decreased net assets per share by ¥11,596.71 ($98.20) compared with the former method.

2. Net income per share and net income per share (diluted) are calculated based on the following:

Year ended March 31	Millions of yen except number of shares 2007	2006	Millions of U.S. dollars 2007
Net income per share			
Net income	¥441,351	¥686,841	$3,737
Amount not attributable to common stockholders	12,958	25,697	110
[preferred stock dividends]	[12,958]	[25,697]	[110]
Net income attributable to common stock	428,392	661,143	3,628
Average number of common stock during the year (in thousand)	7,504	6,978	/
Net income per share (diluted)			
Adjustment for net income	6,748	19,483	57
[preferred stock dividends]	[6,763]	[19,502]	[57]
[stock acquisition rights issued by subsidiaries and affiliates]	[(14)]	[(18)]	[(0)]
Increase in number of common stock (in thousand)	945	2,018	/
[preferred stock]	[945]	[2,018]	/
[stock acquisition rights]	[0]	[0]	/

3. Net assets per share is calculated based on the following:

March 31	Millions of yen except number of shares 2007	Millions of U.S. dollars 2007
Net assets	¥5,331,279	$45,146
Amounts excluded from Net assets	1,781,555	15,086
[preferred stock]	[360,303]	[3,051]
[dividends on preferred stock]	[12,958]	[110]
[stock acquisition rights]	[14]	[0]
[minority interests]	[1,408,279]	[11,925]
Net assets attributable to common stock at the fiscal year-end	3,549,724	30,059
Number of common stock at the fiscal year-end used for the calculation of Net assets per share (in thousand)	7,565	/

37. Subsequent Events

The following appropriations of retained earnings of SMFG at March 31, 2007 were approved by the ordinary general meeting of shareholders held on June 28, 2007:

		Millions of yen	Millions of U.S. dollars
Cash dividends,	¥7,000 per share on common stock	¥53,660	$454
	¥135,000 per share on preferred stock (1st to 12th series Type 4)	6,763	57
	¥88,500 per share on preferred stock (1st series Type 6)	6,195	52

38. Parent Company

(1) Nonconsolidated Balance Sheets
Sumitomo Mitsui Financial Group, Inc.

March 31	Millions of yen 2007	2006	Millions of U.S. dollars (Note 1) 2007
Assets			
Current assets	¥ 109,364	¥ 579,372	$ 926
Cash and due from banks	37,073	561,862	314
Prepaid expenses	21	21	0
Deferred tax assets	265	43	2
Accrued income	23	17	0
Accrued income tax refunds	71,377	17,371	605
Other current assets	603	55	5
Fixed assets	3,850,079	3,586,657	32,603
Tangible fixed assets	7	1	0
Buildings	0	0	0
Equipment	6	0	0
Intangible fixed assets	20	28	0
Software	20	28	0
Investments and other assets	3,850,052	3,586,627	32,603
Investments in securities	20	20	0
Investments in subsidiaries and affiliates	3,847,716	3,586,045	32,583
Deferred tax assets	2,315	562	20
Deferred charges	—	301	—
Organization cost	—	301	—
Total assets	¥3,959,444	¥4,166,332	$33,529

(Continued)

March 31	Millions of yen 2007	Millions of yen 2006	Millions of U.S. dollars (Note 1) 2007
Liabilities and net assets/stockholders' equity			
Liabilities			
Current liabilities	¥ 961,372	¥ 230,905	$ 8,141
Short-term borrowings	959,030	230,000	8,121
Accounts payable	108	117	1
Accrued expenses	48	465	0
Income taxes payable	964	36	8
Business office taxes payable	4	4	0
Reserve for employees bonuses	83	70	1
Other current liabilities	1,132	211	10
Fixed liabilities	174	—	1
Reserve for executive retirement benefits	174	—	1
Total liabilities	961,546	230,905	8,142
Net assets			
Stockholders' equity			
Capital stock	1,420,877	—	12,032
Capital surplus	930,469	—	7,879
Capital reserve	642,355	—	5,439
Other capital surplus	288,113	—	2,440
Retained earnings	729,129	—	6,175
Other retained earnings	729,129	—	6,175
Voluntary reserve	30,420	—	258
Retained earnings brought forward	698,709	—	5,917
Treasury stock	(82,578)	—	(699)
Total stockholders' equity	2,997,898	—	25,387
Total net assets	2,997,898	—	25,387
Total liabilities and net assets	¥3,959,444	—	$33,529
Stockholders' equity			
Capital stock	—	1,420,877	—
Capital surplus	—	2,105,396	—
Capital reserve	—	1,420,989	—
Other capital surplus	—	684,406	—
Retained earnings	—	413,546	—
Voluntary reserve	—	30,420	—
Unappropriated retained earnings	—	383,126	—
Treasury stock	—	(4,393)	—
Total stockholders' equity	—	3,935,426	—
Total liabilities and stockholders' equity	—	¥4,166,332	—

(2) Nonconsolidated Statements of Income
Sumitomo Mitsui Financial Group, Inc.

Year ended March 31	Millions of yen 2007	Millions of yen 2006	Millions of U.S. dollars (Note 1) 2007
Operating income	**¥376,479**	¥55,482	**$3,188**
Dividends on investments in subsidiaries and affiliates	**366,680**	46,432	**3,105**
Fees and commissions received from subsidiaries	**9,798**	9,038	**83**
Interest income on loans to subsidiaries and affiliates	**—**	11	**—**
Operating expenses	**3,641**	3,196	**31**
General and administrative expenses	**3,641**	3,196	**31**
Operating profit	**372,838**	52,285	**3,157**
Nonoperating income	**234**	138	**2**
Interest income on deposits	**213**	71	**2**
Fees and commissions income	**20**	27	**0**
Other nonoperating income	**0**	39	**0**
Nonoperating expenses	**8,594**	4,159	**73**
Interest on borrowings	**4,311**	1,490	**36**
Amortization of organization cost	**301**	301	**3**
Stock issuance cost	**—**	739	**—**
Fees and commissions expenses	**3,978**	1,519	**34**
Other nonoperating expenses	**3**	108	**0**
Ordinary profit	**364,477**	48,264	**3,086**
Extraordinary gains	**—**	27,579	**—**
Gains on sale of a subsidiary's shares	**—**	27,579	**—**
Income before income taxes	**364,477**	75,844	**3,086**
Income taxes:			
Current	**2,918**	3	**25**
Deferred	**(1,975)**	2,431	**(17)**
Net income	**¥363,535**	¥73,408	**$3,078**

	Yen 2007	Yen 2006	U.S. dollars (Note 1) 2007
Per share data:			
Net income	**¥46,326.41**	¥6,836.35	**$392.30**
Net income — diluted	**41,973.46**	6,737.46	**355.44**

(3) Nonconsolidated statement of changes in net assets
Sumitomo Mitsui Financial Group, Inc.

	Millions of yen									
	Stockholders' equity									
		Capital surplus			Retained earnings					
					Other retained earnings					
Year ended March 31, 2007	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Voluntary reserve	Retained earnings brought forward	Total retained earnings	Treasury stock	Total stockholders' equity	Total net assets
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**

	Millions of U.S. dollars									
	Stockholders' equity									
		Capital surplus			Retained earnings					
					Other retained earnings					
Year ended March 31, 2007	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Voluntary reserve	Retained earnings brought forward	Total retained earnings	Treasury stock	Total stockholders' equity	Total net assets
Balance at March 31, 2006	$12,032	$12,033	$ 5,796	$17,829	$258	$3,244	$3,502	$ (37)	$33,326	$33,326
Changes in the year										
Transfer of capital reserve to other capital surplus		**(8,468)**	**8,468**	**—**					**—**	**—**
Increase due to exchange of shares		**1,874**		**1,874**					**1,874**	**1,874**
Cash dividends						**(406)**	**(406)**		**(406)**	**(406)**
Net income						**3,079**	**3,079**		**3,079**	**3,079**
Acquisition of own shares								**(12,487)**	**(12,487)**	**(12,487)**
Disposal of treasury shares			**(0)**	**(0)**				**1**	**1**	**1**
Retirement of treasury shares			**(11,824)**	**(11,824)**				**11,824**	**—**	**—**
Net changes in the year	**—**	**(6,594)**	**(3,356)**	**(9,950)**	**—**	**2,673**	**2,673**	**(662)**	**(7,939)**	**(7,939)**
Balance at March 31, 2007	**$12,032**	**$ 5,439**	**$ 2,440**	**$ 7,879**	**$258**	**$5,917**	**$6,175**	**$ (699)**	**$25,387**	**$25,387**