

# Consolidated Statements of Cash Flows

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2008	2007	2008
<b>1. Cash flows from operating activities:</b>			
Income before income taxes and minority interests .....	¥ 928,955	¥ 806,790	\$ 9,272
Depreciation of fixed assets.....	83,346	78,869	832
Depreciation of lease assets.....	403,775	335,399	4,030
Losses on impairment of fixed assets.....	5,161	30,548	51
Amortization of goodwill.....	10,520	4,858	105
Equity in losses of affiliates.....	41,760	104,170	417
Losses (gains) on sale of subsidiaries' shares and gains on change in equity of subsidiary .....	106	(5,072)	1
Net change in reserve for possible loan losses .....	(26,197)	(146,971)	(262)
Net change in reserve for employee bonuses .....	1,289	2,128	13
Net change in reserve for executive bonuses.....	1,146	—	11
Net change in reserve for employee retirement benefits .....	2,178	(2,639)	22
Net change in reserve for executive retirement benefits .....	295	7,371	3
Net change in reserve for reimbursement of deposits .....	10,417	—	104
Interest income .....	(2,145,451)	(1,979,069)	(21,414)
Interest expenses .....	935,067	810,476	9,333
Net losses on securities.....	29,146	71,686	291
Net gains from money held in trust.....	(227)	(0)	(2)
Net exchange losses (gains) .....	355,913	(103,541)	3,552
Net losses from disposal of fixed assets.....	1,550	3,067	15
Net gains from disposal of lease assets .....	(2,436)	(1,364)	(24)
Net change in trading assets .....	(864,864)	767,067	(8,632)
Net change in trading liabilities .....	747,776	(969,090)	7,464
Net change in loans and bills discounted .....	(3,372,601)	(1,376,693)	(33,662)
Net change in deposits .....	776,786	1,307,266	7,753
Net change in negotiable certificates of deposit .....	497,697	(136,304)	4,968
Net change in borrowed money (excluding subordinated debt) .....	333,136	1,141,752	3,325
Net change in deposits with banks .....	(241,409)	(157,092)	(2,410)
Net change in call loans and bills bought and others .....	34,765	(612,297)	347
Net change in receivables under securities borrowing transactions.....	336,724	(320,243)	3,361
Net change in call money and bills sold and others.....	2,044,633	(5,994,528)	20,408
Net change in commercial paper.....	—	(10,000)	—
Net change in payables under securities lending transactions.....	4,215,699	(1,230,782)	42,077
Net change in foreign exchanges (assets) .....	(14,713)	66,917	(147)
Net change in foreign exchanges (liabilities) .....	(22,916)	(124,047)	(229)
Net change in short-term bonds (liabilities) .....	42,500	55,700	424
Issuance and redemption of bonds (excluding subordinated bonds) .....	(220,801)	(198,091)	(2,204)
Net change in due to trust account.....	15,733	(253,534)	157
Interest received .....	2,146,724	1,966,949	21,427
Interest paid.....	(924,191)	(774,678)	(9,224)
Other, net.....	(326,054)	197,841	(3,254)
<b>Subtotal .....</b>	<b>5,840,942</b>	<b>(6,637,179)</b>	<b>58,299</b>
Income taxes paid.....	(58,353)	(123,561)	(583)
<b>Net cash provided by (used in) operating activities.....</b>	<b>5,782,588</b>	<b>(6,760,740)</b>	<b>57,716</b>

(Continued)

Year ended March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2008	2007	2008
<b>2. Cash flows from investing activities:</b>			
Purchases of securities.....	(50,073,494)	(35,085,809)	(499,785)
Proceeds from sale of securities.....	35,014,774	21,544,154	349,484
Proceeds from maturity of securities .....	10,504,800	18,886,454	104,849
Purchases of money held in trust .....	(5,378)	—	(54)
Proceeds from sale of money held in trust .....	796	—	8
Purchases of tangible fixed assets .....	(71,301)	(193,614)	(712)
Proceeds from sale of tangible fixed assets .....	16,592	8,474	166
Purchases of intangible fixed assets .....	(64,918)	(57,506)	(648)
Proceeds from sale of intangible fixed assets .....	252	6	2
Purchases of lease assets.....	(457,070)	(383,526)	(4,562)
Proceeds from sale of lease assets.....	51,141	48,392	510
Proceeds from sale of stocks of subsidiaries.....	198	3,745	2
Purchases of stocks of subsidiaries.....	(2,951)	(1,317)	(29)
<b>Net cash provided by (used in) investing activities .....</b>	<b>(5,086,559)</b>	<b>4,769,454</b>	<b>(50,769)</b>
<b>3. Cash flows from financing activities:</b>			
Proceeds from issuance of subordinated debt .....	40,000	20,000	399
Repayment of subordinated debt.....	(76,000)	(83,000)	(759)
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights.....	214,000	196,951	2,136
Repayment of subordinated bonds and bonds with stock acquisition rights.....	(47,000)	(181,283)	(469)
Dividends paid .....	(110,099)	(47,926)	(1,099)
Proceeds from minority stockholders.....	141,500	360,362	1,412
Dividends paid to minority stockholders .....	(60,239)	(46,724)	(601)
Purchases of treasury stock .....	(901)	(1,474,644)	(9)
Proceeds from sale of treasury stock .....	853	11,320	9
<b>Net cash provided by (used in) financing activities .....</b>	<b>102,112</b>	<b>(1,244,945)</b>	<b>1,019</b>
<b>4. Effect of exchange rate changes on cash and due from banks .....</b>	<b>(8,465)</b>	<b>3,434</b>	<b>(84)</b>
<b>5. Net change in cash and due from banks .....</b>	<b>789,676</b>	<b>(3,232,797)</b>	<b>7,882</b>
<b>6. Cash and due from banks at beginning of year .....</b>	<b>1,927,024</b>	<b>5,159,822</b>	<b>19,234</b>
<b>7. Change in cash and due from banks due to merger of consolidated subsidiaries .....</b>	<b>1,183</b>	<b>—</b>	<b>12</b>
<b>8. Change in cash and due from banks due to newly consolidated subsidiaries.....</b>	<b>18,870</b>	<b>0</b>	<b>188</b>
<b>9. Change in cash and due from banks due to exclusion of consolidated subsidiaries.....</b>	<b>(3)</b>	<b>—</b>	<b>(0)</b>
<b>10. Cash and due from banks at end of year .....</b>	<b>¥ 2,736,752</b>	<b>¥ 1,927,024</b>	<b>\$ 27,316</b>

See accompanying notes to consolidated financial statements.