



SMFG SUMITOMO MITSUI
FINANCIAL GROUP

FISCAL YEAR **2007** INTERIM FINANCIAL REPORT

APRIL 1 — SEPTEMBER 30, 2007

SUMITOMO MITSUI FINANCIAL GROUP
SUMITOMO MITSUI BANKING CORPORATION

*Aiming to become a globally competitive financial
services group with the highest trust*

LEAD THE VALUE

We are a group of highly qualified professionals
that can provide truly valuable financial services to our customers.

Each of us thinks and acts with pride as experts in each business area
in order to LEAD the competition in creating and delivering
customer VALUE in a continually changing business environment.



These activities are supported by our three core strengths:



We create new VALUE by forming teams of specialists in various fields and providing optimal services to our customers through two-way communication.

As a result, we will be selected as a truly trusted partner.

CONTENTS

● Message from the Management	2
● Business Overview	4
Consumer Banking	4
Corporate Banking	6
Targeting Issues Involving Companies and Individuals ...	8
Investment Banking	8
International Banking	9
Treasury Markets	9
● Group Companies	10
● Financial Highlights	12
● Financial Review	15
● Financial Section	27

This material contains certain forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may materially differ from those contained in the forward-looking statements as a result of various factors. Important factors that might cause such a material difference include, but are not limited to, those economic conditions referred to in this material as assumptions.

In addition, the following items are among the factors that could cause actual results to differ materially from the forward-looking statements in this report: business conditions in the banking industry, the regulatory environment, new legislation, competition with other financial services companies, changing technology and evolving banking industry standards and similar matters.

Sumitomo Mitsui Financial Group, Inc.

Public Relations Department
1-2, Yurakucho 1-chome, Chiyoda-ku,
Tokyo 100-0006, Japan
TEL: +81-3-5512-3411

Sumitomo Mitsui Banking Corporation

Public Relations Department
1-2, Yurakucho 1-chome, Chiyoda-ku,
Tokyo 100-0006, Japan
TEL: +81-3-3501-1111

February 2008



Message from the Management

On behalf of all the management and staff of the Sumitomo Mitsui Financial Group, we would like to thank you for your continued interest in and support for SMFG. Hereunder, we outline the Group's business performance in the first half of fiscal 2007, and provide an explanation of the measures being taken in the second half of the fiscal year, as well as our policies for the future.

Fiscal 2007 First-Half Highlights

At the start of fiscal 2007 SMFG launched a medium-term management plan — under the name of LEAD THE VALUE — covering the fiscal 2007-2009 three-year period. Under this plan, we have placed priority on business operations in seven fields we believe to possess significant growth potential, i.e. financial consulting for individuals, solution providing for corporations, focused business areas in global markets, payment and settlement services and consumer finance, investment banking and trust business, proprietary investment, and credit derivatives, trading & distribution. We believe that this focused priority policy will enable us to build the foundations of a corporate group capable of long-term sustainable growth.

Looking at the business performance of the Group over the first half of fiscal 2007, our principal subsidiary SMBC recorded an increase in banking profit, thanks to improved gains on sale of bonds, particularly JGBs, as well as a widening of the loan to deposit spread. Conversely, increased credit costs and the posting of an impairment loss on shareholdings led to a year-on-year decline in ordinary profit. As a result, SMFG recorded an ordinary profit of ¥353.2 billion on a consolidated basis, down ¥3.9 billion

year-on-year, and posted a ¥73.1 billion decrease in net income for the six-month period, at ¥170.5 billion.

Plans for the Future

Priority on targeted growth business areas

In the allocation of management resources, we will continue to place priority on growth business areas.

In consumer banking, SMBC will introduce more advanced financial consulting techniques so as to be able to offer one-stop “total consulting” services to meet the diverse needs of today's customers. Specifically, we will improve the quality of our lineup of existing services such as investment trusts, personal pension plans, and a discretionary asset management service offered by SMBC Friend Securities. In addition, we aim to continue expanding our lineup with the addition of new service categories that have recently been deregulated and which we commenced in December 2007, such as whole life and time insurance, medical insurance, and a wide variety of other new insurance packages. We will also continue to expand our network of branches and increase the number of qualified financial consultants in our workforce.

In the field of consumer finance services, including payment and settlement, in the reporting six-month period the Group reached basic agreements to form strategic alliances with both Central Finance and OMC Card. We aim to become the No. 1 credit card business group in Japan by leveraging the expertise, customer base, business network, and brand image of each of our alliance partners, including our subsidiaries Sumitomo Mitsui Card and QUOQ, and by offering superior financial products and services that fully meet customers' needs.

We will continue to promote our business collaboration with the consumer loan company Promise, including the installation of more automatic contract machines in the branches of SMBC, which will enable us to provide consumer loans to meet customers' various lifestyle-related needs, taking the repayment capability of borrowers carefully into consideration.



Teisuke Kitayama

President

Sumitomo Mitsui
Financial Group, Inc.

For our corporate customers, we are taking steps to further expand SMBC's solution providing business. Specifically, making full use of the Private Advisory Department set up in April 2007, SMBC will further strengthen its coverage in business areas where the needs of individual customers and corporate customers overlap, such as business succession consulting, private banking, and workplace banking. We are also working to enhance our activities in the fields of venture business incubation, as well as transactions with public bodies, semigovernmental corporations, and local financial institutions, and in environmental project financing.

We intend to further strengthen our capabilities in the field of investment banking, which includes various products such as syndicated loans and structured finance, as well as financial solutions to clients' managerial issues, notably business expansion and reorganization through M&A. This will be achieved through initiatives by the Corporate Advisory Division within SMBC, as well as through collaboration between SMBC and Daiwa Securities SMBC. SMFG also aims to further promote the group-wide provision of solutions. For example, a wide selection of leasing and auto-leasing services will be offered by two new companies established in October 2007 under a strategic alliance between SMFG and the Sumitomo Corporation Group — Sumitomo Mitsui Finance and Leasing, and Sumitomo Mitsui Auto Service. JRI Solutions, our knowledge engineering group company, will offer IT system development and operations services in addition to IT consulting.

Preparing for sustainable growth

SMFG continues to work to build the foundations of a corporate group capable of long-term sustainable growth.

Specifically, we are enhancing our legal compliance, for example, by strengthening our protection of customers in line with the provisions of the Financial Instruments and Exchange Law, which came into force in September 2007. We are also stepping up our proactive compliance with laws and government initiatives in overseas operations to prevent money laundering.

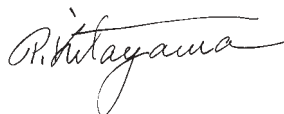
SMFG is also actively hiring more highly qualified professionals in investment banking and other growth areas, as well as in specific business fields in the global market. Other initiatives taken by SMFG include modernizing our infrastructure by upgrading our IT hardware and software, and by renovating many of our branch facilities; introducing more sophisticated ALM and risk management systems; and implementing a range of measures aimed at improving customer satisfaction.

For the fiscal 2007 full term, on a consolidated basis, SMFG forecasts ordinary profit of ¥940 billion, an increase of ¥140 billion over the previous term, and net income of ¥570 billion for an increase of ¥130 billion.

In line with our policy of increasing return to shareholders, at the present time we intend to pay an annual dividend per common share of ¥10,000, which would represent an increase of ¥3,000 per share over the dividend paid for the previous term. Half of this figure has already been paid as interim dividend. We will continue to actively examine our options for strengthening shareholder return, in reflection of the steady progress we expect to make in attaining the targets set under our current medium-term management plan.

By the means described above, we expect to move closer to achieving the goals of our medium-term management plan and fulfilling our obligations to our stakeholders. It is our sincere hope that you will give SMFG even stronger support and encouragement in the years to come.

February 2008



Teisuke Kitayama

President

Sumitomo Mitsui
Financial Group, Inc.



Masayuki Oku

President

Sumitomo Mitsui
Banking Corporation



■ Consumer Banking

The member companies of SMFG are working together to enhance their consumer financial services.

At SMBC, we are working to make SMFG into the No. 1 group in the field of consumer financial services by offering services that address specific customer needs. Specifically, we are leveraging our capabilities to develop outstanding products and services, our consulting abilities—provided by staff with high-level expertise—and our area marketing approach to provide superior financial services to our customers. Pension-type insurance sales in the first half of fiscal 2007 amounted to ¥210.9 billion. Sales of foreign bonds came to ¥50.8 billion. As of September 30, 2007, the outstanding balance of investment trusts under management was ¥3,622.6 billion, and that of housing loans was ¥13,507.3 billion. These achievements underscore the popularity of our services.

In December 2005, we commenced the sale of a new single-premium whole life insurance product, and by the end of September 2007 sales amounted to ¥102.0 billion.

Financial Consulting Business

We introduced new investment trust and life insurance products into our lineup in the first half of fiscal 2007, and in December 2007 we took advantage of the complete deregulation of the over-the-counter sale by banks of insurance products to further expand the number of life insurance products we handle.

In the loan business, our mortgage loan product with insurance that covers the outstanding loan balance for borrowers in the event of cancer, a stroke or a heart attack (the three major causes of death in Japan), proved to be very popular. First offered in October 2005, this innovative product received the Nikkei Financial Daily Award for Excellence of the 2006 Nikkei Superior Products and Services Awards. The aggregate loan contract amount for this product reached ¥490 billion at the end of September 2007.

SMBC continued to open new business premises where individuals can receive advice on personal asset management or loans. As of September 2007, there were 66 SMBC Consulting Plazas, which are open on weekends and national holidays as well as evenings on weekdays, and 22 SMBC Consulting Offices, which offer the same services but on a smaller scale. In addition, we opened new branches in Higashi-Totsuka and Ichikawa in April and November 2007, respectively. We remain firmly committed to making our network of consulting services even more convenient and easily accessible to our customers.



Loan product poster



Electric settlement service poster

Settlement Business

With effect from September 2007 we expanded the points-exchange menu available in our *SMBC First Pack* (a package of online banking and credit card services), which we have positioned as a key product for various settlement-related services. We also made this product more attractive by enabling holders of Mitsui Sumitomo cards to apply for our *First Pack* service without having to cancel their existing credit card contracts.

The *Mitsui Sumitomo Card iD*® service (an electronic settlement service utilizing NTT DoCoMo's *Mobile Wallet*®), was launched in December 2005. As of the end of September 2007, this business had grown to about 440,000 subscribers and a network of about 180,000 dedicated terminals located in retail outlets that accept bill payments via the *iD*® service. Sumitomo Mitsui Card will continue to fully leverage the know-how it has accumulated through its business as a comprehensive provider of credit card services to create a settlement system capable of handling both small and large amounts, and thereby enhance our service for settlement system users.

In May 2007, SMBC began offering its customers balance inquiry, payment & withdrawal inquiry, and bank transfer functions via the iAppli mobile banking platform developed by NTT DoCoMo. Then, in October we installed our own ATMs and "Bank TV" consulting booths at three DoCoMo Shops (NTT DoCoMo's chain of service outlets).

We are continuously working to upgrade the features of our popular online service "One's Direct" by expanding the service menu, thus enhancing customer convenience. This remote banking service was ranked as the industry leader for six consecutive years in the Internet Banking Services ranking by Gomez, Inc., a leading Internet performance rating company. The number of subscribers to *One's Direct* exceeded 8 million as of October 2007.

That same month, SMBC reduced the fees charged for the use of certain services via its ATMs. Fees were terminated on the use of ATMs at SMBC offices as well as for use of our @BANK online service outside normal operating hours on weekdays (for customers with at least ¥100,000 in their deposit accounts—see poster below). Fees were also ended for the use of Japan Post Bank, and JR East Japan ATMs, as were withdrawal fees for card loans. In these ways, we are making efforts to improve customer convenience.



Consumer Finance Business

The consumer finance business launched in April 2005 through the strategic alliance of Promise, At-Loan (an SMBC-Promise joint venture) and SMBC operates through a network of 631 automatic contract machines (ACMs), and the combined balance of loans totaled ¥309.8 billion at the end of September 2007.

Topics

Insurance Agency Business by Banks Fully Deregulated

SMBC responded to the complete deregulation of the sale of insurance products by banks (as agents for the insurance companies) by seeing this as an opportunity to expand its consulting business. Moreover, as part of its plan to become a total consulting enterprise capable of offering "one-stop financial services," SMBC began handling a greatly expanded lineup of life insurance policies from December 22, 2007. Specifically, sixteen new personal insurance products (provided by six insurance companies) are now being handled, including such categories as ordinary life insurance policies, term life insurance, general medical insurance, cancer insurance, and unlimited nursing care insurance.

Initially, the products will be sold at 86 offices to which staff experienced in insurance have been assigned.

The bank plans to gradually increase the number of offices handling this business, beginning within the next fiscal year.

Improving Services in the Tokai Region

SMBC is in the process of expanding its network of branches in the Tokai Region, principally in Aichi Prefecture, to realize a further improvement of its services to customers in that part of Japan.

Specific plans include a swift and dramatic enhancement of the consulting services for individuals provided by SMBC in the Tokai region. The bank also plans to set up exclusive business offices catering to high net worth individuals. In addition, the bank is considering plans to set up dedicated offices to cater to the demand for financing construction of new rental apartment buildings or condominium buildings (including demolition of superannuated buildings and construction of new buildings on the same site), or for the purchase of such properties. These are just some of the ways in which we are working to ensure the quality of our consultation services relating to personal asset management and fund procurement.

SMBC is also planning an extensive renovation of its existing branches to offer an even more pleasant atmosphere in which to provide consulting services. SMBC plans to design consulting areas where its customers can receive high-quality advice on asset management and loans.

Enhancing Collaboration with Non-Financial Enterprises

In addition to offering settlement and other financial services, which provide the basic infrastructure underpinning people's day-to-day lives, SMFG is also working to strengthen its business collaboration with companies in other lifestyle-related fields. One notable example is our tieup with the security services company Secom Co., Ltd., under which we offer a discount on the use of our safe-deposit boxes to customers who have signed security contracts with Secom. In return, our own customers are able to take advantage of Secom's security services under favorable contractual conditions. This is just one of the ways in which we plan, increasingly from here onward, to search for products that will provide extra value to our customers.

■ Corporate Banking

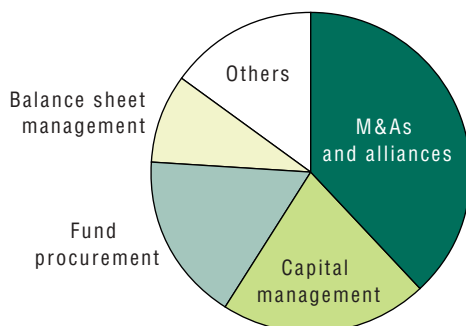
Enhancing Services for Listed Companies

Corporate Advisory Division

SMBC established its Corporate Advisory Division in early fiscal 2006 for the purpose of enhancing relationships with companies both listed and non-listed. The division has industry-specific groups that collect knowledge and information concerning their respective industries. The division takes advantage of collaboration with many partners: the business offices of the Middle Market Banking Unit and Corporate Banking Unit; the Investment Banking Unit, research departments and other SMBC divisions; and Daiwa Securities SMBC and other SMFG companies. These resources enable the Corporate Advisory Division to meet needs involving customers' diverse management issues.

The Corporate Advisory Division has made effective use of its ability to conduct an exhaustive analysis of customer management issues and actively proposes tailored solutions drawn up in collaboration with Group companies. Now, 18 months after its creation, it has accumulated a track record of over 2,000 projects, including M&As, capital-strengthening measures for heading off hostile takeovers, and balance sheet management. This track record has resulted in a solid earnings performance. The Corporate Advisory Division will continue to concentrate on offering customers many types of proposals. Furthermore, the division plans to reinforce its ability to supply comprehensive solutions to customers' management issues.

Projects by category*



*As of September 2007

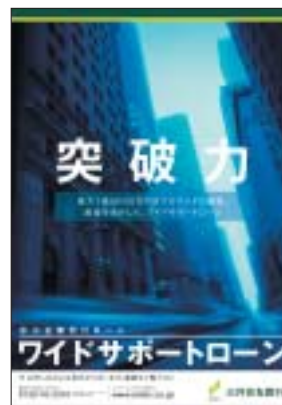
Upgrading Services for Midsized Companies and SMEs

SMBC offers a diverse lineup of services targeting midsized companies and small and medium-sized enterprises (SMEs).

Recognizing the strong demand among SMEs for unsecured loans, SMBC became a trendsetter among Japanese banks by developing the *Business Select Loan*, which requires no third-party guarantee. In addition to the *Business Select Loan*, the *Wide Support Loan* was included in the lineup as a loan product requiring collateral in September 2007. The conditions on this product differ according to the nature of the real estate put up as collateral, and it aptly meets the needs of customers wishing to use their real estate holdings to raise funds.

In November 2007, we began offering *Asset Value*, a loan secured with movable equipment. We offer *Asset Value* loans through collaborative arrangements with a leasing company, accepting as collateral such movable assets as machine tools and construction machinery. This loan product is an effective tool for customers to procure funds necessary for their capital investment strategies.

In addition, in September 2007 we upgraded our free Business Information Service, which was originally launched



Wide Support Loan poster



Business Select Loan poster



Asset Value loan product poster

in November 2006. We expanded the range of information supplied to customers and started sending bulletins on a weekly basis, as opposed to periodic announcements. This service, which is now used by more than 10,000 companies, is just one example of our many value-added services that go beyond the simple provision of loans.

Environmental Business Activities

SMBC began offering the *SMBC-Eco Loan* in February 2006. The loan features preferential interest rates for midsize companies and SMEs with a strong commitment to the environment. In January 2007, the eligibility for the loan was extended to companies that were already using *Business Select Loans* and also to companies that had received environmental certifications from local governments and other organizations. With a wider range of customers, SMBC had extended a total of about ¥20 billion of *SMBC-Eco Loans* by the end of September 2007.

In 2007, SMBC once again sponsored, jointly with the Ministry of the Environment and others, an environmental preservation contest under the name of *eco japan cup 2007* for venture businesses in environment-related fields. In October 2007, for the second year in a row, SMBC held a business matching event in Osaka called the Environmental Business Networking Event. SMBC remains dedicated to assisting customers' environmental activities in a variety of ways.



Poster advertising the *Eco Loan*, for environmentally aware companies



Poster advertising the *eco japan cup 2007*

Topics

IPO Consulting Services

SMBC Consulting Co., Ltd., a subsidiary of SMBC, has concluded a business tieup agreement with a number of specialist IPO consulting enterprises, and began offering services to companies wishing to go public in August 2007. In one such service—the IPO Preparation Plan—the staff (principally CPAs) of specialist IPO companies collaborating with SMBC Consulting visit the customer companies, which are mainly members of the IPO Business Club operated by SMBC Consulting. They identify issues that need to be addressed prior to application for an IPO, and speedily propose simple and inexpensive solutions. The IPO Advisory Plan, a supplementary service, proposes individually-tailored and detailed solutions to the issues identified by the IPO Preparation Plan.

Through these services, SMBC Consulting accurately meets the needs of business enterprises wishing to list their shares on the stock market.

IPO Preparation Plan

Contents of an IPO preparation report

- ① Projections of company's growth potential and business performance
- ② Analysis of corporate governance structure and operational methods
- ③ Data on significant stakeholders and affiliated companies
- ④ Degree of transparency in disclosure of business activities
- ⑤ Method of capital procurement
- ⑥ Scheduled procedures in preparation for IPO

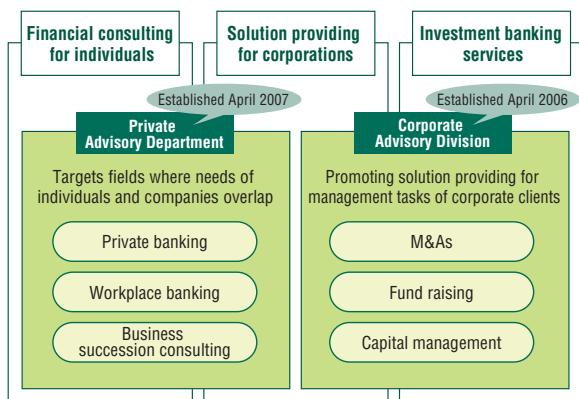


IPO Advisory Plan

Main Consulting Services

- for drawing up business plans
- for drafting capital procurement policy
- for projecting likely share price
- Financial analysis
- for drafting in-house regulations
- for creating cost calculation system
- for completing IPO application forms

■ Targeting Issues Involving Companies and Individuals



Private Advisory Department

SMBC established its Private Advisory Department in April 2007. It targets growing business opportunities in private banking services, assistance in securing and retaining human resources, and business succession advisory services for retiring SME owners in Japan. These three trends accompany the emergence of a class of wealthy entrepreneurs, and the ongoing retirement of the baby boomer generation with the resultant difficulty companies are now experiencing in hiring qualified new employees against the backdrop of the dearth of young job seekers.

At its offices in Tokyo and Osaka, SMBC's Private Advisory Department deploys some 150 specialist staff, including consultants in such fields as personalized asset management, human resources strategy consulting, advice on the design of employee benefits and pension programs, business succession plans, and related asset inheritance plans.

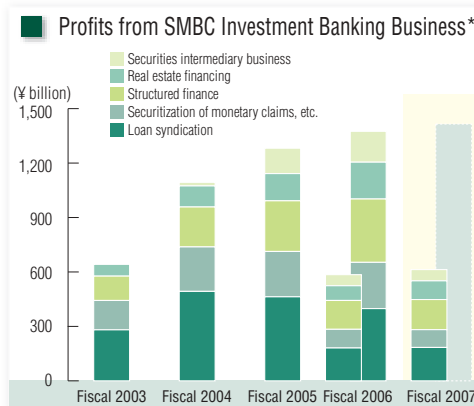
The Private Advisory Department works closely with other SMBC departments and companies under the umbrella of SMFG, aiming to provide corporate customers with even more effective services by optimally combining their differing areas of expertise to create new business processes.

- In the Department's private banking business, during the six-month reporting period, the lineup of financial products targeted at high net worth individuals was enhanced by the addition of four new investment vehicles featuring alternative assets such as commodities. To enable the staff at SMBC branches to propose sophisticated and highly effective solutions to customers' asset investment needs, they are assisted by head office specialist staff at our regional corporate banking divisions, which have supervisory authority over all branches within their own region.
- The Corporate Employees Business provides support for the discovery and application of new solutions to corporate clients' personnel-related issues that go beyond traditional banking services. The Department employs seminars to help clients identify the issues they need to address prior to the creation of employee benefit programs that will enable them to retain the qualified staff they need. The department also offers consulting services to help them select the optimum solutions, including referral to welfare agencies. In the field of defined-contribution pension plans, SMBC has increased its investment in the pension fund management company Japan Pension Navigator Co., Ltd. to upgrade the company's services.
- A large number of customers have come to us for advice on matters relating to business succession. In these cases, we carefully take into account not only the situations of individual business owners, but also those of their family, the intended successor, and of the business itself. We propose detailed, tailor-made solutions and provide follow-up support, taking into consideration the needs and feelings of all parties involved.

■ Investment Banking

In recent years, the management issues faced by our corporate clients have become increasingly diverse and complex. This stems from the rapid globalization of business markets and institutions. Consequently, we now need to develop more advanced financial engineering methods to be able to propose solutions to such issues.

SMFG effectively leverages the resources of SMBC's Investment Banking Unit and other Group companies to provide corporate clients with optimal solutions to their wide-ranging needs, including financing, asset management, corporate reorganizations, risk hedging, company-to-company settlement, and so on. In these ways, we help clients develop their businesses and raise their enterprise value still further.



*Figures for the securities intermediary business represent total fees and commissions received from individuals and corporate clients. For other businesses, the figures represent the net profits used for SMBC's managerial accounting, which includes miscellaneous fees and commissions as well as interest income.

Topics

New fund procurement methods for growth companies

The Merchant Banking Department has been set up within the Investment Banking Unit to enable SMBC to offer more diversified fund procurement methods to companies with high growth potential. This new department strengthens our ability to facilitate corporate growth through the provision of funds derived from direct private equity and mezzanine debt investments. Through collaboration with other Group companies, or joint investment ventures arranged with private investment funds, SMBC responds to the needs of its clients for diversification of their fund procurement methods. These investments are combined with consulting and data-provision services offered to the investment-target companies.

Environmental Products Office set up

SMBC has set up an Environmental Products Office within its Structured Finance Department. Centered on the emissions trading system aimed at preventing global warming, the Office works with SMBC's branches and the offices of other Group companies in countries all around the world to devise and propose solutions to clients' varied environmental needs.

International Banking

Primarily through SMBC's overseas network, SMFG serves corporate clients with global operations, working in close cooperation with other Group companies and alliance partners to accommodate specific requirements without being limited by geographic restrictions. We have also drawn up a strategy for proactively capitalizing on business opportunities in emerging markets.

In Asia, we are working to provide even more closely tailored services to support Japanese corporate customers expanding their operations in growing economies such as China and Vietnam. In North America, we are strengthening our business relationships with major players in the U.S., while acquiring greater expertise in cutting-edge financial technology. In addition to the longstanding member countries of the E.U. in Western Europe, we are extending our business operations into Central and Eastern Europe, not to mention Russia, as well as in neighboring regions such as the Middle East. In this way, we aim to provide services globally in order to fully satisfy our customers' requirements.

Topics

Expanding our Service Network

We are continuing to expand our network of branches. Fiscal 2006 saw the opening of the Milan Branch of Sumitomo Mitsui Banking Corporation Europe Ltd., and the Dubai Branch of SMBC (the first Japanese bank branch to open in Dubai). Following the opening of an office in the Binhai New Area of Tianjin in March 2007, we opened an office in the Industrial Park of the city of Suzhou, Jiangsu Province in April, thereby providing our customers in China with a wider variety of professional financial services.

Collaboration with Local Banks in East Asia

We have commenced a collaborative arrangement, including capital participation, with the Vietnam Export Import Bank (Eximbank). Within Vietnam's rapidly growing financial markets, SMBC will work together with Eximbank to more effectively meet the financing needs of Japanese companies operating in or planning to set up a business in Vietnam. The collaboration is also aimed at facilitating SMBC's entry into the local retail banking market. We expect this arrangement to give us a valuable foothold in the Vietnamese market, yielding new business opportunities. In Taiwan, similarly, we have signed a collaboration agreement with the First Commercial Bank. These tieups represent the first steps in a long-term strategy of expanding our operations across a broad spectrum of financial business sectors in Asian countries.

Creating a Global Service System

To further strengthen its competitive advantage in the development of financial products and services, SMBC has constructed a new system that facilitates seamless collaboration between different regions of the world in the marketing of certain products—such as trade financing and shipbuilding financing instruments. In June 2007, SMBC set up the Trade Finance Business Department, a dedicated marketing section for trade financing products.

Treasury Markets

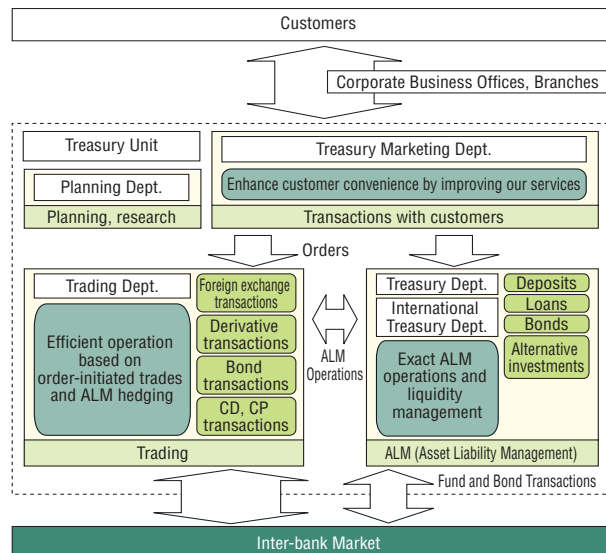
SMFG aims to provide its clients with world-class support services for their market transaction needs through the Treasury Unit of SMBC. The Treasury Unit undertakes operations in

money, foreign exchange, bond and derivatives markets. Based on a careful evaluation of each client's needs, we design financial products and services that deliver optimal value-added solutions.

The Treasury Unit focuses on expanding transaction volume, strengthening ALM operations, diversifying fund management channels, and realizing an optimal selection of investments in its fund portfolio management. It achieves these aims through the accurate assessment of domestic and overseas market trends to further strengthen profitability, while effectively managing risk. The Treasury Unit will continue working to fulfill all our customers' market transaction needs by providing comprehensive support services of the highest level.

Through its asset liability management (ALM), strategic fund investments, and trading operations, the Treasury Unit strives to control market and liquidity risks while maximizing earnings. To do this, it uses an expanded array of investment techniques, including alternative investments, leading to a more diversified investment portfolio and increased arbitrage investment opportunities.

We will continue to pursue optimal capital allocation with a level of risk exposure appropriate to market conditions, with the aim of securing stable profits.



Topics

Expanding Support Systems to Meet User Needs

To further increase customer convenience, SMBC periodically enhances the functions of *i-Deal*, a system that allows customers to conclude foreign exchange contracts and other transactions over the Internet. During the first half of fiscal 2007 we upgraded the One's Direct system to offer a new service (available 24-hours-a-day on weekdays) enabling individuals to conduct foreign exchange transactions in real time.

Diversifying Investment Vehicles and Introducing Greater Flexibility into Portfolio Management

Investment operations linked to interest rates, equities and alternative investment vehicles have been centralized in one section of the Treasury Unit, thereby enabling increased flexibility and a broader selection of investment targets.

Group Companies (as of September 30, 2007)



www.smfg.co.jp/english/

The companies under the umbrella of Sumitomo Mitsui Financial Group (SMFG) offer diversified financial services centering on banking operations, and including leasing, securities and credit card services, and information services.

Our Mission

- To provide optimum added value to our customers and together with them achieve growth
- To create sustainable shareholder value through business growth
- To provide a challenging and professionally rewarding work environment for our dedicated employees

Company Name: Sumitomo Mitsui Financial Group, Inc.

Business Description:

Management of the affairs of banking subsidiaries (under the stipulations of the Banking Law) and of non-bank subsidiaries, and ancillary functions

Establishment: December 2, 2002

Head Office: 1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan

Chairman of the Board: Masayuki Oku

(Concurrent President at Sumitomo Mitsui Banking Corporation)

President: Teisuke Kitayama

(Concurrent Chairman of the Board at Sumitomo Mitsui Banking Corporation)

Capital Stock: ¥1,420.9 billion

Stock Exchange Listings:

Tokyo Stock Exchange (First Section)

Osaka Securities Exchange (First Section)

Nagoya Stock Exchange (First Section)



SUMITOMO MITSUI BANKING CORPORATION

www.smbc.co.jp/global/



Sumitomo Mitsui Banking Corporation (SMBC) was established in April 2001 through the merger of two leading banks, The Sakura Bank, Limited and The Sumitomo Bank, Limited. In December 2002, Sumitomo Mitsui Financial Group, Inc. was established through a stock transfer as a holding company, under which SMBC became a wholly owned subsidiary. SMBC boasts a number of competitive advantages, including a strong customer base, the quick implementation of strategies, and an extensive lineup of financial products that leverage the expertise of strategic Group companies in specialized areas.

As a pivotal member of SMFG, SMBC works closely with other Group companies to offer customers highly sophisticated, comprehensive financial services.

Company Name: Sumitomo Mitsui Banking Corporation

Business Profile: Banking

Establishment: June 6, 1996

Head Office: 1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo

President & CEO: Masayuki Oku

Number of Employees: 17,945

Network:

Domestic:	1,468 locations*
Branches	470
(including 38 specialized deposit account branches)	
Subbranches	155
Agency	1
Offices handling nonbanking business	20
Automated service centers	822
Overseas:	37 locations
Branches	18
Subbranches	6
Representative offices	13

*Excluding the number of ATMs installed at convenience stores

Credit Ratings (as of January 31, 2008)

	Long-term	Short-term
Moody's	Aa2	P-1
S&P	A+	A-1
Fitch	A+	F1
R&I	A+	a-1
JCR	AA-	J-1+

■ Consolidated	Billions of yen			
	Sep. 30, 2007	Mar. 31, 2007	Mar. 31, 2006	Mar. 31, 2005
For the Interim Term (Year):				
Ordinary income	¥ 1,554.7	¥ 2,925.6	¥ 2,750.2	¥ 2,691.3
Ordinary profit (loss)...	316.0	716.6	862.0	(99.7)
Net income (loss).....	171.3	401.7	563.5	(278.9)
At Interim Term- (Year-) End:				
Net assets	¥ 5,410.5	¥ 5,412.4	¥ 3,598.2	¥ 2,633.9
Total assets.....	103,722.6	98,570.6	104,418.5	97,478.3



SUMITOMO MITSUI CARD COMPANY, LIMITED

www.smbc-card.com

(Japanese only)



As the pioneer in the issuance of the Visa Card in Japan and a leader in the domestic credit card industry, Sumitomo Mitsui Card Company, Limited enjoys the strong support of its many customers.

It also plays a major role as one of the strategic businesses of SMFG. Leveraging its strong brand image and its excellent capabilities across a wide range of card-related services, the company meets customers' credit needs through the provision of settlement and financing services.

Sumitomo Mitsui Card aims to actively contribute, through its card business, to the realization of comfortable and affluent consumer lifestyles,

and make further dramatic progress as a leading brand company.

Company Name: Sumitomo Mitsui Card Company, Limited

Business Profile: Credit card services

Establishment: December 26, 1967

Head Office:

Tokyo Head Office 5-2-10, Shimbashi, Minato-ku, Tokyo

Osaka Head Office 4-5-15, Imahashi, Chuo-ku, Osaka

President & CEO: Koichi Tsukihara

Number of Employees: 1,997

Credit Ratings (as of January 31, 2008)

	Long-term	Short-term
JCR	A+	J-1+

■ Consolidated	Billions of yen			
	Sep. 30, 2007	Mar. 31, 2007	Mar. 31, 2006	Mar. 31, 2005
For the Interim Term (Year):				
Revenues from credit card operations.....	¥2,586.6	¥4,753.8	¥4,181.3	¥3,598.7
Operating revenue....	81.9	157.6	148.2	132.1
Operating profit.....	7.1	14.1	25.8	23.1
At Interim Term- (Year-) End:				
Number of cardholders (in thousands).....	15,564	14,951	14,067	13,462



Sumitomo Mitsui Finance and Leasing Co., Ltd. was established in October 2007 through the merger of SMBC Leasing Company, Limited and Sumisho Lease Co., Ltd., an affiliate of the trading company Sumitomo Corporation.

The new company aims to become the top leasing company in Japan in terms of both quantity and quality by leveraging the assets of the two founding companies: a) the customer base and know-how possessed by SMBC Leasing as a bank-affiliated leasing company, together with the financial solutions offered by other subsidiaries of SMFG; and b) the customer base of Sumisho Lease, as well as the various value chains of Sumitomo Corporation.

With the abundant knowledge and experience accumulated by its two predecessors, Sumitomo

Mitsui Finance and Leasing will lead the industry through the provision of sophisticated value-added services that go well beyond the conventional concept of leasing to meet customers' diverse needs. By operating a highly efficient and customer-centric service, the new company will contribute to society as the leading player in Japan's leasing industry.

Company Name: Sumitomo Mitsui Finance and Leasing Co., Ltd.

Business Profile: Leasing

Establishment: February 4, 1963

Head Office:

Tokyo Head Office 3-9-4, Nishishimbashi, Minato-ku, Tokyo

Osaka Head Office 3-10-19, Minamisenba, Chuo-ku, Osaka

President & CEO: Koji Ishida

Number of Employees: 1,564

Credit Ratings (as of January 31, 2008)

	Long-term	Short-term
R&I	A+	a-1
JCR	AA-	J-1+

■ **Consolidated**

	Billions of yen			
	Sep. 30, 2007	Mar. 31, 2007	Mar. 31, 2006	Mar. 31, 2005
For the Interim Term (Year):				
Revenues from				
leasing operations...	¥273.3	¥583.6	¥615.5	¥580.0
Operating revenue...	324.7	630.0	619.7	589.1
Operating profit.....	15.1	31.5	32.2	28.0

Notes:

1. All figures are rounded down to the nearest unit of ¥100 million.
2. The figures shown are those for the former SMBC Leasing Company, Limited.



The Japan Research Institute, Limited



The Japan Research Institute, Limited (JRI) is a "knowledge engineering" company that offers comprehensive high value-added services, effectively combining the three functions of information systems integrator, consultant, and think-tank.

Targeting customers in a wide range of sectors, JRI offers consulting services focusing on management innovation and IT-related issues. It also provides services such as the design and development of strategic information systems, as well as outsourcing. In addition, JRI conducts research and analysis of the Japanese and overseas economies, formulates policy recommendations, and assists in the incubation of new businesses.

In July 2006, JRI spun off part of its operations to create JRI Solutions, Limited with the aim of strengthening the provision of information technology solutions to corporate customers outside our Group. The new company will leverage the

extensive fund of know-how in system development and operations amassed by JRI in its long years of service (principally to SMFG companies) to offer the very best IT solutions to a wider array of customers in the general industrial, financial, and public sectors.

Company Name: The Japan Research Institute, Limited

Business Profile: Systems engineering, data processing, management consulting, economic research

Establishment: November 1, 2002

Head Office:

Tokyo Head Office 16, Ichibancho, Chiyoda-ku, Tokyo

Osaka Head Office 1-5-8, Shimmachi, Nishi-ku, Osaka

President & CEO: Yasuyuki Kimoto

Number of Employees: 3,044 (including JRI Solutions, Limited)

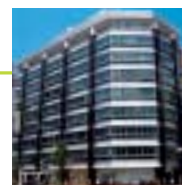
■ **Consolidated**

	Billions of yen			
	Sep. 30, 2007	Mar. 31, 2007	Mar. 31, 2006	Mar. 31, 2005
For the Interim Term (Year):				
Operating revenue...	¥51.7	¥111.8	¥115.8	¥111.2
Operating profit.....	0.6	6.1	5.2	6.3

*Figures include JRI Solutions (for three months through June 30, 2006)



SMBC FRIEND SECURITIES CO., LTD.



SMBC Friend Securities was founded through the merger of Meiko National Securities and Sakura Friend Securities in April 2003. It later merged with Izumi Securities, an affiliate of Sumitomo Life Insurance Company, in April 2004. It became a wholly-owned subsidiary of SMFG through a share transfer in September 2006.

SMBC Friend Securities boasts one of the strongest financial bases among Japanese securities companies. Its operations are highly efficient, and it provides a full range of securities services, focused mainly on retail customers through its nationwide network of branches. Aiming to become the leading provider of high-

quality retail securities services in Japan, the company precisely tailors products and services to match customers' needs.

Company Name: SMBC Friend Securities Co., Ltd.

Business Profile: Securities services

Establishment: March 2, 1948

Head Office: 7-12 Nihonbashi-Kabutocho, Chuo-ku, Tokyo

President: Katsuhiko Tamaki

Number of Employees: 2,078

■ **Consolidated**

	Billions of yen			
	Sep. 30, 2007	Mar. 31, 2007	Mar. 31, 2006	Mar. 31, 2005
For the Interim Term (Year):				
Operating revenue...	¥34.0	¥58.7	¥68.5	¥52.3
Operating profit.....	13.2	21.2	31.0	18.0



Financial Highlights

Sumitomo Mitsui Financial Group

Six months ended September 30, 2007, 2006 and 2005, and years ended March 31, 2007 and 2006

◆ Consolidated

	Millions of yen				
	September 30			March 31	
	2007	2006	2005	2007	2006
For the Interim Period (Year):					
Total income.....	¥ 2,079,102	¥ 1,874,035	¥ 1,819,276	¥ 3,947,786	¥ 3,803,089
Total expenses.....	1,728,767	1,472,733	1,307,983	3,140,996	2,759,726
Net income.....	170,592	243,660	392,327	441,351	686,841
At Interim Period- (Year-) End:					
Total net assets.....	¥ 5,268,853	¥ 4,622,792	¥ 3,262,340	¥ 5,331,279	¥ 4,454,399
Total assets.....	105,927,629	102,551,964	102,233,832	100,858,309	107,010,575
Risk-monitored loans.....	1,066,944	1,148,036	1,788,499	1,067,386	1,243,160
Reserve for possible loan losses.....	930,577	978,999	1,037,217	889,093	1,035,468
Net unrealized gains on other securities.....	1,524,864	1,387,933	897,653	1,825,168	1,373,337
Capital ratio.....	10.60%	10.07%	11.00%	11.31%	12.39%
Number of employees.....	46,442	41,936	41,490	41,428	40,681
Per Share (Yen):					
Net assets.....	¥460,168.95	¥394,556.25	¥261,250.37	¥469,228.59	¥400,168.89
Net income.....	21,694.19	32,782.19	57,635.50	57,085.83	94,733.62
Net income — diluted.....	20,840.67	27,514.41	44,223.65	51,494.17	75,642.93

- Notes: 1. Net unrealized gains (losses) on other securities represent the difference between the market prices and acquisition costs (or amortized costs) of "other securities." In principle, the values of stocks are calculated using the average market prices during the final month. For details, please refer to page 16.
2. Number of employees has been reported on the basis of full-time workers. Number of employees includes locally hired overseas staff members but excludes contract employees and temporary staff.
3. With effect from the six-month period ended September 2006, SMFG has applied "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8).
4. The ASBJ revised "Guidance on Accounting Standard for Earnings per Share" (ASBJ Guidance No. 4). With effect from the six-month period ended September 2006, SMFG has applied the revised Guidance and calculated net assets per share by including net deferred gains (losses) on hedges.
5. Capital ratio as of March 31, 2007 and after is calculated under Basel II. Capital ratio as of September 30, 2006 and before was calculated under the former method.

◆ Nonconsolidated

	Millions of yen				
	September 30			March 31	
	2007	2006	2005	2007	2006
For the Interim Period (Year):					
Operating income.....	¥ 23,936	¥ 321,340	¥ 16,206	¥ 376,479	¥ 55,482
Operating expenses.....	3,333	1,567	1,737	3,641	3,196
Net income.....	9,366	318,223	38,435	363,535	73,408
At Interim Period- (Year-) End:					
Total net assets.....	¥2,940,122	¥3,252,213	¥3,312,686	¥2,997,898	¥3,935,426
Total assets.....	4,001,470	3,929,752	3,653,155	3,959,444	4,166,332
Capital stock.....	1,420,877	1,420,877	1,352,651	1,420,877	1,420,877
Number of shares issued					
Preferred stock.....	120,101	315,101	950,101	120,101	950,101
Common stock.....	7,733,653	7,733,653	7,303,472	7,733,653	7,424,172
Number of employees.....	137	135	122	131	124
Per Share (Yen):					
Net assets.....	¥335,711.01	¥349,036.81	¥268,549.24	¥342,382.75	¥330,206.27
Dividends:					
Common stock.....	5,000	—	—	7,000	3,000
Preferred stock (Type 1).....	/	—	—	—	10,500
Preferred stock (Type 2).....	/	—	—	—	28,500
Preferred stock (Type 3).....	/	—	—	—	13,700
Preferred stock (1st series Type 4).....	67,500	—	—	135,000	135,000
Preferred stock (2nd series Type 4).....	67,500	—	—	135,000	135,000
Preferred stock (3rd series Type 4).....	67,500	—	—	135,000	135,000
Preferred stock (4th series Type 4).....	67,500	—	—	135,000	135,000
Preferred stock (5th series Type 4).....	67,500	—	—	135,000	135,000
Preferred stock (6th series Type 4).....	67,500	—	—	135,000	135,000
Preferred stock (7th series Type 4).....	67,500	—	—	135,000	135,000
Preferred stock (8th series Type 4).....	67,500	—	—	135,000	135,000
Preferred stock (9th series Type 4).....	67,500	—	—	135,000	135,000
Preferred stock (10th series Type 4).....	67,500	—	—	135,000	135,000
Preferred stock (11th series Type 4).....	67,500	—	—	135,000	135,000
Preferred stock (12th series Type 4).....	67,500	—	—	135,000	135,000
Preferred stock (13th series Type 4).....	/	/	—	/	/
Preferred stock (1st series Type 6).....	44,250	—	—	88,500	88,500
Net income.....	376.60	42,605.28	5,646.36	46,326.41	6,836.35

- Notes: 1. All SMFG employees are on secondment assignment from SMBC etc.
2. With effect from the six-month period ended September 2006, SMFG has applied "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8).
3. The ASBJ revised "Guidance on Accounting Standard for Earnings per Share" (ASBJ Guidance No. 4). With effect from the six-month period ended September 2006, SMFG has applied the revised Guidance and calculated net assets per share by including net deferred gains (losses) on hedges.

Sumitomo Mitsui Banking Corporation

Six months ended September 30, 2007, 2006 and 2005, and years ended March 31, 2007 and 2006

◆ Consolidated

	Millions of yen				
	September 30			March 31	
	2007	2006	2005	2007	2006
For the Interim Period (Year):					
Total income.....	¥ 1,556,051	¥ 1,401,690	¥ 1,308,406	¥ 2,971,693	¥ 2,789,433
Total expenses.....	1,242,520	1,037,617	894,129	2,220,971	1,903,374
Net income.....	171,308	220,078	310,772	401,795	563,584
At Interim Period- (Year-) End:					
Total net assets.....	¥ 5,410,538	¥ 4,497,004	¥ 3,080,642	¥ 5,412,458	¥ 3,598,294
Total assets.....	103,722,670	100,049,543	99,841,434	98,570,638	104,418,597
Risk-monitored loans.....	1,051,206	1,129,117	1,755,763	1,047,566	1,219,383
Reserve for possible loan losses.....	898,698	949,212	1,003,154	860,799	1,006,223
Net unrealized gains on other securities.....	1,530,310	1,438,792	876,146	1,852,971	1,337,192
Capital ratio.....	12.05%	10.86%	11.19%	12.95%	10.77%
Number of employees.....	36,103	32,082	33,717	31,718	32,918
Per Share (Yen):					
Net assets.....	¥67,409.07	¥54,445.50	¥32,069.28	¥67,823.69	¥41,444.83
Net income.....	2,984.80	3,963.89	5,628.61	7,072.09	9,864.54
Net income — diluted.....	2,984.74	3,897.22	5,479.30	7,012.46	9,827.19

- Notes: 1. Net unrealized gains (losses) on other securities represent the difference between the market prices and acquisition costs (or amortized costs) of "other securities." In principle, the values of stocks are calculated using the average market prices during the final month.
2. Number of employees has been reported on the basis of full-time workers. Number of employees includes locally hired overseas staff members but excludes contract employees and temporary staff.
3. With effect from the six-month period ended September 2006, SMBC has applied "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8).
4. The ASBJ revised "Guidance on Accounting Standard for Earnings per Share" (ASBJ Guidance No. 4). With effect from the six-month period ended September 2006, SMBC has applied the revised Guidance and calculated net assets per share by including net deferred gains (losses) on hedges.
5. Capital ratio as of March 31, 2007 and after is calculated under Basel II. Capital ratio as of September 30, 2006 and before was calculated under the former method.

◆ Nonconsolidated

	Millions of yen				
	September 30			March 31	
	2007	2006	2005	2007	2006
For the Interim Period (Year):					
Total income.....	¥ 1,308,588	¥ 1,166,046	¥ 1,094,146	¥ 2,492,577	¥ 2,322,699
Total expenses.....	1,153,378	867,695	739,030	1,905,648	1,576,026
Net income.....	63,798	183,646	298,766	315,740	519,520
(Appendix)					
Gross banking profit (A).....	718,492	609,120	766,648	1,344,490	1,552,033
Banking profit.....	383,119	311,609	498,568	782,330	810,593
Banking profit (before provision for general reserve for possible loan losses).....	390,904	311,609	474,233	740,601	965,573
Expenses (excluding nonrecurring losses)(B).....	327,587	297,511	292,415	603,888	586,459
Expense ratio (B)/(A).....	45.6%	48.8%	38.1%	44.9%	37.8%
At Interim Period- (Year-) End:					
Total net assets.....	¥ 3,856,300	¥ 3,492,390	¥ 3,171,235	¥ 3,992,884	¥ 3,634,776
Total assets.....	94,307,182	93,149,162	93,293,761	91,537,228	97,443,428
Deposits.....	68,841,461	68,541,049	65,983,526	68,809,338	68,222,167
Loans and bills discounted.....	55,025,706	53,902,477	50,949,158	53,756,440	51,857,559
Securities.....	19,860,123	22,047,445	23,039,486	20,060,873	25,202,541
Risk-monitored loans.....	748,924	833,503	1,351,621	721,064	914,173
Problem assets based on the Financial Reconstruction Law.....	773,649	866,734	1,406,027	738,667	960,095
Reserve for possible loan losses.....	688,148	771,822	772,141	677,573	816,437
Net unrealized gains on other securities.....	1,517,691	1,417,430	851,571	1,832,891	1,316,206
Trust assets and liabilities.....	1,027,818	1,288,805	880,586	1,174,396	1,305,915
Loans and bills discounted.....	4,150	8,080	9,880	5,350	7,870
Securities.....	285,533	241,904	150,999	267,110	238,205
Capital stock.....	664,986	664,986	664,986	664,986	664,986
Number of shares issued (in thousands)					
Preferred stock.....	70	900	900	70	900
Common stock.....	56,355	56,202	55,212	56,355	55,212
Number of employees.....	17,945	16,686	16,806	16,407	16,050
Selected Ratios:					
Capital ratio.....	12.65%	11.48%	12.00%	13.45%	11.35%
Return on Equity.....	3.25%	13.53%	36.07%	10.13%	26.57%
Per Share (Yen):					
Net assets.....	¥64,646.35	¥54,933.11	¥33,710.06	¥67,124.90	¥42,105.57
Dividends:					
Common stock.....	1,269	—	—	763	5,714
Preferred stock (Type 1).....	/	—	—	/	10,500
Preferred stock (Type 2).....	/	—	—	/	28,500
Preferred stock (Type 3).....	/	—	—	/	13,700
Preferred stock (1st series Type 6).....	44,250	—	—	88,500	88,500
Net income.....	1,077.10	3,307.70	5,411.16	5,533.69	9,066.46
Net income — diluted.....	1,077.10	3,252.19	5,267.66	5,487.21	9,050.63

- Notes: 1. Please refer to page 91 for the definitions of risk-monitored loans and problem assets based on the Financial Reconstruction Law.
2. Net unrealized gains (losses) on other securities represent the difference between the market prices and acquisition costs (or amortized costs) of "other securities." The values of stocks are calculated using the average market prices during the final month. For details, please refer to page 20.
3. Number of employees has been reported on the basis of full-time workers. Number of employees includes locally hired overseas staff members but excludes contract employees, temporary staff, and executive officers who are not also Board members.
4. With effect from the six-month period ended September 2006, SMBC has applied "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8).
5. The ASBJ revised "Guidance on Accounting Standard for Earnings per Share" (ASBJ Guidance No. 4). With effect from the six-month period ended September 2006, SMBC has applied the revised Guidance and calculated net assets per share by including net deferred gains (losses) on hedges.
6. Capital ratio as of March 31, 2007 and after is calculated under Basel II. Capital ratio as of September 30, 2006 and before was calculated under the former method.



Financial Review

Sumitomo Mitsui Financial Group (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

The following is a summary of SMFG's consolidated financial results for the first half of fiscal 2007, the six-month period ended September 30, 2007.

1. Operating Results

Operating results for the first half of fiscal 2007 include the results of 185 consolidated subsidiaries (126 in Japan and 59 overseas) and 66 subsidiaries and affiliates accounted for by the equity method (40 in Japan and 26 overseas).

Consolidated gross profit posted a year-on-year increase of ¥136.7 billion to ¥1,022.5 billion, largely as a result of a decline in bond-related losses within the category of "net other operating income (expenses)." This improvement was made possible due to a preventive reduction in the bond portfolio, combined with an increase in net interest income

resulting from an improved loan/deposit interest margin.

After factoring in general and administrative expenses, credit cost, net losses on stocks, equity in earnings of affiliates, and other relevant income items, ordinary profit came to ¥353.2 billion, a year-on-year decrease of ¥3.8 billion. This was due mainly to increases in credit costs and losses on impairment of stockholdings.

Net income after inclusion of extraordinary losses and income taxes amounted to ¥170.5 billion, a year-on-year decrease of ¥73.0 billion.

Number of Consolidated Subsidiaries, and Subsidiaries and Affiliates Accounted for by the Equity Method

September 30, 2007 and 2006, and March 31, 2007

	September 30		March 31
	2007	2006	2007
Consolidated subsidiaries.....	185	176	181
Subsidiaries and affiliates accounted for by the equity method.....	66	61	62

Income Summary

Six months ended September 30, 2007 and 2006, and year ended March 31, 2007

	Millions of yen		
	Six months ended September 30		Year ended March 31
	2007	2006	2007
Consolidated gross profit.....	¥1,022,551	¥885,809	¥1,906,173
Net interest income.....	599,574	559,615	1,168,592
Trust fees.....	2,262	1,416	3,508
Net fees and commissions.....	293,439	283,394	609,185
Net trading income.....	118,362	51,613	125,625
Net other operating income (expenses).....	8,912	(10,230)	(738)
General and administrative expenses.....	(477,357)	(432,705)	(888,561)
Credit cost (A).....	(143,490)	(64,977)	(146,186)
Write-off of loans.....	(65,014)	(57,626)	(81,415)
Provision for specific reserve for possible loan losses.....	(62,470)	—	(77,446)
Provision for general reserve for possible loan losses.....	(12,584)	—	53,370
Others.....	(3,421)	(7,350)	(40,695)
Net gains (losses) on stocks.....	(47,423)	10,370	44,730
Equity in earnings (losses) of affiliates.....	19,030	(32,344)	(104,170)
Other income (expenses).....	(20,072)	(9,016)	(13,374)
Ordinary profit.....	353,237	357,136	798,610
Extraordinary gains (losses).....	(2,903)	44,165	8,180
Losses on impairment of fixed assets.....	(3,205)	(2,006)	(30,548)
Gains on reversal of reserve for possible loan losses (B).....	—	6,470	—
Gains on collection of written-off claims (C).....	386	542	1,236
Gains on return of securities from retirement benefits trust.....	—	36,330	36,330
Income before income taxes and minority interests.....	350,334	401,302	806,790
Income taxes:			
Current.....	(53,951)	(42,273)	(87,818)
Deferred.....	(89,270)	(86,218)	(218,770)
Minority interests in net income.....	(36,519)	(29,149)	(58,850)
Net income.....	¥ 170,592	¥243,660	¥ 441,351
Total credit cost (A) + (B) + (C).....	¥ (143,104)	¥ (57,963)	¥ (144,950)
[Reference]			
Consolidated banking profit (Billions of yen).....	¥ 499.6	¥ 426.4	¥ 924.2

Notes: 1. Consolidated gross profit = (Interest income – Interest expenses) + Trust fees + (Fees and commissions (income) – Fees and commissions (expenses)) + (Trading profits – Trading losses) + (Other operating income – Other operating expenses)
 2. Consolidated banking profit = SMBC's nonconsolidated banking profit (before provision for general reserve for possible loan losses) + SMFG's ordinary profit + Other subsidiaries' ordinary profit (excluding nonrecurring factors) + Equity method affiliates' ordinary profit x Ownership ratio – Internal transactions (dividends, etc.)

Deposits (excluding negotiable certificates of deposit) as of September 30, 2007, stood at ¥72,925.7 billion, a ¥769.5 billion increase compared with the previous fiscal year-end. Negotiable certificates of deposit stood at ¥2,528.2 billion, a decrease of ¥60.9 billion over the same period.

Loans and bills discounted increased ¥1,504.2 billion to

¥60,193.5 billion, while securities increased ¥62.3 billion to ¥20,599.8 billion.

Net assets came to ¥5,268.8 billion, a decrease of ¥62.4 billion over the same period.

Assets, Liabilities and Net Assets

September 30, 2007 and 2006, and March 31, 2007

	Millions of yen		
	September 30		March 31
	2007	2006	2007
Assets	¥105,927,629	¥102,551,964	¥100,858,309
Securities	20,599,844	22,351,635	20,537,500
Loans and bills discounted	60,193,566	59,184,457	58,689,322
Liabilities	100,658,776	97,929,171	95,527,029
Deposits	72,925,766	72,165,553	72,156,224
Negotiable certificates of deposit	2,528,292	2,492,353	2,589,217
Net assets	5,268,853	4,622,792	5,331,279

2. Unrealized Gains (Losses) on Securities

Net unrealized gains on securities as of September 30, 2007 amounted to ¥1,515.7 billion, which was a decrease of ¥296.6 billion from the previous fiscal year-end. Net unrealized gains on other securities (including "other money held in trust"), changes in which are directly credited to net assets,

decreased by ¥300.5 billion over the same period, to ¥1,524.9 billion. This decline is attributable to a decrease in net unrealized gains on stocks due to deterioration in stock prices in general.

Unrealized Gains (Losses) on Securities

September 30, 2007 and March 31, 2007

	Millions of yen						
	September 30, 2007				March 31, 2007		
	Net unrealized gains (losses) (A)	(A) – (B)	Unrealized gains	Unrealized losses	Net unrealized gains (losses) (B)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥ (9,179)	¥ 3,886	¥ 423	¥ 9,603	¥ (13,065)	¥ 200	¥ 13,266
Other securities	1,524,864	(300,304)	1,787,556	262,692	1,825,168	2,032,120	206,952
Stocks	1,729,068	(243,579)	1,752,060	22,991	1,972,647	1,987,337	14,689
Bonds	(163,239)	(5,872)	1,679	164,918	(157,367)	1,805	159,173
Others	(40,964)	(50,852)	33,816	74,781	9,888	42,977	33,089
Other money held in trust	78	(244)	78	—	322	322	—
Total	1,515,762	(296,662)	1,788,058	272,295	1,812,424	2,032,643	220,218
Stocks	1,729,068	(243,579)	1,752,060	22,991	1,972,647	1,987,337	14,689
Bonds	(172,421)	(1,808)	2,097	174,519	(170,613)	1,825	172,439
Others	(40,884)	(51,275)	33,899	74,784	10,391	43,480	33,089

- Notes: 1. The figures above include unrealized gains (losses) on negotiable certificates of deposit in "Deposits with banks" and beneficiary claims on loan trust in "Commercial paper and other debt purchased."
 2. Unrealized gains (losses) on stocks are mainly calculated using the average market prices during the final month of the respective reporting period. The rest of the securities are valued at market prices as of the balance sheet date.
 3. "Other securities" and "Other money held in trust" are valued and recorded on the consolidated balance sheet at market prices. The figures in the table above indicate the differences between the acquisition costs (or amortized costs) and the balance sheet amounts.

3. Consolidated Capital Ratio

SMFG's consolidated capital ratio (BIS guidelines) as of September 30, 2007 was 10.60%.

Total capital, which constitutes the numerator in the capital ratio calculation equation, was ¥6,812.3 billion. On the other hand, risk-adjusted assets, the denominator in the

equation, amounted to ¥64,251.1 billion.

The capital ratio as of March 31 and September 30, 2007 was calculated under Basel II. The capital ratio as of September 30, 2006 was calculated under the former method.

Consolidated Capital Ratio

September 30, 2007 and 2006, and March 31, 2007

	Millions of yen		
	September 30		March 31
	2007	2006	2007
Tier I capital	¥ 4,069,277	¥ 3,737,747	¥ 3,903,257
Tier II capital included as qualifying capital	3,481,365	3,737,747	3,640,226
Deductions	(738,262)	(630,601)	(690,759)
Total capital	6,812,380	6,844,893	6,852,723
Risk-adjusted assets	64,251,120	67,945,876	60,540,346
Capital ratio	10.60%	10.07%	11.31%

4. Deferred Tax Assets

Net deferred tax assets increased by ¥24.0 billion from the previous fiscal year-end, to stand at ¥860.2 billion. This increase was attributable to the posting of an income before income taxes and a decrease in unrealized gains on other

(available-for-sale) securities. SMFG has been adopting a conservative stance on the recording of deferred tax assets in consideration of the need to secure a sound financial position.

Deferred Tax Assets

September 30, 2007 and 2006, and March 31, 2007

	Millions of yen		
	September 30		March 31
	2007	2006	2007
Net deferred tax assets	¥860,287	¥973,448	¥836,270
Net deferred tax assets / Tier I capital × 100	21.1%	26.0%	21.4%

Sumitomo Mitsui Banking Corporation (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

The following is a summary of SMBC's nonconsolidated financial results for the first half of fiscal 2007, the six-month period ended September 30, 2007.

1. Operating Results

Banking profit (before provision for general reserve for possible loan losses) in the first half of fiscal 2007 increased ¥79.2 billion to ¥390.9 billion year on year, as a result of a ¥109.3 billion increase in gross banking profit to ¥718.4 billion, and a ¥30.0 billion increase in expenses (excluding nonrecurring losses) to ¥327.5 billion.

Ordinary profit, calculated by adjusting banking profit (before provision for general reserve for possible loan losses) for nonrecurring items such as credit cost and losses on stocks, decreased ¥111.2 billion to ¥157.8 billion.

After adjusting ordinary profit for extraordinary losses, and for income taxes, net income came to ¥63.7 billion, a year-on-year decrease of ¥119.8 billion.

2. Income Analysis

Gross Banking Profit

Gross banking profit in the first half of fiscal 2007 increased ¥109.3 billion year on year to ¥718.4 billion.

This was the result of a decline in bond-related losses within the category of "net other operating income (expenses)" due to a preventive reduction in the bond portfolio, combined with an increase in net interest income, thanks mainly to an improvement in the loan/deposit interest margin.

Expenses

Expenses (excluding nonrecurring losses) increased ¥30.0 billion year on year, to ¥327.5 billion. This increase was mainly attributable to higher expenditure on improving user convenience as well as aggressive investment in strategic business fields to strengthen competitiveness.

Banking Profit

Banking profit (before provision for general reserve for possible loan losses) increased ¥79.2 billion year on year, to ¥390.9 billion.

Banking Profit

Six months ended September 30, 2007 and 2006, and year ended March 31, 2007

	Millions of yen		
	Six months ended September 30		Year ended March 31
	2007	2006	2007
Gross banking profit	¥718,492	¥609,120	¥1,344,490
[Gross domestic banking profit]	[601,219]	[540,056]	[1,149,941]
[Gross international banking profit]	[117,272]	[69,064]	[194,548]
Net interest income	477,542	443,810	937,452
Trust fees	2,239	1,407	3,482
Net fees and commissions	157,156	159,486	353,416
Net trading income	103,277	40,125	101,620
Net other operating income (expenses)	(21,723)	(35,709)	(51,482)
[Gross banking profit (excluding gains (losses) on bonds)]	[724,741]	[670,813]	[1,456,903]
Expenses (excluding nonrecurring losses)	(327,587)	(297,511)	(603,888)
Personnel expenses	(107,258)	(96,868)	(190,630)
Nonpersonnel expenses	(200,867)	(183,893)	(378,240)
Taxes	(19,462)	(16,749)	(35,017)
Banking profit (before provision for general reserve for possible loan losses)	390,904	311,609	740,601
[Banking profit (before provision for general reserve for possible loan losses and gains (losses) on bonds)]	[397,153]	[373,301]	[853,015]
Provision for general reserve for possible loan losses	(7,784)	—	41,728
Banking profit	383,119	311,609	782,330

<Reference>

Banking Profit by Business Unit

Six months ended September 30, 2007

	Billions of yen						
	Consumer Banking Unit	Middle Market Banking Unit	Corporate Banking Unit	International Banking Unit	Treasury Unit	Others	Total
Banking profit (losses) (before provision for general reserve for possible loan losses)	¥81.9	¥208.4	¥75.5	¥40.3	¥51.2	¥(66.4)	¥390.9
Year-on-year increase (decrease)	(1.8)	(17.2)	(6.0)	3.4	60.0	40.9	79.3

Notes: 1. Year-on-year comparisons are those used for internal reporting and exclude changes due to interest rate and foreign exchange rate fluctuations.
2. "Others" consists of (1) financing costs on preferred securities and subordinated debt, (2) profit earned on investing the Bank's own capital, and (3) adjustment of inter-unit transactions, etc.

Nonrecurring Losses (Credit Cost, etc.)

Nonrecurring losses increased by ¥182.7 billion to ¥225.2 billion from the previous year. This was caused principally by: 1) the posting of a ¥103.8 billion loss on stocks, a deterioration of ¥112.5 billion from the gain of ¥8.7 billion recorded in the previous year, due mainly to write-offs of stocks of affiliates totaling ¥111.4 billion (caused by general price deterioration on the stock market), and 2) an increase in credit cost.

Total credit cost showed a year-on-year increase of ¥81.0 billion to ¥114.2 billion, which is the total sum of provision for general reserve for possible loan losses and the abovementioned credit cost in the amount of ¥106.4 billion after deduction of gains on collection of written-off claims. This was due mainly to provisions made for the subprime-related reserve and an unexpected increase in write-offs of loans caused by deteriorating operating conditions for some borrowers.

Ordinary Profit and Net Income

Six months ended September 30, 2007 and 2006, and year ended March 31, 2007

	Millions of yen		
	Six months ended September 30 2007	2006	Year ended March 31 2007
Banking profit (before provision for general reserve for possible loan losses)....	¥ 390,904	¥311,609	¥740,601
Provision for general reserve for possible loan losses (A)	(7,784)	—	41,728
Banking profit.....	383,119	311,609	782,330
Nonrecurring gains (losses).....	(225,270)	(42,531)	(209,017)
Credit cost (B).....	(106,441)	(46,701)	(131,676)
Gains (losses) on stocks	(103,816)	8,720	11,098
Gains on sale of stocks	8,224	14,742	50,204
Losses on sale of stocks	(546)	(97)	(546)
Losses on devaluation of stocks	(111,494)	(5,924)	(38,559)
Others.....	(15,012)	(4,550)	(88,439)
Ordinary profit.....	157,849	269,078	573,313
Extraordinary gains (losses)	(2,639)	29,272	13,615
Gains (losses) on disposal of fixed assets	450	(864)	(1,680)
Losses on impairment of fixed assets	(3,095)	(1,457)	(3,680)
Gains on reversal of reserve for possible loan losses (C)	—	13,330	—
Gains on collection of written-off claims (D)	6	137	455
Gains on return of securities from retirement benefits trust.....	—	36,330	36,330
Losses on liquidation of subsidiary.....	—	(18,203)	(17,809)
Income taxes:			
Current.....	(7,210)	(7,753)	(16,507)
Deferred.....	(84,200)	(106,951)	(254,680)
Net income	¥ 63,798	¥183,646	¥315,740
Total credit cost (A) + (B) + (C) + (D)	¥(114,220)	¥(33,233)	¥(89,491)
Provision for general reserve for possible loan losses	(7,784)	19,549	41,728
Write-off of loans	(59,177)	(39,937)	(50,468)
Provision for specific reserve for possible loan losses	(44,500)	(6,265)	(44,358)
Losses on sales of delinquent loans.....	(4,703)	(6,764)	(37,262)
Provision for loan loss reserve for specific overseas countries.....	1,941	46	412
Gains on collection of written-off claims	6	137	455

3. Assets, Liabilities and Net Assets

Total Assets

SMBC's total assets as of September 30, 2007 stood at ¥94,307.1 billion on a nonconsolidated basis, a ¥2,769.9 billion increase compared with the previous fiscal year-end.

Ordinary Profit

As a result of the foregoing, ordinary profit decreased ¥111.2 billion year on year to ¥157.8 billion.

Extraordinary Gains (Losses)

Net extraordinary losses amounted to ¥2.6 billion, a deterioration of ¥31.9 billion from the gain of ¥29.3 billion recorded in the previous year.

Net Income

Income taxes prior to the application of tax-effect accounting amounted to ¥7.2 billion, and deferred income taxes under tax-effect accounting amounted to ¥84.2 billion. As a result of the various factors described above, net income decreased ¥119.8 billion to ¥63.7 billion year on year.

This increase was the result of a growth of ¥1,269.2 billion in the balance of loans and bills discounted, owing to increased lending to customers overseas.

Total Liabilities

Total liabilities as of September 30, 2007 increased ¥2,906.5 billion to ¥90,450.8 billion from the previous fiscal year-end. This was mainly attributable to an increase in fund procurement in line with growth in the bank's assets.

Net Assets

Net assets amounted to ¥3,856.3 billion as of September 30, 2007. Of this, stockholders' equity stood at ¥2,857.6 billion, which consisted of capital stock of ¥664.9 billion, a capital surplus of ¥1,367.5 billion (¥702.5 billion for the remaining portion after deduction of the legal reserve portion), and retained earnings of ¥825.0 billion.

Valuation and translation adjustments amounted to ¥998.6 billion. Of this, net unrealized gains on other securities stood at ¥1,057.0 billion, along with a land revaluation excess of ¥23.9 billion, which more than offset net deferred losses on hedges of ¥82.3 billion.

Assets, Liabilities and Net Assets

September 30, 2007 and 2006, and March 31, 2007

	Millions of yen		
	September 30		March 31
	2007	2006	2007
Assets	¥94,307,182	¥93,149,162	¥91,537,228
Securities	19,860,123	22,047,445	20,060,873
Loans and bills discounted	55,025,706	53,902,477	53,756,440
Liabilities	90,450,881	89,656,772	87,544,344
Deposits	66,379,291	66,147,242	66,235,002
Negotiable certificates of deposit	2,462,170	2,393,807	2,574,335
Net assets	3,856,300	3,492,390	3,992,884

4. Unrealized Gains (Losses) on Securities

Net unrealized gains on securities as of September 30, 2007 amounted to ¥1,540.9 billion, which was a decrease of ¥287.1 billion from the previous fiscal year-end. Net unrealized gains on other securities (including "other money held in trust"), changes in which are recorded in net assets,

decreased by ¥315.4 billion over the same period, to ¥1,517.7 billion. This decline is attributable to a decrease in net unrealized gains on stocks due to a deterioration in stock prices in general.

Unrealized Gains (Losses) on Securities

September 30, 2007 and March 31, 2007

	Millions of yen						
	September 30, 2007				March 31, 2007		
	Net unrealized gains (losses)(A)	(A) – (B)	Unrealized gains	Unrealized losses	Net unrealized gains (losses)(B)	Unrealized gains	Unrealized losses
Held-to-maturity securities	¥ (9,137)	¥ 3,927	¥ 423	¥ 9,560	¥ (13,064)	¥ 200	¥ 13,265
Stocks of subsidiaries and affiliates	32,329	24,371	34,289	1,959	7,958	85,505	77,547
Other securities	1,517,691	(315,200)	1,767,064	249,373	1,832,891	2,028,694	195,802
Stocks	1,716,282	(262,467)	1,735,100	18,817	1,978,749	1,990,476	11,727
Bonds	(157,704)	(6,260)	969	158,674	(151,444)	748	152,193
Others	(40,886)	(46,473)	30,994	71,881	5,587	37,469	31,882
Other money held in trust	78	(244)	78	—	322	322	—
Total	1,540,962	(287,145)	1,801,855	260,893	1,828,107	2,114,723	286,615
Stocks	1,748,612	(238,095)	1,769,389	20,777	1,986,707	2,075,981	89,274
Bonds	(166,846)	(2,156)	1,388	168,235	(164,690)	768	165,458
Others	(40,803)	(46,893)	31,078	71,881	6,090	37,972	31,882

- Notes: 1. The figures above include unrealized gains (losses) on negotiable certificates of deposit in "Deposits with banks" and beneficiary claims on loan trust and commodity investment trusts in "Commercial paper and other debt purchased."
2. Unrealized gains (losses) on stocks (excluding stocks of subsidiaries and affiliates) are calculated using the average market prices during the final month of the respective reporting period. The rest of the securities are valued at market prices as of the balance sheet date.
3. "Other securities" and "Other money held in trust" are valued and recorded on the balance sheet at market prices. The figures in the table above indicate the differences between the acquisition costs (or amortized costs) and the balance sheet amounts.

Asset Quality

I. Self-Assessment, Write-Offs, and Provisions

Self-Assessment

SMBC conducts rigorous self-assessment of asset quality using criteria based on the *Financial Inspection Manual* of the Financial Services Agency and the *Practical Guideline* published by the Japanese Institute of Certified Public Accountants. Self-assessment is the latter stage of the obligor grading process for determining the borrower's ability to fulfill debt obligations, and the obligor grade criteria are consistent with the categories used in self-assessment.

At the same time, self-assessment is a preparatory task for ensuring SMBC's asset quality and calculating the appropriate level of write-offs and provisions. Each asset is assessed individually for its security and collectibility. Depending on the borrower's current situation, the borrower is assigned to one of five categories: Normal Borrowers, Borrowers Requiring Caution, Potentially Bankrupt Borrowers, Effectively Bankrupt Borrowers, and Bankrupt Borrowers. Based on the borrower's category, claims on the borrower are classified into Classification I, II, III, and IV assets according to their default and impairment risk levels, taking into account such factors as collateral and guarantees. As part of the efforts to bolster risk management

throughout the Group, all consolidated subsidiaries carry out self-assessment in substantially the same manner.

Borrower Categories, Defined	
Normal Borrowers	Borrowers with good earnings performances and no significant financial problems
Borrowers Requiring Caution	Borrowers identified for close monitoring
Potentially Bankrupt Borrowers	Borrowers perceived to have a high risk of falling into bankruptcy
Effectively Bankrupt Borrowers	Borrowers that may not have legally or formally declared bankruptcy but are essentially bankrupt
Bankrupt Borrowers	Borrowers that have been legally or formally declared bankrupt

Asset Classifications, Defined	
Classification I	Assets not classified under Classifications II, III, or IV
Classification II	Assets perceived to have an above-average risk of uncollectibility
Classification III	Assets for which final collection or asset value is very doubtful and which pose a high risk of incurring a loss
Classification IV	Assets assessed as uncollectible or worthless

Asset Write-Offs and Provisions

In cases where claims have been determined to be uncollectible, or deemed to be uncollectible, write-offs signify the recognition of losses on the account books with respect to such claims. Write-offs can be made either in the form of loss recognition by offsetting uncollectible amounts against corresponding balance sheet items, referred to as a direct write-off, or else by recognition of a loan loss provision on a contra-asset account in the amount deemed uncollectible, referred to as an indirect write-off. Recognition of indirect

write-offs is generally known as provision for reserve for possible loan losses.

SMBC's write-off and provision criteria for each self-assessment borrower category are shown in the table below. As part of our overall measures to strengthen risk management throughout the Group, all consolidated subsidiaries use substantially the same standards as SMBC for write-offs and provisions.

Self-Assessment Borrower Categories	Standards for Write-Offs and Provisions
Normal Borrowers	Expected loss amount for the next 12 months is calculated for each grade based on the grade's historical bankruptcy rate, and the total amount is recorded as "provision for general reserve for possible loan losses."
Borrowers Requiring Caution	These assets are divided into groups according to the level of default risk. Amounts are recorded as provisions for general reserve in proportion to the expected losses based on the historical bankruptcy rate of each group. The groups are "claims on Substandard Borrowers" and "claims on other Borrowers Requiring Caution." The latter group is further subdivided according to the borrower's financial position, credit situation and other factors. Further, when cash flows can be estimated reasonably accurately, the discounted cash flow (DCF) method is applied mainly to large claims for calculating the provision amount.
Potentially Bankrupt Borrowers	A provision for specific reserve for possible loan losses is made for the portion of Classification III assets (calculated for each borrower) not secured by collateral, guarantee or other means. Further, when cash flows can be estimated reasonably accurately, the DCF method is applied mainly to large claims for calculating the provision amount.
Effectively Bankrupt/ Bankrupt Borrowers	Classification III asset and Classification IV asset amounts for each borrower are calculated, and the full amount of Classification IV assets (deemed to be uncollectible or of no value) is written off in principle and provision for specific reserve is made for the full amount of Classification III assets.
Notes	
General reserve	Provisions made in accordance with general inherent default risk of loans, unrelated to specific individual loans or other claims
Specific reserve	Provisions made for claims that have been found uncollectible in part or in total (individually evaluated claims)

Discounted Cash Flow Method

SMBC uses the discounted cash flow (DCF) method to calculate the provision amounts for large claims on Substandard Borrowers and Potentially Bankrupt Borrowers when the cash flow from repayment of principal and interest received can be estimated reasonably accurately. SMBC then makes provisions equivalent to the excess of the book value of the claims over the said cash inflow discounted by the initial contractual interest rate or the effective interest rate at the time of origination.

One of the major advantages of the DCF method over

conventional methods of calculating the provision amount is that it enables effective evaluation of each individual borrower. However, as the provision amount depends on the future cash flow estimated on the basis of the borrower's business reconstruction plan and DCF formula input values, such as the discount rate and the probability of the borrower going into bankruptcy, SMBC makes every effort to utilize up-to-date and correct data to realize the most accurate estimates possible.

II. Credit Cost

Credit cost, in the case of provisioning, is the total amount of provisions newly made, and in the case of write-offs, it is the amount of provision already made deducted from the uncollectible amount. The credit cost for the first half of fiscal 2007 for SMBC amounted to ¥114.2 billion,

a year-on-year increase of ¥81.0 billion, due principally to provisions for reserve for possible subprime-related exposures losses, which had not been anticipated at the beginning of the term.

■ Credit Cost (SMBC Nonconsolidated; six months ended September 30, 2007)

(Billions of yen)

Credit cost	¥114.2
Provision for general reserve for possible loan losses	7.8
Write-off of loans	59.1
Provision for specific reserve for possible loan losses	44.5
Losses on sale of loans	4.7
Provision for loan loss reserve for specific overseas countries	(1.9)
Gains on collection of written-off claims	0.0
Reserve for possible loan losses	¥688.1
Amount of direct reduction	¥319.5

Note: Bracketed amount indicates gains.

■ Credit Cost (SMFG Consolidated; six months ended September 30, 2007)

(Billions of yen)

Total credit cost	¥143.1
Reserve for possible loan losses	¥930.6
Amount of direct reduction	¥517.4

■ Reserve for Possible Loan Losses (September 30, 2007)

(Billions of yen)

	SMBC (Nonconsolidated)	SMFG (Consolidated)
Reserve for possible loan losses	¥688.1	¥930.6
General reserve	538.6	706.5
Specific reserve	149.5	224.1
Loan loss reserve for specific overseas countries	0.0	0.0
Amount of direct reduction	¥319.5	¥517.4

III. Disclosure of Problem Assets and Off-Balancing

Disclosure of Problem Assets

Problem assets are loans and other claims of which recovery of either principal or interest appears doubtful, and are disclosed in accordance with the Banking Law (in which they are referred to as “risk-monitored loans”) and the Financial Reconstruction Law (where they are referred to as “problem assets”). Problem assets are classified based on the borrower categories assigned during self-assessment. The following tables explain the asset classification stipulated by the Financial Reconstruction Law and the differences between risk-monitored loans and problem assets.

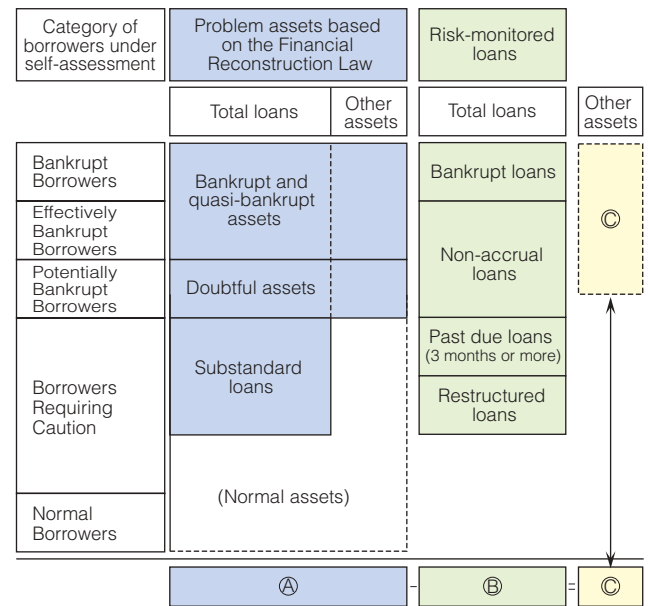
The disclosure of risk-monitored loans under the Banking Law corresponds exactly to the disclosure of problem assets

Classification of Problem Assets Based on the Financial Reconstruction Law	
Bankrupt and quasi-bankrupt assets	This category is defined as the sum of claims on Bankrupt Borrowers and Effectively Bankrupt Borrowers under self-assessment, excluding Classification IV assets, which are fully written off. Classification III assets are fully covered by reserves, and Classification I and II assets, the collectible portion, are secured by collateral, guarantees, or other means.
Doubtful assets	This category is defined as claims on Potentially Bankrupt Borrowers under self-assessment. Specific reserves are set aside for Classification III assets, and Classification I and II assets, the collectible portion, are secured by collateral, guarantees, or other means.
Substandard loans	This category is defined as claims on Borrowers Requiring Caution under self-assessment. This category comprises past due loans (three months or more) and restructured loans.
Normal assets	This category is defined as the term-end sum of loans, securities lending, import and export, accrued interest, suspense payments, customers' liabilities for acceptances and guarantees, and bank-guaranteed bonds sold through private placements that are not included in the other three categories.

based on the Financial Reconstruction Law, except for such non-loan assets as securities lending, import and export, accrued interest, suspense payments, customers' liabilities for acceptances and guarantees, and bank-guaranteed bonds sold through private placements, none of which are subject to disclosure.

Since overdue interest from borrowers classified under self-assessment as Potentially Bankrupt Borrowers, Effectively Bankrupt Borrowers, and Bankrupt Borrowers is, as a rule, not recognized as accrued interest, the amount is not included in the problem assets disclosed on the basis of the Financial Reconstruction Law.

□ Problem Assets Based on the Financial Reconstruction Law, and Risk-Monitored Loans



Problem Asset Disclosure Amounts

The amounts of problem assets (as defined in the Financial Reconstruction Law) and risk-monitored loans, as of September 30, 2007, are as follows. The balance of problem assets held by SMBC as of the end of September 2007 was ¥773.6 billion, an increase of ¥34.9 billion compared with the ¥738.7 billion recorded at March 31, 2007. The NPL ratio remained at 1.2%, the same level as at March 31,

2007. SMBC will continue working to prevent the reoccurrence of further NPL problems through support for corporate revitalization and by helping its customers to upgrade their borrower categories. In parallel with these initiatives, SMBC will continue taking proactive measures to further enhance the soundness of the bank's credit portfolio.

■ Problem Assets Based on the Financial Reconstruction Law (September 30, 2007)

(Billions of yen)

	SMBC (Nonconsolidated)	Compared with March 31, 2007	SMFG (Consolidated)
Bankrupt and quasi-bankrupt assets	¥ 109.3	¥ 0.4	¥ 184.6
Doubtful assets	340.4	40.3	437.3
Substandard loans	323.9	(5.8)	480.4
Subtotal	¥ 773.6	¥ 34.9	¥ 1,102.3
Normal assets	61,964.6	1,422.4	67,502.1
Total	¥62,738.2	¥1,457.3	¥68,604.4
Amount of direct reduction	¥ 319.5		¥ 517.4

Note: From March 31, 2007, SMBC has included bank-guaranteed bonds sold through private placements (SMBC guarantees all or part of the principal repayment and interest payment) among the items subject to disclosure as problem assets under the Financial Reconstruction Law.

■ Risk-Monitored Loans (September 30, 2007)

(Billions of yen)

	SMBC (Nonconsolidated)	Compared with March 31, 2007	SMFG (Consolidated)
Bankrupt loans	¥ 37.5	¥ 3.7	¥ 59.9
Non-accrual loans	387.5	29.9	533.3
Past due loans (3 months or more)	24.8	4.2	31.8
Restructured loans	299.1	(10.0)	441.9
Total	¥748.9	¥27.8	¥1,066.9
Amount of direct reduction	¥284.3		¥ 434.5

■ Classification under Self-Assessment, Disclosure of Problem Assets, and Write-Offs/Reserves (SMBC Nonconsolidated; September 30, 2007)

Category of borrowers under self-assessment	Problem assets based on the Financial Reconstruction Law	Classification under self-assessment				Reserve for possible loan losses	Reserve ratio	
		Classification I	Classification II	Classification III	Classification IV			
Bankrupt Borrowers	Bankrupt and quasi-bankrupt assets (1) ¥109.3	Portion of claims secured by collateral or guarantees, etc. (5) ¥99.4	Fully reserved ¥9.9	Direct write-offs (Note 1)	Specific reserve ¥14.1 (Note 2)	100% (Note 3)		
Effectively Bankrupt Borrowers								
Potentially Bankrupt Borrowers	Doubtful assets (2) ¥340.4	Portion of claims secured by collateral or guarantees, etc. (6) ¥170.3	Necessary amount reserved ¥170.1		General reserve ¥135.4 (Note 2)	79.6% (Note 3)		
Borrowers Requiring Caution	Substandard loans (3) ¥323.9 (Claims to substandard borrowers)	Portion of substandard loans secured by collateral or guarantees, etc. (7) ¥98.4				General reserve ¥538.6	45.5% (Note 3)	16.0% (Note 3)
Normal Borrowers	Normal assets ¥61,964.6	Claims to borrowers requiring caution, excluding claims to substandard borrowers			6.3% [10.8%] (Note 4)			
		Claims to normal borrowers				0.3% (Note 4)		
				Loan loss reserve for specific overseas countries	¥0.0			
	Total (4) ¥62,738.2	NPL ratio (A) / (4) 1.2% (Note 5)		Total reserve for possible loan losses ¥688.1	Reserve ratio (B) / (D) 62.3% (Note 6)			
	(A) = (1) + (2) + (3) ¥773.6	Portion secured by collateral or guarantees, etc. (C) = (5) + (6) + (7) ¥368.1		Unsecured portion (D) = (A) - (C) ¥405.5				
				Coverage ratio ((B) + (C)) / (A)	80.2%			

Notes: 1. Includes amount of direct reduction totaling ¥319.5 billion.

2. Includes reserves for assets that are not subject to disclosure under the Financial Reconstruction Law. (Bankrupt/Effectively Bankrupt Borrowers: ¥4.2 billion; Potentially Bankrupt Borrowers: ¥9.4 billion)

3. Reserve ratios for claims on Bankrupt/Effectively Bankrupt Borrowers, Potentially Bankrupt Borrowers, Substandard Borrowers, and Borrowers Requiring Caution: The proportion of each category's total unsecured claims covered by reserve for possible loan losses.

4. Reserve ratios for claims on Normal Borrowers and Borrowers Requiring Caution (excluding claims to Substandard Borrowers): The proportion of each category's total claims covered by reserve for possible loan losses. The reserve ratio for unsecured claims on Borrowers Requiring Caution (excluding claims to Substandard Borrowers) is shown in brackets.

5. Ratio of problem assets to total assets subject to Financial Reconstruction Law

6. Reserve ratio = (Specific reserve + General reserve for substandard loans) ÷ (Bankrupt and quasi-bankrupt assets + Doubtful assets + Substandard loans - Portion secured by collateral or guarantees, etc.)

Off-Balancing Problem Assets

The off-balancing (also known as “final disposal”) of problem assets refers to the removal of such assets from the bank’s balance sheet by way of sale, direct write-off or other means.

SMBC off-balanced ¥134.6 billion in problem assets during the period under review.

■ Breakdown of Off-Balancing (SMBC Nonconsolidated; September 30, 2007)

	March 31, 2006 ①	Fiscal 2006		March 31, 2007 ②	First half of fiscal 2007		September 30, 2007 ③
		New occurrences	Off-balanced		New occurrences	Off-balanced	
Bankrupt and quasi-bankrupt assets	¥164.5	¥ 56.8	¥(112.4)	¥ 108.9	¥ 34.1	¥ (33.7)	¥109.3
Doubtful assets	473.4	300.8	(474.1)	300.1	141.2	(100.9)	340.4
Total	¥637.9	¥357.6	¥(586.5)	¥ 409.0	¥175.3	¥(134.6)	¥449.7
				Increase/Decrease (②-①)			Increase/Decrease (③-②)
Bankrupt and quasi-bankrupt assets				¥ (55.6)			¥ 0.4
Doubtful assets				(173.3)			40.3
Total				¥(228.9)			¥ 40.7

Subprime-related exposure

SMBC had approximately ¥95 billion in exposure related to subprime mortgage loans in the United States as of September 30, 2007. This was about 0.1% of total investments and loans.

SMBC sold subprime loan-related securitized products such as residential mortgage-backed securities (RMBS) and asset-backed securities/collateralized debt obligations (ABSCDO) of approximately ¥350 billion and recorded a loss on the sale of these products of approximately ¥4 billion in the first half of fiscal 2007. SMBC wrote off some of the remaining products with fair value below 50% of face value as of September 30, 2007. Write-offs totaled approximately ¥17 billion, and the book value after the write-offs was approximately ¥70 billion as of September 30, 2007.

SMBC provided warehousing loans of approximately ¥40 billion in the United States as of September 30, 2007, and approximately ¥25 billion of this amount is collateralized with subprime loan-related assets. Consequently, SMBC has established loss provisions for such loans in the amount of approximately ¥11 billion, using the discounted cash flow method.

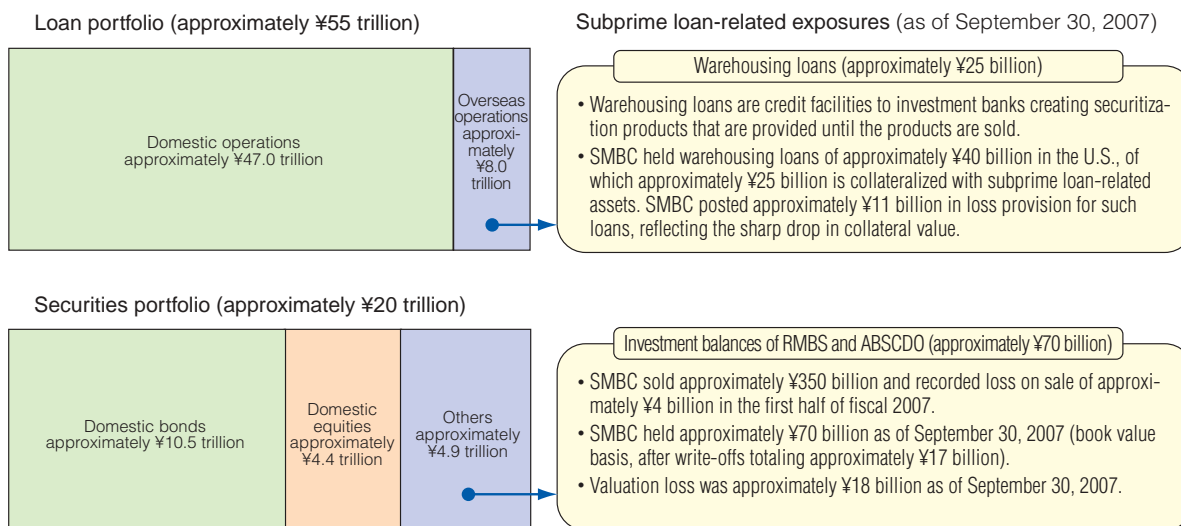
The abovementioned combined amount of loss, expenses incurred, and cost on the sale and write-down of investment, and provision to reserves carried out in the first half of fiscal 2007 was approximately ¥32 billion. However, this was offset by an increase in dealing gains by SMBC's Treasury Unit, including bond-related gains amid declining interest rates in domestic and overseas markets arising from the subprime loans issue.

SMBC held net unrealized losses on securitized products such as RMBS and ABSCDO, etc. of approximately ¥18 billion against book value of approximately ¥70 billion as of September 30, 2007, while it held net unrealized gains on total "Other Securities" of approximately ¥1,500 billion.

Subsidiaries other than SMBC (including subsidiaries of SMBC) had no subprime-related exposure as of September 30, 2007, and most of the assets held by ABCP programs which SMBC sponsors are receivables of corporate clients, and do not include subprime loan-related assets as of September 30, 2007.

The following comments relating to the subprime securities issue were made by SMFG at the announcement of business results for the fiscal 2007 first-half period, on November 19, 2007. For up-to-date information, please see our website.

More recently, as of November 8, 2007, SMBC reflected the deterioration of the subprime-related securities due to the massive downgrading by rating agencies, and held net unrealized losses on RMBS and ABSCDO, etc. of approximately ¥50 billion. This was an increase of approximately ¥32 billion in losses compared with September 30, 2007. In addition, related to warehousing loans, the fair value of underlying subprime loan-related assets declined by approximately ¥5 billion from September 30, 2007. On the other hand, SMBC held net unrealized gains on total "Other Securities" of approximately ¥1,600 billion as of October 31, 2007.



Note: Balances of SMBC are on a nonconsolidated basis as of September 30, 2007.



Financial Section

SMFG

Consolidated Balance Sheets	28
Consolidated Statements of Income	30
Consolidated Statements of Changes in Net Assets	31
Consolidated Statements of Cash Flows	33
Notes to Interim Consolidated Financial Statements.....	35

SMBC

Supplemental Information	54
--------------------------------	----

SMFG

Income Analysis (Consolidated)	56
Assets and Liabilities (Consolidated)	59
Capital (Nonconsolidated)	62
Capital Ratio Information (Consolidated).....	64

SMBC

Income Analysis (Nonconsolidated).....	82
Deposits (Nonconsolidated)	86
Loans (Nonconsolidated).....	88
Securities (Nonconsolidated)	92
Ratios (Nonconsolidated)	94
Capital (Nonconsolidated)	96
Others (Nonconsolidated).....	96
Trust Assets and Liabilities (Nonconsolidated)	97
Capital Ratio Information.....	101

Consolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries
September 30, 2007 and 2006, and March 31, 2007

	Millions of yen			Millions of U.S. dollars
	September 30		March 31	September 30
	2007	2006	2007	2007
Assets				
Cash and due from banks	¥ 2,452,448	¥ 2,478,784	¥ 1,927,024	\$ 21,241
Deposits with banks	3,491,711	1,532,202	2,109,831	30,242
Call loans and bills bought	1,383,235	1,462,077	1,107,078	11,980
Receivables under resale agreements	371,109	110,257	76,551	3,214
Receivables under securities borrowing transactions	1,064,257	1,178,045	2,276,894	9,218
Commercial paper and other debt purchased.....	1,102,863	940,702	963,916	9,552
Trading assets	3,491,395	3,404,589	3,277,885	30,239
Money held in trust.....	2,627	2,820	2,924	23
Securities	20,599,844	22,351,635	20,537,500	178,415
Loans and bills discounted.....	60,193,566	59,184,457	58,689,322	521,337
Foreign exchanges	926,162	929,490	881,436	8,022
Other assets.....	3,900,851	3,257,139	3,349,949	33,785
Tangible fixed assets	819,772	706,702	817,567	7,100
Intangible fixed assets	232,682	228,885	234,896	2,015
Lease assets.....	1,014,350	991,699	1,001,346	8,785
Deferred tax assets	915,876	1,023,325	887,224	7,932
Customers' liabilities for acceptances and guarantees	4,895,451	3,748,150	3,606,050	42,400
Reserve for possible loan losses	(930,577)	(978,999)	(889,093)	(8,060)
Total assets	¥105,927,629	¥102,551,964	¥100,858,309	\$917,440

(Continued)

	Millions of yen			Millions of U.S. dollars
	September 30		March 31	September 30
	2007	2006	2007	2007
Liabilities and net assets				
Liabilities				
Deposits	¥ 75,454,058	¥ 74,657,906	¥ 74,745,441	\$653,508
Call money and bills sold	2,191,690	2,562,041	2,286,698	18,982
Payables under repurchase agreements	143,980	805,915	140,654	1,247
Payables under securities lending transactions	2,747,480	3,141,635	1,516,342	23,796
Trading liabilities	2,165,097	1,932,323	1,942,973	18,752
Borrowed money	4,395,401	3,061,744	3,214,137	38,069
Foreign exchanges	341,203	329,273	323,890	2,955
Short-term bonds	438,300	405,100	439,600	3,796
Bonds	4,030,059	4,155,770	4,093,525	34,904
Due to trust account	45,893	50,733	65,062	398
Other liabilities	3,622,023	2,920,902	2,981,714	31,370
Reserve for employee bonuses	25,754	22,868	27,513	223
Reserve for employee retirement benefits	37,594	33,864	34,424	326
Reserve for executive retirement benefits	6,995	—	7,371	61
Reserve for reimbursement of deposits	11,716	—	—	101
Reserve under special law	1,137	1,136	1,137	10
Deferred tax liabilities	55,589	49,876	50,953	481
Deferred tax liabilities for land revaluation	49,347	49,929	49,536	427
Acceptances and guarantees	4,895,451	3,748,150	3,606,050	42,400
Total liabilities	100,658,776	97,929,171	95,527,029	871,806
Net assets				
Capital stock	1,420,877	1,420,877	1,420,877	12,306
Capital surplus	57,869	276,570	57,773	501
Retained earnings	1,491,378	1,188,399	1,386,436	12,917
Treasury stock	(123,855)	(50,178)	(123,454)	(1,072)
Total stockholders' equity	2,846,269	2,835,668	2,741,632	24,652
Net unrealized gains on other securities	1,065,875	823,213	1,262,135	9,232
Net deferred losses on hedges	(93,158)	(88,079)	(87,729)	(807)
Land revaluation excess	37,339	37,948	37,605	323
Foreign currency translation adjustments	(8,428)	(47,909)	(30,656)	(73)
Total valuation and translation adjustments	1,001,628	725,173	1,181,353	8,675
Stock acquisition rights	27	4	14	0
Minority interests	1,420,928	1,061,946	1,408,279	12,307
Total net assets	5,268,853	4,622,792	5,331,279	45,634
Total liabilities and net assets	¥105,927,629	¥102,551,964	¥100,858,309	\$917,440

See accompanying notes to interim consolidated financial statements.

Consolidated Statements of Income (Unaudited)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Six months ended September 30, 2007 and 2006, and year ended March 31, 2007

	Millions of yen			Millions of U.S. dollars
	Six months ended September 30	2006	Year ended March 31 2007	Six months ended September 30 2007
Income				
Interest income:	¥1,082,577	¥ 909,808	¥1,979,069	\$ 9,376
Interest on loans and discounts.....	788,028	664,011	1,404,060	6,825
Interest and dividends on securities.....	167,526	157,718	369,770	1,451
Trust fees	2,262	1,416	3,508	20
Fees and commissions	346,671	337,322	705,998	3,003
Trading profits	118,362	54,496	127,561	1,025
Other operating income	488,686	501,121	1,003,632	4,232
Other income	40,541	69,870	128,017	351
Total income	2,079,102	1,874,035	3,947,786	18,007
Expenses				
Interest expenses:	483,002	350,193	810,476	4,183
Interest on deposits.....	303,215	220,348	500,555	2,626
Fees and commissions	53,232	53,927	96,812	461
Trading losses.....	—	2,883	1,936	—
Other operating expenses.....	479,774	511,352	1,004,370	4,155
General and administrative expenses.....	477,357	432,705	888,561	4,135
Provision for reserve for possible loan losses.....	73,113	—	23,663	633
Other expenses.....	162,287	121,672	315,175	1,406
Total expenses	1,728,767	1,472,733	3,140,996	14,973
Income before income taxes and minority interests	350,334	401,302	806,790	3,034
Income taxes:				
Current	53,951	42,273	87,818	467
Deferred	89,270	86,218	218,770	773
Minority interests in net income.....	36,519	29,149	58,850	317
Net income	¥ 170,592	¥ 243,660	¥ 441,351	\$ 1,477

See accompanying notes to interim consolidated financial statements.

Consolidated Statements of Changes in Net Assets (Unaudited)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Six months ended September 30, 2007 and 2006, and year ended March 31, 2007

Six months ended September 30, 2007	Millions of yen												
	Stockholders' equity					Valuation and translation adjustments							
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Net unrealized gains on other securities	Net deferred losses on hedges	Land revaluation excess	Foreign currency translation adjustments	Total valuation and translation adjustments	Stock acquisition rights	Minority interests	Total net assets
Balance at March 31, 2007	¥1,420,877	¥57,773	¥1,386,436	¥(123,454)	¥2,741,632	¥1,262,135	¥(87,729)	¥37,605	¥(30,656)	¥1,181,353	¥14	¥1,408,279	¥5,331,279
Changes in the six months:													
Cash dividends			(65,911)		(65,911)								(65,911)
Net income			170,592		170,592								170,592
Acquisition of own shares				(641)	(641)								(641)
Disposal of treasury shares		96		240	337								337
Increase due to increase in subsidiaries			1		1								1
Increase due to decrease in subsidiaries			4		4								4
Decrease due to increase in subsidiaries			(6)		(6)								(6)
Decrease due to decrease in subsidiaries			(3)		(3)								(3)
Transfer from land revaluation excess			263		263								263
Net changes in the items other than stockholders' equity in the six months						(196,259)	(5,428)	(265)	22,228	(179,725)	12	12,649	(167,063)
Net changes in the six months	—	96	104,941	(400)	104,636	(196,259)	(5,428)	(265)	22,228	(179,725)	12	12,649	(62,426)
Balance at September 30, 2007	¥1,420,877	¥57,869	¥1,491,378	¥(123,855)	¥2,846,269	¥1,065,875	¥(93,158)	¥37,339	¥ (8,428)	¥1,001,628	¥27	¥1,420,928	¥5,268,853

Six months ended September 30, 2007	Millions of U.S. dollars												
	Stockholders' equity					Valuation and translation adjustments							
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Net unrealized gains on other securities	Net deferred losses on hedges	Land revaluation excess	Foreign currency translation adjustments	Total valuation and translation adjustments	Stock acquisition rights	Minority interests	Total net assets
Balance at March 31, 2007	\$12,306	\$500	\$12,008	\$(1,069)	\$23,745	\$10,932	\$(760)	\$326	\$(266)	\$10,232	\$0	\$12,197	\$46,174
Changes in the six months:													
Cash dividends			(570)		(570)								(570)
Net income			1,477		1,477								1,477
Acquisition of own shares				(5)	(5)								(5)
Disposal of treasury shares		1		2	3								3
Increase due to increase in subsidiaries			0		0								0
Increase due to decrease in subsidiaries			0		0								0
Decrease due to increase in subsidiaries			(0)		(0)								(0)
Decrease due to decrease in subsidiaries			(0)		(0)								(0)
Transfer from land revaluation excess			2		2								2
Net changes in the items other than stockholders' equity in the six months						(1,700)	(47)	(3)	193	(1,557)	0	110	(1,447)
Net changes in the six months	—	1	909	(3)	907	(1,700)	(47)	(3)	193	(1,557)	0	110	(540)
Balance at September 30, 2007	\$12,306	\$501	\$12,917	\$(1,072)	\$24,652	\$ 9,232	\$(807)	\$323	\$ (73)	\$ 8,675	\$0	\$12,307	\$45,634

See accompanying notes to interim consolidated financial statements.

Millions of yen

	Stockholders' equity					Valuation and translation adjustments							Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Net unrealized gains on other securities	Net deferred losses on hedges	Land revaluation excess	Foreign currency translation adjustments	Total valuation and translation adjustments	Stock acquisition rights	Minority interests	
Six months ended September 30, 2006													
Balance at March 31, 2006	¥1,420,877	¥1,229,225	¥ 992,064	¥ (4,393)	¥3,637,773	¥819,927	¥ —	¥38,173	¥(41,475)	¥816,625	¥—	¥1,113,025	¥5,567,424
Changes in the six months:													
Increase due to exchange of shares....		221,365			221,365								221,365
Cash dividends.....			(47,951)		(47,951)								(47,951)
Net income			243,660		243,660								243,660
Acquisition of own shares				(1,219,877)	(1,219,877)								(1,219,877)
Disposal of treasury shares		15		56	71								71
Retirement of treasury shares.....		(1,174,036)		1,174,036	—								—
Increase due to increase in subsidiaries.....			391		391								391
Increase due to decrease in subsidiaries.....			11		11								11
Decrease due to increase in subsidiaries.....			(6)		(6)								(6)
Decrease due to decrease in subsidiaries.....			(2)		(2)								(2)
Transfer from land revaluation excess			231		231								231
Net changes in the items other than stockholders' equity in the six months.....						3,285	(88,079)	(224)	(6,434)	(91,452)	4	(51,078)	(142,526)
Net changes in the six months.....	—	(952,655)	196,335	(45,785)	(802,105)	3,285	(88,079)	(224)	(6,434)	(91,452)	4	(51,078)	(944,631)
Balance at September 30, 2006	¥1,420,877	¥ 276,570	¥1,188,399	¥ (50,178)	¥2,835,668	¥823,213	¥(88,079)	¥37,948	¥(47,909)	¥725,173	¥ 4	¥1,061,946	¥4,622,792

Millions of yen

	Stockholders' equity					Valuation and translation adjustments							Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Net unrealized gains on other securities	Net deferred losses on hedges	Land revaluation excess	Foreign currency translation adjustments	Total valuation and translation adjustments	Stock acquisition rights	Minority interests	
Year ended March 31, 2007													
Balance at March 31, 2006	¥1,420,877	¥1,229,225	¥ 992,064	¥ (4,393)	¥3,637,773	¥ 819,927	¥ —	¥38,173	¥(41,475)	¥ 816,625	¥—	¥1,113,025	¥5,567,424
Changes in the year													
Increase due to exchange of shares....		221,365			221,365								221,365
Cash dividends.....			(47,951)		(47,951)								(47,951)
Net income			441,351		441,351								441,351
Acquisition of own shares				(1,519,599)	(1,519,599)								(1,519,599)
Disposal of treasury shares		3,459		4,260	7,720								7,720
Retirement of treasury shares.....		(1,396,277)		1,396,277	—								—
Increase due to increase in subsidiaries.....			396		396								396
Increase due to decrease in subsidiaries.....			22		22								22
Decrease due to increase in subsidiaries.....			(16)		(16)								(16)
Decrease due to decrease in subsidiaries.....			(5)		(5)								(5)
Transfer from land revaluation excess			575		575								575
Net changes in the items other than stockholders' equity in the year.....						442,207	(87,729)	(568)	10,818	364,728	14	295,254	659,996
Net changes in the year	—	(1,171,452)	394,372	(119,061)	(896,141)	442,207	(87,729)	(568)	10,818	364,728	14	295,254	(236,144)
Balance at March 31, 2007	¥1,420,877	¥ 57,773	¥1,386,436	¥ (123,454)	¥2,741,632	¥1,262,135	¥(87,729)	¥37,605	¥(30,656)	¥1,181,353	¥14	¥1,408,279	¥5,331,279

See accompanying notes to interim consolidated financial statements.

Consolidated Statements of Cash Flows (Unaudited)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Six months ended September 30, 2007 and 2006, and year ended March 31, 2007

	Millions of yen			Millions of U.S. dollars
	Six months ended September 30	Year ended March 31	Six months ended September 30	2007
	2007	2006	2007	2007
1. Cash flows from operating activities:				
Income before income taxes and minority interests	¥ 350,334	¥ 401,302	¥ 806,790	\$ 3,034
Depreciation of fixed assets	39,470	38,389	78,869	342
Depreciation of lease assets	170,242	167,651	335,399	1,474
Losses on impairment of fixed assets	3,205	2,006	30,548	28
Amortization of goodwill	4,182	2,070	4,858	36
Equity in (earnings) losses of affiliates	(19,030)	32,344	104,170	(165)
Losses (gains) on sale of subsidiaries' shares and gains on change in equity of subsidiary	106	(5,121)	(5,072)	1
Net change in reserve for possible loan losses	13,038	(56,241)	(146,971)	113
Net change in reserve for employee bonuses	(2,603)	(2,512)	2,128	(23)
Net change in reserve for employee retirement benefits	412	(3,200)	(2,639)	4
Net change in reserve for executive retirement benefits	(444)	—	7,371	(4)
Net change in reserve for reimbursement of deposits	11,716	—	—	101
Interest income	(1,082,577)	(909,808)	(1,979,069)	(9,376)
Interest expenses	483,002	350,193	810,476	4,183
Net losses on securities	49,784	56,013	71,686	431
Net gains from money held in trust	(245)	(0)	(0)	(2)
Net exchange (gains) losses	36,271	(41,522)	(103,541)	314
Net losses from disposal of fixed assets	84	1,327	3,067	1
Net gains from disposal of lease assets	(1,987)	(473)	(1,364)	(17)
Net change in trading assets	(198,303)	628,566	767,067	(1,718)
Net change in trading liabilities	206,229	(965,531)	(969,090)	1,786
Net change in loans and bills discounted	(1,564,926)	(1,909,796)	(1,376,693)	(13,554)
Net change in deposits	818,665	1,332,022	1,307,266	7,090
Net change in negotiable certificates of deposit	(62,963)	(222,330)	(136,304)	(545)
Net change in borrowed money (excluding subordinated debt) ...	859,543	934,051	1,141,752	7,445
Net change in deposits with banks	(1,379,961)	410,829	(157,092)	(11,952)
Net change in call loans and bills bought and others	(694,085)	(981,573)	(612,297)	(6,011)
Net change in receivables under securities borrowing transactions	1,212,637	778,605	(320,243)	10,503
Net change in call money and bills sold and others	(95,414)	(5,047,597)	(5,994,528)	(826)
Net change in commercial paper	—	(10,000)	(10,000)	—
Net change in payables under securities lending transactions	1,231,137	394,509	(1,230,782)	10,663
Net change in foreign exchanges (assets)	(43,849)	18,596	66,917	(380)
Net change in foreign exchanges (liabilities)	16,960	(118,530)	(124,047)	147
Net change in short-term bonds (liabilities)	(1,300)	21,200	55,700	(11)
Issuance and redemption of bonds (excluding subordinated bonds)	(135,716)	(95,170)	(198,091)	(1,175)
Net change in due to trust account	(19,169)	(267,864)	(253,534)	(166)
Interest received	1,070,519	905,873	1,966,949	9,272
Interest paid	(454,539)	(324,296)	(774,678)	(3,937)
Other, net	410,817	240,032	197,841	3,558
Subtotal	1,231,246	(4,245,985)	(6,637,179)	10,664
Income taxes paid	6,590	(84,921)	(123,561)	57
Net cash provided by (used in) operating activities	¥ 1,237,836	¥ (4,330,906)	¥ (6,760,740)	\$ 10,721

(Continued)

	Millions of yen			Millions of U.S. dollars
	Six months ended September 30	2006	Year ended March 31 2007	Six months ended September 30 2007
2. Cash flows from investing activities:				
Purchases of securities.....	¥(17,909,744)	¥(18,563,216)	¥(35,085,809)	\$(155,116)
Proceeds from sale of securities.....	10,576,473	11,389,367	21,544,154	91,603
Proceeds from maturity of securities	6,891,933	10,257,301	18,886,454	59,691
Purchases of money held in trust	(547)	—	—	(5)
Proceeds from sale of money held in trust	796	—	—	7
Purchases of tangible fixed assets	(24,122)	(24,041)	(193,614)	(209)
Proceeds from sale of tangible fixed assets	2,059	3,545	8,474	18
Purchases of intangible fixed assets	(23,015)	(23,957)	(57,506)	(199)
Proceeds from sale of intangible fixed assets	20	4	6	0
Purchases of lease assets.....	(200,317)	(180,717)	(383,526)	(1,735)
Proceeds from sale of lease assets.....	21,044	21,565	48,392	182
Proceeds from sale of stocks of subsidiaries.....	198	3,468	3,745	2
Purchases of stocks of subsidiaries	(3,453)	—	(1,317)	(30)
Net cash (used in) provided by investing activities	(668,677)	2,883,317	4,769,454	(5,791)
3. Cash flows from financing activities:				
Proceeds from issuance of subordinated debt	25,000	10,000	20,000	217
Repayment of subordinated debt.....	(63,000)	(15,000)	(83,000)	(546)
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights	90,000	120,000	196,951	779
Repayment of subordinated bonds and bonds with stock acquisition rights	(19,700)	(126,829)	(181,283)	(171)
Dividends paid	(65,837)	(47,904)	(47,926)	(570)
Proceeds from minority stockholders.....	3,425	30,740	360,362	30
Dividends paid to minority stockholders	(33,704)	(30,883)	(46,724)	(292)
Purchases of treasury stock	(641)	(1,174,922)	(1,474,644)	(6)
Proceeds from disposal of treasury stock	770	71	11,320	7
Net cash used in financing activities.....	(63,688)	(1,234,728)	(1,244,945)	(552)
4. Effect of exchange rate changes on cash and due from banks ...	1,082	1,279	3,434	9
5. Net change in cash and due from banks	506,553	(2,681,038)	(3,232,797)	4,387
6. Cash and due from banks at beginning of period	1,927,024	5,159,822	5,159,822	16,690
7. Change in cash and due from banks due to newly consolidated subsidiaries.....	18,869	0	0	164
8. Cash and due from banks at end of period	¥ 2,452,448	¥ 2,478,784	¥ 1,927,024	\$ 21,241

See accompanying notes to interim consolidated financial statements.

Notes to Interim Consolidated Financial Statements (Unaudited)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries
Six months ended September 30, 2007

I. Significant Accounting Policies

1. Scope of consolidation

- (1) Consolidated subsidiaries: 185 companies

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
Sumitomo Mitsui Card Company, Limited
QUOQ Inc.
SMBC Finance Service Co., Ltd.
SMBC Friend Securities Co., Ltd.
The Japan Research Institute, Limited
SMBC Capital Markets, Inc.

Changes in consolidated subsidiaries in the six months ended September 30, 2007 are as follows:

Thirteen companies including QUOQ Inc. were newly consolidated due mainly to an increase in shareholding ratio.

SMFG Corporate Recovery Servicer Co., Ltd. was excluded from the scope of consolidation because it was no longer a subsidiary due to liquidation. Eight companies including SMLC ANTLIA CO., LTD. became unconsolidated subsidiaries that are not accounted for by the equity method because they became operators of silent partnerships for lease transactions.

- (2) Unconsolidated subsidiaries

Principal company:

SBCS Co., Ltd.

One hundred and twenty-seven subsidiaries including SMLC MAHOGANY CO., LTD. are operators of 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 the Interim 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 the financial position and results of operations of Sumitomo Mitsui Financial Group, Inc. (SMFG) when excluded from the scope of consolidation.

Information on the fourteen special purpose entities, which are not regarded as subsidiaries pursuant to Article 8 Paragraph 7 of the Financial Statements Regulations, is reported in Note X.

“Implementation Guidance on Disclosures about Certain Special Purpose Entities” (Accounting Standards Board of Japan (“ASBJ”) Guidance No. 15, issued on March 29, 2007) is effective from the fiscal year beginning on or after April 1, 2007, and SMFG has applied the guidance from the six months ended September 30, 2007.

2. Application of the equity method

- (1) Unconsolidated subsidiaries accounted for by the equity method: 3 companies

Principal company:

SBCS Co., Ltd.

- (2) Affiliates accounted for by the equity method: 63 companies

Principal companies:

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

Changes in affiliates in the six months ended September 30, 2007 are as follows:

Ten companies including Central Finance Co., Ltd. newly became affiliated companies accounted for by the equity method due mainly to acquisition of shares.

Three companies including QUOQ Inc. were excluded from the scope of affiliated companies accounted for by the equity method because they became consolidated subsidiaries. Three companies including NIF Capital Management Co., Ltd. were also excluded due mainly to merger.

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

One hundred and twenty-seven subsidiaries including SMLC MAHOGANY CO., LTD. are operators of 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 7 Paragraph 1 Item 2 of the Interim Consolidated Financial Statements Regulations.

- (4) 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.

3. The interim balance sheet dates of consolidated subsidiaries

- (1) The interim balance sheet dates of the consolidated subsidiaries are as follows:

September 30, 2007	
December 31	4
January 31	1
March 31	8
April 30	2
May 31	2
June 30	71
July 31	5
August 31	4
September 30	88

- (2) The subsidiaries whose interim balance sheet dates are December 31 are consolidated after the accounts were provisionally closed as of June 30 or August 31 for the purpose of consolidation. In case of the subsidiary whose interim balance sheet date is January 31, it is consolidated after the accounts were provisionally closed as of July 31. As for the subsidiaries whose interim balance sheet dates are March 31, May 31 and July 31, their financial statements are consolidated based on the provisional financial statements closed as of September 30. The subsidiaries whose interim balance sheet dates are April 30 are consolidated based on the accounts closed as of July 31 or September 30 for the purpose of consolidation. The other subsidiaries are consolidated on the basis of their respective interim balance sheet dates.

Appropriate adjustments are made for material transactions during the periods from their respective interim balance sheet dates to the interim consolidated closing date.

4. Accounting methods

(1) Standards for recognition and measurement of 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 interim 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" and "Trading losses."

Securities and monetary claims purchased for trading purposes are stated at the interim period-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 interim consolidated balance sheet date.

"Trading profits" and "Trading losses" include interest received or paid during the interim period. The valuation differences of securities and monetary claims between the previous fiscal year-end and this interim period-end are also recorded in the above-mentioned accounts. As for the derivatives, assuming that the settlement will be made in cash, the valuation differences between the previous fiscal year-end and this interim period-end are also recorded in the above-mentioned accounts.

(2) Standards for recognition and measurement of securities

- (a) 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 interim period, and bonds and others that have market prices are carried at their interim period-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."

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

(3) Standards for recognition and measurement of 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.

(4) Depreciation

- (a) Depreciation of tangible fixed assets and lease assets
Tangible fixed assets owned by SMFG and SMBC are depreciated using the straight-line method. Equipments are depreciated using the declining-balance method. The depreciation cost for the interim period is calculated by proportionally allocating the estimated annual cost to the interim period. 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.

In accordance with the amendment of the corporate tax laws in this fiscal year, the tangible fixed assets acquired on or after April 1, 2007 are depreciated based on the depreciation method under the amended corporate tax laws. This accounting change had no material impact on the interim consolidated financial statements.

As for the tangible fixed assets acquired before April 1, 2007, from this interim period, their residual values are depreciated over five years using the straight-line method after the fiscal year in which the depreciable limit is reached. This accounting change had no material impact on the interim consolidated financial statements.

- (b) Depreciation of intangible fixed assets
Intangible fixed assets are depreciated using the straight-line method. Capitalized software for internal use owned by SMFG and its consolidated domestic subsidiaries is depreciated over its estimated useful life (basically five years).

(5) 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 ¥517,426 million (\$4,481 million) at September 30, 2007.

(6) 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 this interim period.

(7) 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 interim period-end, based on the projected retirement benefit obligation and the fair value of plan assets at the fiscal year-end.

Unrecognized prior service cost for the six months ended September 30, 2007 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) for the six months ended September 30, 2007 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.

(8) 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 interim period-end based on our internal regulations.

Retirement benefits to directors, corporate auditors and other executive officers were formerly expensed when they were paid, but SMFG started recording “reserve for executive retirement benefits” in the second half of the year ended March 31, 2007. As a result, “Income before income taxes and minority interests” for the six months ended September 30, 2006 were excessively recorded by ¥6,241 million as compared with the revised method.

(9) Reserve for reimbursement of deposits

Reserve for reimbursement of deposits which were derecognized as liabilities under certain conditions is provided for the possible losses on the future claims of withdrawal based on the historical reimbursement experience. Formerly, deposits which had been derecognized as liabilities were expensed when they were actually reimbursed. However, from the six months ended September 30, 2007, such reserve is provided in the estimated amount as described above in accordance with the “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) of April 13, 2007.

As a result, Income before income taxes and minority interests decreased by ¥11,716 million (\$101 million) as compared with the former method.

(10) Reserve under special law

Reserve under special law is a reserve for contingent liabilities from financial instruments transactions of ¥1,137 million (\$10 million) pursuant to Article 46-5 and Article 48-3 of the Financial Instruments and Exchange Law.

Reserve for contingent liabilities from financial futures and securities transactions, which were formerly recognized in accordance with Article 81 of the Financial Futures Transactions Law and Article 51 of the Securities and Exchange Law, respectively, are stated as Reserve for contingent liabilities from financial instruments transactions from the six months

ended September 30, 2007 in accordance with the enforcement of the Financial Instruments and Exchange Law on September 30, 2007.

(11) Translation of foreign currency assets and liabilities

SMFG and SMBC's assets and liabilities denominated in foreign currencies and overseas branches' accounts are translated into Japanese yen mainly at the exchange rate prevailing at the interim 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 interim balance sheet dates.

(12) Accounting method for 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 period of the installment sales.

(13) 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.

SMBC applies deferred hedge accounting stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (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 assesses the effectiveness of such individual hedges.

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" (before deducting tax effect) at September 30, 2007 were ¥28,190 million (\$244 million) and ¥20,294 million (\$176 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).

(14) Consumption tax

National and local consumption taxes of SMFG and its consolidated domestic subsidiaries are accounted for by using the tax-excluded method.

(15) Tax effect accounting

On the premise that transfer to and from the reserve for losses on overseas investments will be conducted through appropriation of retained earnings (deficit) at the end of this fiscal year of SMFG and its consolidated domestic subsidiaries, current and deferred income taxes are recorded in the amount corresponding to the interim consolidated period.

(16) Amortization of goodwill

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

(17) Application of new accounting standards

(a) From the six months ended September 30, 2007, SMFG has applied Article 30-2 of the “Accounting Practices for Tax Effect Accounting on Consolidated Financial Statements” (JICPA Accounting Practice Committee Report No. 6, issued on March 29, 2007) to sales of investments such as shares of subsidiaries within the group companies. As a result, net income decreased by ¥18,925 million (\$164 million) compared with the former method.

(b) Provisions on the scope of securities stipulated by regulations such as the “Accounting Standards for Financial Instruments” (ASBJ Statement No. 10) and the “Accounting Practices for Financial Instruments” (JICPA Accounting Practice Committee Report No. 14) were partially revised on June 15 and July 4, 2007, respectively, and became effective from the fiscal year and interim period ending on and after the implementation day of the Financial Instruments and Exchange Law. SMFG, accordingly, has applied the revised accounting standards and practices from this interim period.

5. Statements of cash flows

For the purposes of the interim consolidated statements of cash flows, cash and cash equivalents represent cash and due from banks.

6. Others

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 are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at September 30, 2007, which was ¥115.46 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.

II. Notes to Consolidated Balance Sheet

1. Securities include ¥438,588 million (\$3,799 million) of stocks of unconsolidated subsidiaries and affiliates and ¥5,012 million (\$43 million) of investments.

2. Japanese government bonds and stocks as sub-accounts of Securities include ¥78,271 million (\$678 million) of unsecured loaned securities for which borrowers have the right to sell or pledge.

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 borrowed with cash collateral, that are permitted to be sold or pledged without restrictions, ¥913,839 million (\$7,915 million) of securities are pledged, and ¥451,439 million (\$3,910 million) of securities are held in hand as of the interim consolidated balance sheet date.

3. Bankrupt loans and Non-accrual loans were ¥59,904 million (\$519 million) and ¥533,325 million (\$4,619 million), respectively.

“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. “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.

4. Past due loans (3 months or more) totaled ¥31,769 million (\$275 million).

“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.”

5. Restructured loans totaled ¥441,944 million (\$3,828 million).

“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).”

6. The total amount of Bankrupt loans, Non-accrual loans, Past due loans (3 months or more) and Restructured loans was ¥1,066,944 million (\$9,241 million).

The amounts of loans presented in 3. to 6. above are the amounts before deduction of reserve for possible loan losses.

7. 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 was ¥867,838 million (\$7,516 million).

8. Assets pledged as collateral were as follows:

September 30, 2007	Millions of yen	Millions of U.S. dollars
Assets pledged as collateral:		
Cash and due from banks and		
Deposits with banks.....	¥ 106,326	\$ 921
Trading assets	617,814	5,351
Securities	4,993,694	43,250
Loans and bills discounted	223,360	1,935
Other assets (installment account receivable, etc.)	2,922	25
Liabilities corresponding to assets pledged as collateral:		
Deposits.....	¥ 20,529	\$ 178
Call money and bills sold	1,065,000	9,224
Payables under repurchase agreements.....	142,939	1,238
Payables under securities lending transactions.....	2,431,734	21,061
Trading liabilities	165,806	1,436
Borrowed money.....	1,865,904	16,161
Other liabilities	22,643	196
Acceptances and guarantees	163,430	1,415

In addition, Cash and due from banks and Deposits with banks of ¥7,188 million (\$62 million), Trading assets of ¥272,293 million (\$2,358 million), Securities of ¥2,779,447 million (\$24,073 million) and Loans and bills discounted of ¥591,044 million (\$5,119 million) were pledged as collateral for cash settlements, variation margins of futures markets and certain other purposes.

At September 30, 2007, other assets included surety deposits of ¥84,093 million (\$728 million) and variation margins of futures markets of ¥6,765 million (\$59 million).

9. 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 amount of unused commitments at September 30, 2007 was ¥40,096,806 million (\$347,279 million), and the amount of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time at September 30, 2007 was ¥33,680,296 million (\$291,705 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 contracts are made.

10. 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."

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.

11. Accumulated depreciation on tangible fixed assets and accumulated depreciation on lease assets amounted to ¥568,380 million (\$4,923 million) and ¥1,605,376 million (\$13,904 million), respectively.
12. Deferred gain on tangible fixed assets deductible for tax purposes amounted to ¥67,070 million (\$581 million).
13. The balance of subordinated debt included in "Borrowed money" was ¥521,500 million (\$4,517 million).
14. The balance of subordinated bonds included in "Bonds" was ¥2,255,632 million (\$19,536 million).

III. Notes to Consolidated Statement of Income

1. "Other income" included gains on sales of stocks and other securities of ¥14,293 million (\$124 million), equity in earnings of affiliates of ¥19,030 million (\$165 million), gains on disposal of fixed assets of ¥1,163 million (\$10 million) and gains on collection of written-off claims of ¥386 million (\$3 million).
2. "Other expenses" included write-off of loans of ¥65,014 million (\$563 million), write-off of stocks of ¥60,350 million (\$523 million), losses on impairment of fixed assets of ¥3,205 million (\$28 million) and losses on disposal of fixed assets of ¥1,247 million (\$11 million).

3. The difference between the recoverable amount and the book value of the following assets is recognized as “Losses on impairment of fixed assets” and included in “Other expenses” in this interim period.

Six months ended September 30, 2007

Area	Purpose of use	Type	Millions of yen	Millions of U.S. dollars
Tokyo metropolitan area...	Branches (4 branches)	Land and premises etc.	¥ 41	\$ 0
	Idle assets (11 items)		280	3
Kinki area.....	Branches (1 branch)	Land and premises etc.	51	1
	Idle assets (8 items)		2,553	22
Other.....	Branches (9 branches)	Land and premises etc.	17	0
	Idle assets (8 items)		262	2

At SMBC, a consolidated subsidiary of SMFG, every branch, which continuously manages and determines income and expenses,

is the smallest unit of asset group for recognition and measurement of impairment loss. Fixed assets which do not have identifiable cash flows (such as corporate headquarters facilities, training institutes, business and system centers, and health and recreational facilities) 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.

On assets which investments are not expected to be recovered, SMBC and other consolidated subsidiaries reduced the carrying amounts of idle assets, in the case of SMBC, and those of idle assets and branches, in the case of SMFG and other consolidated subsidiaries, to their recoverable amounts and recognized the relevant losses as “losses on impairment of fixed assets,” which is included in “Other expenses.” 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.

IV. Notes to Consolidated Statement of Changes in Net Assets

1. Type and number of shares issued and treasury shares

Six months ended September 30, 2007	Number of shares			September 30, 2007
	March 31, 2007	Increase	Decrease	
Shares issued				
Common stock.....	7,733,653.77	—	—	7,733,653.77
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.....	7,853,754.77	—	—	7,853,754.77
Treasury shares				
Common stock.....	168,630.95	583.58*1	424.62*2	168,789.91
Total.....	168,630.95	583.58	424.62	168,789.91

*1 Increase in number of treasury shares (common stock) of 583.58 due to purchase of fractional shares

*2 Decrease in number of treasury shares (common stock) of 130.62 due to sale of fractional shares and delivery of shares in connection with exercising of stock options and 294 shares due to sale of shares of SMFG's common stock owned by subsidiaries.

2. Information on stock acquisition rights

	Detail of stock acquisition rights	Type of shares	Number of shares			Millions of U.S. dollars	
			March 31, 2007	Increase	Decrease	September 30, 2007	Balance at September 30, 2007
SMFG.....	Stock options	—	—	—	—	¥ —	\$ —
Consolidated subsidiary.....	—	—	—	—	—	27	0
Total.....						¥ 27	\$ 0

3. Information on dividends

(1) Following dividends were paid in the six months ended September 30, 2007:

Type of shares	Millions of yen	Yen
	Amount of dividends	Cash dividends per share
Shares issued		
Common stock.....	¥53,660	¥ 7,000
Preferred stock (1st series type 4).....	563	135,000
Preferred stock (2nd series type 4).....	563	135,000
Preferred stock (3rd series type 4).....	563	135,000
Preferred stock (4th series type 4).....	563	135,000
Preferred stock (5th series type 4).....	563	135,000
Preferred stock (6th series type 4).....	563	135,000
Preferred stock (7th series type 4).....	563	135,000
Preferred stock (8th series type 4).....	563	135,000
Preferred stock (9th series type 4).....	563	135,000
Preferred stock (10th series type 4).....	563	135,000
Preferred stock (11th series type 4).....	563	135,000
Preferred stock (12th series type 4).....	563	135,000
Preferred stock (1st series type 6).....	6,195	88,500

Notes: 1. Date of the resolution of the ordinary general meeting of shareholders was June 28, 2007.

2. Record date of all type of stock was March 31, 2007.

3. Effective date of all type of stock was June 28, 2007.

(2) Following dividends will be paid in the second half of the fiscal year ending March 31, 2008:

Type of shares	Millions of yen	Source of dividends	Yen
	Amount of dividends		Cash dividends per share
Shares issued			
Common stock.....	¥38,326	Retained earnings	¥ 5,000
Preferred stock (1st series type 4).....	281	Retained earnings	67,500
Preferred stock (2nd series type 4).....	281	Retained earnings	67,500
Preferred stock (3rd series type 4).....	281	Retained earnings	67,500
Preferred stock (4th series type 4).....	281	Retained earnings	67,500
Preferred stock (5th series type 4).....	281	Retained earnings	67,500
Preferred stock (6th series type 4).....	281	Retained earnings	67,500
Preferred stock (7th series type 4).....	281	Retained earnings	67,500
Preferred stock (8th series type 4).....	281	Retained earnings	67,500
Preferred stock (9th series type 4).....	281	Retained earnings	67,500
Preferred stock (10th series type 4).....	281	Retained earnings	67,500
Preferred stock (11th series type 4).....	281	Retained earnings	67,500
Preferred stock (12th series type 4).....	281	Retained earnings	67,500
Preferred stock (1st series type 6).....	3,097	Retained earnings	44,250

Notes: 1. Date of the resolution of the meeting of the Board of Directors was November 19, 2007.

2. Record date of all type of stock was September 30, 2007.

3. Effective date of all type of stock was December 7, 2007.

V. Notes to Consolidated Statement of Cash Flows

Significant non-money transactions consisted of the followings:

QUOQ Inc. and two other companies became consolidated subsidiaries of SMFG due to increases in voting rights in the six months ended September 30, 2007. Their major assets and liabilities are as follows:

September 30, 2007	Millions of yen	Millions of U.S. dollars
Assets	¥1,504,288	\$13,029
Other assets	548,428	4,750
Customers' liabilities for acceptances and guarantees	891,593	7,722
Liabilities	¥1,471,831	\$12,748
Borrowed money	436,628	3,782
Acceptances and guarantees	891,593	7,722

VI. 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 September 30, 2007 was as follows:

(1) Lessee side

September 30, 2007	Millions of yen		
	Equipment	Other	Total
Acquisition cost	¥12,941	¥664	¥13,605
Accumulated depreciation	5,647	440	6,088
Net book value	¥ 7,293	¥224	¥ 7,517

September 30, 2007	Millions of U.S. dollars		
	Equipment	Other	Total
Acquisition cost	\$112	\$6	\$118
Accumulated depreciation	49	4	53
Net book value	\$ 63	\$2	\$ 65

Future minimum lease payments excluding interests at September 30, 2007 were as follows:

September 30, 2007	Millions of yen	Millions of U.S. dollars
Due within one year	¥3,431	\$30
Due after one year	4,215	36
Total	¥7,646	\$66

Total lease expenses for this interim period were ¥1,755 million (\$15 million).

Assumed depreciation for this interim period amounted to ¥1,677 million (\$15 million).

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 this interim period amounted to ¥82 million (\$1 million).

(2) Lessor side

September 30, 2007	Millions of yen		
	Equipment	Other	Total
Acquisition cost	¥1,792,478	¥698,312	¥2,490,791
Accumulated depreciation	1,187,591	391,384	1,578,975
Net book value	¥ 604,886	¥306,928	¥ 911,815

September 30, 2007	Millions of U.S. dollars		
	Equipment	Other	Total
Acquisition cost	\$15,525	\$6,048	\$21,573
Accumulated depreciation	10,286	3,390	13,676
Net book value	\$ 5,239	\$2,658	\$ 7,897

Future lease payments receivable excluding interests at September 30, 2007 were as follows:

September 30, 2007	Millions of yen	Millions of U.S. dollars
Due within one year	¥299,404	\$2,593
Due after one year	616,676	5,341
Total	¥916,081	\$7,934

At September 30, 2007, future lease payments receivable shown above included subleases of ¥5,351 million (\$46 million) (due within one year: ¥2,673 million (\$23 million)) on the lessor side. The amount on the lessee side was almost the same and was included in the future minimum lease payments shown in (1).

Total lease income for this interim period was ¥199,622 million (\$1,729 million).

Depreciation for this interim period amounted to ¥163,515 million (\$1,416 million).

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 this interim period amounted to ¥25,759 million (\$223 million).

2. Operating leases

(1) Lessee side

Future minimum lease payments at September 30, 2007 were as follows:

September 30, 2007	Millions of yen	Millions of U.S. dollars
Due within one year	¥13,688	\$119
Due after one year	50,951	441
Total	¥64,639	\$560

(2) Lessor side

Future lease payments receivable at September 30, 2007 were as follows:

September 30, 2007	Millions of yen	Millions of U.S. dollars
Due within one year	¥ 24,179	\$210
Due after one year	87,766	760
Total	¥111,946	\$970

Future lease payments receivable amounting to ¥40,396 million (\$350 million) on the lessor side referred to in 1. and 2. above were pledged as collateral for borrowings.

VII. Market Value Information

1. Securities

The amounts shown in the following tables include negotiable certificates of deposit bought classified as “Cash and due from banks,” and beneficiary claims on loan trust such as receivables classified as “Commercial paper and other debt purchased,” in addition to “Securities” stated in the interim consolidated balance sheet.

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

September 30, 2007	Millions of yen			Millions of U.S. dollars		
	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)	Consolidated balance sheet amount	Market value	Net unrealized gains (losses)
Japanese government bonds.....	¥ 629,520	¥ 624,234	¥(5,285)	\$5,452	\$5,406	\$(46)
Japanese local government bonds.....	97,206	95,885	(1,321)	842	831	(11)
Japanese corporate bonds.....	386,456	383,881	(2,575)	3,347	3,325	(22)
Other.....	5,630	5,633	2	49	49	0
Total.....	¥1,118,814	¥1,109,634	¥(9,179)	\$9,690	\$9,611	\$(79)

Note: Market value is calculated using market prices at the interim period-end.

(2) Other securities with market value

September 30, 2007	Millions of yen			Millions of U.S. dollars		
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)
Stocks.....	¥ 1,954,559	¥ 3,683,628	¥1,729,068	\$ 16,928	\$ 31,904	\$14,976
Bonds.....	7,907,468	7,744,228	(163,239)	68,487	67,073	(1,414)
Japanese government bonds.....	6,742,468	6,592,972	(149,495)	58,397	57,102	(1,295)
Japanese local government bonds.....	437,521	430,861	(6,659)	3,789	3,732	(57)
Japanese corporate bonds.....	727,478	720,394	(7,083)	6,301	6,239	(62)
Other.....	3,731,231	3,690,266	(40,964)	32,316	31,961	(355)
Total.....	¥13,593,259	¥15,118,124	¥1,524,864	\$117,731	\$130,938	\$13,207

Notes: 1. Interim consolidated balance sheet amount is calculated as follows:

Stocks	Average market prices during one month before the interim period-end
Bonds and other	Market prices at the interim period-end

2. Other securities with market value are considered as impaired if the market value decreases materially below the acquisition cost and such decline is not considered as recoverable. The market value is recognized as the interim consolidated balance sheet amount and the amount of write-down is accounted for as valuation loss for this interim period. Valuation loss for this interim period was ¥69,485 million (\$602 million). The rule for determining “material decline” is as follows and is based on the classification of issuers 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.

(3) Securities with no available market value

September 30, 2007	Millions of yen	Millions of U.S. dollars
	Consolidated balance sheet amount	Consolidated balance sheet amount
Bonds classified as held-to-maturity		
Unlisted foreign securities.....	¥ 17	\$ 0
Other.....	1,236	11
Other securities		
Unlisted stocks (excluding OTC stocks).....	396,824	3,437
Unlisted bonds.....	2,715,372	23,518
Unlisted foreign securities.....	694,951	6,019
Other.....	628,856	5,447

2. Money held in trust

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

There are no corresponding transactions.

(2) Other money held in trust

September 30, 2007	Millions of yen			Millions of U.S. dollars		
	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains
Other money held in trust	¥2,549	¥2,627	¥78	\$22	\$23	\$1

Note: Interim consolidated balance sheet amount is calculated using market prices at the interim period-end.

3. Net unrealized gains on other securities and other money held in trust

September 30, 2007	Millions of yen	Millions of U.S. dollars
Net unrealized gains	¥1,525,150	\$13,209
Other securities	1,525,072	13,208
Other money held in trust	78	1
(-) Deferred tax liabilities	461,506	3,997
Net unrealized gains on other securities (before following adjustment)	1,063,644	9,212
(-) Minority interests	6,982	60
(+) SMFG's interest in net unrealized gains on valuation of other securities held by affiliates accounted for by the equity method	9,213	80
Net unrealized gains on other securities	¥1,065,875	\$ 9,232

Note: Net unrealized gains included foreign currency translation adjustments on nonmarketable securities denominated in foreign currency.

4. Derivative transactions

(1) Interest rate derivatives

September 30, 2007	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
Transactions listed on exchange:						
Interest rate futures	¥119,270,426	¥ 2,088	¥ 2,088	\$1,033,002	\$ 18	\$ 18
Interest rate options	111,548	0	0	966	0	0
Over-the-counter transactions:						
Forward rate agreements	4,584,433	(17)	(17)	39,706	(0)	(0)
Interest rate swaps	434,857,771	84,028	84,028	3,766,307	728	728
Interest rate swaptions	8,237,708	19,422	19,422	71,347	168	168
Caps	45,458,961	(13,767)	(13,767)	393,720	(119)	(119)
Floors	6,222,614	(1,335)	(1,335)	53,894	(12)	(12)
Other	7,231,835	22,013	22,013	62,635	191	191
Total	/	¥112,433	¥112,433	/	\$974	\$974

Note: The above transactions are valued at market value and the valuation gains (losses) are accounted for in the interim consolidated statement of income.

Derivative transactions to which deferred hedge accounting method is applied are not included in the amounts above.

(2) Currency derivatives

September 30, 2007	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
Over-the-counter transactions:						
Currency swaps	¥22,172,586	¥ 43,571	¥106,074	\$192,037	\$ 378	\$ 919
Currency swaptions	1,571,635	9,699	9,699	13,612	84	84
Forward foreign exchange	58,249,263	(131,622)	(131,622)	504,497	(1,140)	(1,140)
Currency options	11,459,954	(48,197)	(48,197)	99,255	(418)	(418)
Total	/	¥(126,549)	¥ (64,046)	/	\$(1,096)	\$ (555)

Note: The above transactions are valued at market value and the valuation gains (losses) are accounted for in the interim consolidated statement of income.

The amounts above do not include the following:

- Derivative transactions to which the deferred hedge accounting method is applied;
- Those that are allotted to financial assets/liabilities denominated in foreign currency and whose market values are already reflected to the interim consolidated balance sheet; and
- Those that are allotted to financial assets/liabilities denominated in foreign currency and the financial assets/liabilities are eliminated in the process of consolidation.

(3) Equity derivatives

September 30, 2007	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
Transactions listed on exchange:						
Equity price index futures	¥164,235	¥(2,024)	¥(2,024)	\$1,422	\$(18)	\$(18)
Over-the-counter transactions:						
Equity options.....	517,185	0	0	4,479	0	0
Total	/	¥(2,024)	¥(2,024)	/	\$(18)	\$(18)

Note: The above transactions are valued at market value and the valuation gains (losses) are accounted for in the interim consolidated statement of income. Derivative transactions to which deferred hedge accounting method is applied are not included in the amounts above.

(4) Bond derivatives

September 30, 2007	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
Transactions listed on exchange:						
Bond futures.....	¥3,717,113	¥ 7	¥ 7	\$32,194	\$ 0	\$ 0
Bond futures options	10,000	27	27	87	0	0
Over-the-counter transactions:						
Forward bond agreements.....	69,716	1,731	1,731	604	15	15
Total	/	¥1,766	¥1,766	/	\$15	\$15

Note: The above transactions are valued at market value and the valuation gains (losses) are accounted for in the interim consolidated statement of income. Derivative transactions to which deferred hedge accounting method is applied are not included in the amounts above.

(5) Commodity derivatives

September 30, 2007	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
Transactions listed on exchange:						
Commodity futures	¥ 430	¥ 43	¥ 43	\$ 4	\$ 0	\$ 0
Over-the-counter transactions:						
Commodity swaps	556,848	83,587	83,587	4,823	724	724
Commodity options.....	49,973	5,147	5,147	433	45	45
Total	/	¥88,777	¥88,777	/	\$769	\$769

Notes: 1. The above transactions are valued at market value and the valuation gains (losses) are accounted for in the interim consolidated statement of income. Derivative transactions to which deferred hedge accounting method is applied are not included in the amounts above.
2. Commodity derivatives are transactions on fuel and metal.

(6) Credit derivative transactions

September 30, 2007	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
Over-the-counter transactions:						
Credit default options.....	¥3,294,459	¥1,257	¥1,257	\$28,533	\$11	\$11
Other	85	0	0	1	0	0
Total	/	¥1,257	¥1,257	/	\$11	\$11

Note: The above transactions are valued at market value and the valuation gains (losses) are accounted for in the interim consolidated statement of income. Derivative transactions to which deferred hedge accounting method is applied are not included in the amounts above.

VIII. Stock Option

SMFG recorded stock option expenses in "General and administrative expenses" of ¥12 million (\$0 million) in the six months ended September 30, 2007.

IX. Segment Information

1. Business segment information

Six months ended September 30, 2007	Millions of yen					
	Banking business	Leasing business	Other business	Total	Elimination	Consolidated
Ordinary income						
(1) External customers	¥1,452,779	¥409,593	¥215,180	¥2,077,552	¥ —	¥2,077,552
(2) Intersegment	26,932	10,133	125,849	162,915	(162,915)	—
Total.....	1,479,711	419,727	341,029	2,240,468	(162,915)	2,077,552
Ordinary expenses.....	1,215,669	401,701	252,145	1,869,516	(145,202)	1,724,314
Ordinary profit	¥ 264,042	¥ 18,025	¥ 88,883	¥ 370,951	¥ (17,713)	¥ 353,237

Six months ended September 30, 2007	Millions of U.S. dollars					
	Banking business	Leasing business	Other business	Total	Elimination	Consolidated
Ordinary income						
(1) External customers	\$12,582	\$3,547	\$1,864	\$17,993	\$ —	\$17,993
(2) Intersegment	234	88	1,090	1,412	(1,412)	—
Total.....	12,816	3,635	2,954	19,405	(1,412)	17,993
Ordinary expenses.....	10,529	3,479	2,184	16,192	(1,258)	14,934
Ordinary profit	\$ 2,287	\$ 156	\$ 770	\$ 3,213	\$ (154)	\$ 3,059

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. Ordinary income represents total income excluding gains on disposal of fixed assets, collection of written-off claims, gains on return of securities from employee retirement benefits trust 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.

4. As mentioned in Note I.4.(8), retirement benefits to directors, corporate auditors and other executive officers were formerly expensed when they were paid, but SMFG started recording "reserve for executive retirement benefits" in the second half ended March 31, 2007. As a result, "Ordinary profit" of "Banking business," "Leasing business" and "Other business" for the six months ended September 30, 2006 were excessively recorded by ¥4,556 million, ¥188 million and ¥1,496 million, respectively, as compared with the revised method.

5. As mentioned in Note I.4.(9), deposits which were derecognized as liabilities were expensed when they were actually reimbursed, but from the six months ended September 30, 2007, such reserve is provided in the estimated amount based on the historical reimbursement experience in accordance with the "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) of April 13, 2007. As a result, "Ordinary profit" of "Banking business" for the six months ended September 30, 2007 decreased by ¥11,716 million (\$101 million) as compared with the former method.

2. Geographic segment information

Six months ended September 30, 2007	Millions of yen						
	Japan	The Americas	Europe and Middle East	Asia and Oceania	Total	Elimination	Consolidated
Ordinary income							
(1) External customers	¥1,695,995	¥137,724	¥130,801	¥113,030	¥2,077,552	¥ —	¥2,077,552
(2) Intersegment	53,655	28,300	7,890	24,455	114,300	(114,300)	—
Total.....	1,749,650	166,025	138,691	137,485	2,191,853	(114,300)	2,077,552
Ordinary expenses.....	1,475,840	128,653	122,810	102,507	1,829,812	(105,498)	1,724,314
Ordinary profit	¥ 273,810	¥ 37,371	¥ 15,880	¥ 34,977	¥ 362,040	¥ (8,802)	¥ 353,237

Six months ended September 30, 2007	Millions of U.S. dollars						
	Japan	The Americas	Europe and Middle East	Asia and Oceania	Total	Elimination	Consolidated
Ordinary income							
(1) External customers	\$14,689	\$1,193	\$1,133	\$ 978	\$17,993	\$ —	\$17,993
(2) Intersegment	465	245	68	212	990	(990)	—
Total.....	15,154	1,438	1,201	1,190	18,983	(990)	17,993
Ordinary expenses.....	12,783	1,114	1,064	887	15,848	(914)	14,934
Ordinary profit	\$ 2,371	\$ 324	\$ 137	\$ 303	\$ 3,135	\$ (76)	\$ 3,059

Notes: 1. The geographic segmentation is classified based on the degrees of 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. Ordinary income represents total income excluding gains on disposal of fixed assets, collection of written-off claims, gains on return of securities from employee retirement benefits trust 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.

4. As mentioned in Note I.4.(8), retirement benefits to directors, corporate auditors and other executive officers were formerly expensed when they were paid, but SMFG started recording "reserve for executive retirement benefits" in the second half ended March 31, 2007. As a result, "Ordinary profit" of "Japan" for the six months ended September 30, 2006 were excessively recorded by ¥6,241 million as compared with the revised method.
5. As mentioned in Note I.4.(9), deposits which were derecognized as liabilities were expensed when they were actually reimbursed, but from the six months ended September 30, 2007, such reserve is provided in the estimated amount based on the historical reimbursement experience in accordance with the "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) of April 13, 2007. As a result, "Ordinary profit" of "Japan" for the six months ended September 30, 2007 decreased by ¥11,716 million (\$101 million) as compared with the former method.

3. Ordinary income from overseas operations

Six months ended September 30, 2007	Millions of yen	Millions of U.S. dollars
Consolidated ordinary income from overseas operations (A).....	¥ 381,556	\$ 3,305
Consolidated ordinary income (B)	2,077,552	17,993
(A) / (B)	18.4%	18.4%

Notes: 1. Consolidated ordinary income from overseas operations is presented as a counterpart of overseas sales of companies in other industries.

2. The above table shows ordinary income from transactions of overseas branches of SMBC and transactions of overseas consolidated subsidiaries, excluding internal income. These extensive transactions are not categorized by transaction party and the geographic segment information is not presented because such information is not available.

X. Special Purpose Entities

SMBC, a consolidated subsidiary of SMFG, provides credit lines, liquidity lines and loans to fourteen special purpose entities ("SPEs") for their fund needs and issuing of commercial papers. The SPEs are engaged in purchases of monetary claims such as receivables from SMBC customers, and incorporated under the laws of the Cayman Islands or as intermediate corporations with limited liabilities.

The combined assets and liabilities of the fourteen SPEs as of their most recent closing dates were ¥2,865,600 million (\$24,819 million) and ¥2,865,738 million (\$24,820 million), respectively. SMBC has no voting rights in the SPEs and sends no directors or employees.

The amounts of principal transactions with these SPEs in the six months ended September 30, 2007 are as follows:

As of and six months ended September 30, 2007		Millions of yen	
Balances		Income	
Loans and bills discounted	¥2,158,322	Interest on loans and discounts	¥3,950
Credit lines	859,423	Fees and commissions	1,541
Liquidity lines.....	429,459	—	—

As of and six months ended September 30, 2007		Millions of U.S. dollars	
Balances		Income	
Loans and bills discounted	\$18,693	Interest on loans and discounts	\$34
Credit lines	7,443	Fees and commissions	13
Liquidity lines.....	3,720	—	—

XI. Per Share Data

September 30, 2007	Yen	U.S. dollars
Net assets per share	¥460,168.95	\$3,985.53
Net income per share	21,694.19	187.89
Net income per share (diluted)	20,840.67	180.50

Notes: 1. Net income per share and net income per share (diluted) are calculated based on the followings:

Six months ended September 30, 2007	Millions of yen except number of shares	Millions of U.S. dollars
Net income per share		
Net income	¥170,592	\$1,477
Amount not attributable to common stockholders.....	6,479	56
[preferred stock dividends]	{6,479}	{56}
Net income attributable to common stock.....	164,113	1,421
Average number of common stock during the six months (in thousand)	7,564	/
Net income per share (diluted)		
Adjustment for net income.....	3,376	29
[preferred stock dividends]	{3,381}	{29}
[stock acquisition rights issued by subsidiaries and affiliates].....	{(4)}	{(0)}
Increase in number of common stock (in thousand).....	471	/
[preferred stock]	{471}	/
[stock acquisition rights]	{0}	/
Outline of dilutive securities which were not included in the calculation of “net income per share (diluted)” because they do not have dilutive effect:	—	—

2. Net assets per share is calculated based on the followings:

September 30, 2007	Millions of yen except number of shares	Millions of U.S. dollars
Net assets	¥5,268,853	\$45,634
Amounts excluded from net assets	1,787,738	15,484
[preferred stock]	{360,303}	{3,121}
[preferred stock dividends]	{6,479}	{56}
[stock acquisition rights]	{27}	{0}
[minority interests].....	{1,420,928}	{12,307}
Net assets attributable to common stock at the interim period-end	3,481,115	30,150
Number of common stock at the interim period-end used for the calculation of net assets per share (in thousand)	7,564	/

XII. Subsequent Events (up to December 5, 2007)

SMFG, SMBC Leasing Company, Limited (“SMBC Leasing”) and SMBC Auto Leasing Company, Limited (“SMBC Auto Leasing”) reached a final agreement with Sumitomo Corporation, Sumisho Lease Co., Ltd. (“Sumisho Lease”) and Sumisho Auto Leasing Corporation (“Sumisho Auto Lease”) on July 30, 2007 concerning strategic joint businesses in leasing and auto leasing business and mergers of two businesses (a merger between SMBC Leasing and Sumisho Lease, and a merger between SMBC Auto Leasing and Sumisho Auto Lease). They also concluded “Basic Agreement Concerning the Joint Business” and “Merger Agreement” with respect to the two businesses. In accordance with the merger agreements, SMBC Leasing and Sumisho Lease merged on October 1, 2007, and SMBC Auto Leasing and Sumisho Auto Lease also merged on the same day.

1. Purchase method

(1) Outline of the business combination of leasing companies

(a) Name and business of the acquired company

Sumisho Lease (Leasing business)

(b) Reason for the business combination

SMBC Leasing and Sumisho Lease have merged with the aim of achieving the highest leasing volume in Japan by leveraging the blue-chip customer bases of

both the SMFG Group and the Sumitomo Corporation Group, and to create a high quality leasing company that can respond accurately and timely to market needs which are becoming increasingly sophisticated, by combining and blending the finance know-how of SMBC Leasing as a subsidiary of a bank and the product and distribution know-how of Sumisho Lease as a subsidiary of a trading company, thereby promoting diversification and differentiation of products and providing more value-added products going beyond traditional approaches.

(c) Date of the business combination

October 1, 2007

(d) Legal form of business combination

The merger was a merger procedure by absorption with Sumisho Lease as the surviving company and SMBC Leasing was dissolved.

(Name of the merged company: Sumitomo Mitsui Finance and Leasing Company, Limited)

(e) Name of the entity after the business combination

Sumitomo Mitsui Financial Group, Inc.

(f) Percentage share of voting rights SMFG has acquired

55%

2. Business combination of consolidated subsidiary

(1) Outline of the business combination of auto leasing companies

(a) Name and business of the companies

Combining company:

Sumisho Auto Lease (Auto leasing business)

Combined company:

SMBC Auto Leasing (Auto leasing business)

(b) Reason for the business combination

Sumisho Auto Lease and SMBC Auto Leasing have merged to survive and thrive in the auto leasing industry that is becoming increasingly competitive and to establish a structure to capture the number one market share by capitalizing on the high-quality customer bases of both the Sumitomo Corporation Group and the SMFG Group and combining the high-value-added services of Sumisho Auto Lease based on its value chain and business network of SMBC Auto Leasing. Another aim of the merger is to achieve better customer satisfaction by combining and blending the product and distribution know-how of Sumisho Auto Lease as a subsidiary of a trading company, and the finance know-how of SMBC Auto Leasing as a subsidiary of a bank, thereby pursuing various services.

(c) Date of the business combination

October 1, 2007

(d) Legal form of business combination

The merger was a merger procedure by absorption with Sumisho Auto Lease as the surviving company, and SMBC Auto Leasing was dissolved.

(Name of the merged company: Sumitomo Mitsui Auto Service Company, Limited)

(2) Outline of accounting method

As a result of the merger between Sumisho Auto Lease and SMBC Auto Leasing, SMBC Auto Leasing was excluded from the scope of affiliated company and the combined company became an equity method affiliated company of SMFG. SMFG will apply the accounting procedures stipulated by Article 20 of the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7).

(3) Name of the business segment, in which the subsidiary was included, in the segment information

Leasing business

(4) Interim consolidated statement of income for the interim period included the following earnings of SMBC Auto Leasing: (approximate amounts)

Ordinary income: ¥69,752 million (\$604 million)

Ordinary profit: ¥2,237 million (\$19 million)

Net income: ¥1,254 million (\$11 million)

(5) Status after the business combination

SMBC Auto Leasing and its subsidiaries are excluded from the scope of consolidation, and Sumitomo Mitsui Auto Service Company, Limited and its subsidiaries have become affiliated companies accounted for by the equity method.

XIII. Parent Company

1. Nonconsolidated balance sheets (unaudited)

Sumitomo Mitsui Financial Group, Inc.

September 30, 2007 and 2006, and March 31, 2007

	Millions of yen			Millions of U.S. dollars
	September 30		March 31	September 30
	2007	2006	2007	2007
Assets				
Current assets	¥ 48,785	¥ 81,894	¥ 109,364	\$ 423
Cash and due from banks	46,052	18,458	37,073	399
Other current assets	2,732	63,436	72,291	24
Fixed assets	3,952,685	3,847,707	3,850,079	34,234
Tangible fixed assets	6	9	7	0
Intangible fixed assets	14	26	20	0
Investments and other assets	3,952,663	3,847,671	3,850,052	34,234
Investments in subsidiaries and affiliates	3,950,934	3,847,651	3,847,716	34,219
Other	1,728	20	2,336	15
Deferred charges	—	150	—	—
Total assets	¥4,001,470	¥3,929,752	¥3,959,444	\$34,657
Liabilities				
Current liabilities	¥1,061,168	¥ 677,539	¥ 961,372	\$ 9,191
Short-term borrowings	1,059,030	620,000	959,030	9,172
Reserve for employees bonuses	82	76	83	1
Other current liabilities	2,055	57,463	2,258	18
Fixed liabilities	178	—	174	1
Reserve for executive retirement benefits	178	—	174	1
Total liabilities	1,061,347	677,539	961,546	9,192
Net assets				
Stockholders' equity				
Capital stock	1,420,877	1,420,877	1,420,877	12,306
Capital surplus	930,429	1,152,740	930,469	8,059
Capital reserve	642,355	642,355	642,355	5,564
Other capital surplus	288,073	510,385	288,113	2,495
Retained earnings	671,876	683,818	729,129	5,819
Other retained earnings				
Voluntary reserve	30,420	30,420	30,420	263
Retained earnings brought forward	641,456	653,398	698,709	5,556
Treasury stock	(83,060)	(5,223)	(82,578)	(719)
Total stockholders' equity	2,940,122	3,252,213	2,997,898	25,465
Total net assets	2,940,122	3,252,213	2,997,898	25,465
Total liabilities and net assets	¥4,001,470	¥3,929,752	¥3,959,444	\$34,657

2. Nonconsolidated statements of income (unaudited)

Sumitomo Mitsui Financial Group, Inc.

Six months ended September 30, 2007 and 2006, and year ended March 31, 2007

	Millions of yen			Millions of U.S. dollars
	Six months ended September 30		Year ended March 31	Six months ended September 30
	2007	2006	2007	2007
Operating income	¥23,936	¥321,340	¥376,479	\$207
Dividends on investments in subsidiaries and affiliates	15,022	317,486	366,680	130
Fees and commissions received from subsidiaries.....	8,913	3,854	9,798	77
Operating expenses	3,333	1,567	3,641	29
General and administrative expenses.....	3,333	1,567	3,641	29
Operating profit	20,602	319,772	372,838	178
Nonoperating income	282	219	234	3
Nonoperating expenses	9,228	880	8,594	80
Ordinary profit	11,655	319,112	364,477	101
Income before income taxes	11,655	319,112	364,477	101
Income taxes:				
Current	1,583	345	2,918	14
Deferred	706	542	(1,975)	6
Net income	¥ 9,366	¥318,223	¥363,535	\$ 81

3. Nonconsolidated statements of changes in net assets (unaudited)

Sumitomo Mitsui Financial Group, Inc.

Six months ended September 30, 2007 and 2006, and year ended March 31, 2007

	Millions of yen									
	Stockholders' equity									
	Capital surplus				Retained earnings					
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings			Treasury stock	Total stockholders' equity	Total net assets
Voluntary reserve					Retained earnings brought forward	Total retained earnings				
Six months ended September 30, 2007										
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
Changes in the six months:										
Cash dividends						(66,619)	(66,619)		(66,619)	(66,619)
Net income						9,366	9,366		9,366	9,366
Acquisition of own shares								(641)	(641)	(641)
Disposal of treasury shares			(39)	(39)				158	119	119
Net changes in the six months	—	—	(39)	(39)	—	(57,253)	(57,253)	(482)	(57,775)	(57,775)
Balance at September 30, 2007	¥1,420,877	¥642,355	¥288,073	¥930,429	¥30,420	¥641,456	¥671,876	¥(83,060)	¥2,940,122	¥2,940,122

	Millions of U.S. dollars									
	Stockholders' equity									
	Capital surplus				Retained earnings					
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings			Treasury stock	Total stockholders' equity	Total net assets
Voluntary reserve					Retained earnings brought forward	Total retained earnings				
Six months ended September 30, 2007										
Balance at March 31, 2007	\$12,306	\$5,564	\$2,495	\$8,059	\$263	\$6,052	\$6,315	\$(715)	\$25,965	\$25,965
Changes in the six months:										
Cash dividends						(577)	(577)		(577)	(577)
Net income						81	81		81	81
Acquisition of own shares								(5)	(5)	(5)
Disposal of treasury shares			(0)	(0)				1	1	1
Net changes in the six months	—	—	(0)	(0)	—	(496)	(496)	(4)	(500)	(500)
Balance at September 30, 2007	\$12,306	\$5,564	\$2,495	\$8,059	\$263	\$5,556	\$5,819	\$(719)	\$25,465	\$25,465

Millions of yen										
Stockholders' equity										
	Capital surplus				Retained earnings					
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings			Treasury stock	Total stockholders' equity	Total net assets
					Voluntary reserve	Retained earnings brought forward	Total retained earnings			
Six months ended September 30, 2006										
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 six months:										
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						318,223	318,223		318,223	318,223
Acquisition of own shares								(1,174,922)	(1,174,922)	(1,174,922)
Disposal of treasury shares			15	15				56	71	71
Retirement of treasury shares			(1,174,036)	(1,174,036)				1,174,036	—	—
Net changes in the six months	—	(778,634)	(174,021)	(952,655)	—	270,272	270,272	(830)	(683,213)	(683,213)
Balance at September 30, 2006	¥1,420,877	¥ 642,355	¥ 510,385	¥1,152,740	¥30,420	¥653,398	¥683,818	¥ (5,223)	¥3,252,213	¥3,252,213

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

Supplemental Information

Nonconsolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Banking Corporation

September 30, 2007 and 2006, and March 31, 2007

	Millions of yen			Millions of U.S. dollars
	September 30		March 31	September 30
	2007	2006	2007	2007
Assets				
Cash and due from banks	¥ 2,261,602	¥ 2,333,306	¥ 1,734,199	\$ 19,588
Deposits with banks	3,428,213	1,510,891	2,265,361	29,692
Call loans and bills bought	1,252,758	1,277,245	1,006,657	10,850
Receivables under resale agreements	340,745	81,686	39,725	2,951
Receivables under securities borrowing transactions	1,014,715	1,067,359	2,213,314	8,788
Commercial paper and other debt purchased	468,404	360,065	333,524	4,057
Trading assets	2,957,227	3,085,593	2,914,023	25,613
Money held in trust	2,627	2,820	2,924	23
Securities	19,860,123	22,047,445	20,060,873	172,009
Loans and bills discounted	55,025,706	53,902,477	53,756,440	476,578
Foreign exchanges	876,042	868,028	835,617	7,587
Other assets	1,496,635	1,432,776	1,442,066	12,962
Tangible fixed assets	671,833	553,697	678,581	5,819
Intangible fixed assets	92,013	73,251	87,615	797
Deferred tax assets	775,698	889,187	743,605	6,718
Customers' liabilities for acceptances and guarantees	4,470,981	4,435,152	4,177,816	38,723
Reserve for possible loan losses	(688,148)	(771,822)	(677,573)	(5,960)
Reserve for possible losses on investments	—	—	(77,547)	—
Total assets	¥94,307,182	¥93,149,162	¥91,537,228	\$816,795
Liabilities and net assets				
Liabilities				
Deposits	¥68,841,461	¥68,541,049	¥68,809,338	\$596,236
Call money and bills sold	2,210,169	2,547,399	2,291,128	19,142
Payables under repurchase agreements	121,012	790,836	104,640	1,048
Payables under securities lending transactions	2,727,484	3,141,635	1,516,342	23,623
Trading liabilities	1,683,577	1,635,612	1,578,730	14,582
Borrowed money	4,222,916	2,909,422	3,371,846	36,575
Foreign exchanges	339,119	333,041	329,695	2,937
Bonds	3,591,901	3,710,437	3,647,483	31,110
Due to trust account	45,893	50,733	65,062	398
Other liabilities	2,121,978	1,503,085	1,588,683	18,378
Reserve for employee bonuses	8,654	8,277	8,892	75
Reserve for executive retirement benefits	4,527	—	4,757	39
Reserve for point service program	1,615	792	990	14
Reserve for reimbursement of deposits	10,839	—	—	94
Reserve under special law	18	18	18	0
Deferred tax liabilities for land revaluation	48,728	49,276	48,917	422
Acceptances and guarantees	4,470,981	4,435,152	4,177,816	38,723
Total liabilities	90,450,881	89,656,772	87,544,344	783,396
Net assets				
Capital stock	664,986	664,986	664,986	5,760
Capital surplus	1,367,548	1,367,548	1,367,548	11,844
Retained earnings	825,090	677,810	761,028	7,146
Total stockholders' equity	2,857,625	2,710,345	2,793,563	24,750
Net unrealized gains on other securities	1,057,093	841,657	1,259,814	9,155
Net deferred losses on hedges	(82,394)	(84,171)	(84,733)	(714)
Land revaluation excess	23,976	24,558	24,240	208
Total valuation and translation adjustments	998,675	782,045	1,199,320	8,649
Total net assets	3,856,300	3,492,390	3,992,884	33,399
Total liabilities and net assets	¥94,307,182	¥93,149,162	¥91,537,228	\$816,795

Notes: 1. Amounts less than one million yen have been omitted.

2. For the convenience of the readers, the accompanying U.S. dollar financial statements have been translated from Japanese yen, as a matter of arithmetical computation only, at the rate of ¥115.46 to US\$1, the exchange rate prevailing at September 30, 2007.

Nonconsolidated Statements of Income (Unaudited)

Sumitomo Mitsui Banking Corporation

Six months ended September 30, 2007 and 2006, and year ended March 31, 2007

	Millions of yen			Millions of U.S. dollars
	Six months ended September 30	2006	Year ended March 31 2007	Six months ended September 30 2007
Income				
Interest income	¥ 940,051	¥ 777,964	¥1,706,170	\$ 8,142
Trust fees	2,239	1,407	3,482	19
Fees and commissions	221,285	219,239	465,171	1,917
Trading profits	103,277	43,432	103,719	894
Other operating income	28,602	55,870	106,725	248
Other income	13,131	68,132	107,309	114
Total income	1,308,588	1,166,046	2,492,577	11,334
Expenses				
Interest expenses	462,514	334,155	768,722	4,006
Fees and commissions	64,128	59,752	111,754	556
Trading losses	—	3,307	2,098	—
Other operating expenses	50,325	91,580	158,207	436
General and administrative expenses	325,372	294,617	609,816	2,818
Provision for reserve for possible loan losses	50,553	—	450	438
Other expenses	200,483	84,282	254,598	1,736
Total expenses	1,153,378	867,695	1,905,648	9,990
Income before income taxes	155,209	298,351	586,928	1,344
Income taxes:				
Current	7,210	7,753	16,507	62
Deferred	84,200	106,951	254,680	729
Net income	¥ 63,798	¥ 183,646	¥ 315,740	\$ 553

Notes: 1. Amounts less than one million yen have been omitted.

2. For the convenience of the readers, the accompanying U.S. dollar financial statements have been translated from Japanese yen, as a matter of arithmetical computation only, at the rate of ¥115.46 to US\$1, the exchange rate prevailing at September 30, 2007.

Income Analysis (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Operating Income, Classified by Domestic and Overseas Operations

	Millions of yen							
	Six months ended September 30							
	2007				2006			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Interest income	¥761,166	¥354,866	¥(33,456)	¥1,082,577	¥669,798	¥260,926	¥(20,915)	¥909,808
Interest expenses	261,560	246,916	(25,478)	482,998	188,864	174,798	(13,471)	350,191
Net interest income	499,606	107,949	(7,977)	599,578	480,933	86,128	(7,444)	559,617
Trust fees	2,262	—	—	2,262	1,416	—	—	1,416
Fees and commissions (income)	312,264	34,967	(560)	346,671	308,644	29,029	(352)	337,322
Fees and commissions (expenses)	48,845	4,760	(374)	53,232	51,060	3,008	(141)	53,927
Net fees and commissions	263,419	30,206	(186)	293,439	257,583	26,021	(210)	283,394
Trading profits	116,315	7,974	(5,927)	118,362	57,247	15,023	(17,774)	54,496
Trading losses	1,538	4,389	(5,927)	—	10,473	10,184	(17,774)	2,883
Net trading income	114,777	3,584	—	118,362	46,773	4,839	—	51,613
Other operating income	475,105	11,252	2,328	488,686	493,369	8,041	(289)	501,121
Other operating expenses	475,565	4,253	(44)	479,774	507,261	4,184	(94)	511,352
Net other operating income	(459)	6,999	2,372	8,912	(13,892)	3,856	(194)	(10,230)

- Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
2. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest expenses" are shown after deduction of expenses (first half of fiscal 2007, ¥4 million; first half of fiscal 2006, ¥1 million) related to the management of money held in trust.
3. Intersegment transactions are reported in "Elimination" column.

Average Balance, Interest and Earnings Yield of Interest-Earning Assets and Interest-Bearing Liabilities

Domestic Operations

	Millions of yen					
	Six months ended September 30					
	2007			2006		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets	¥74,006,428	¥761,166	2.06%	¥77,332,447	¥669,798	1.73%
Loans and bills discounted	50,707,587	556,253	2.19	51,544,254	481,416	1.87
Securities	17,590,126	141,532	1.61	20,875,872	136,557	1.31
Call loans and bills bought	859,111	9,642	2.24	883,704	8,165	1.85
Receivables under resale agreements	63,945	180	0.57	42,697	19	0.09
Receivables under securities borrowing transactions	1,217,962	4,142	0.68	1,437,162	1,615	0.22
Deposits with banks	2,006,977	20,921	2.08	1,139,174	13,743	2.41
Interest-bearing liabilities	¥79,699,929	¥261,560	0.66%	¥81,673,373	¥188,864	0.46%
Deposits	65,471,103	122,903	0.38	65,285,046	76,231	0.23
Negotiable certificates of deposit	2,426,076	6,843	0.56	2,307,551	1,590	0.14
Call money and bills sold	1,771,545	4,563	0.52	3,937,832	1,608	0.08
Payables under repurchase agreements	42,904	119	0.56	142,187	127	0.18
Payables under securities lending transactions	1,637,532	18,397	2.25	2,349,592	33,050	2.81
Commercial paper	—	—	—	1,416	1	0.24
Borrowed money	3,903,581	38,800	1.99	3,057,003	20,845	1.36
Short-term bonds	409,670	1,388	0.68	351,434	513	0.29
Bonds	3,766,281	36,903	1.96	3,831,209	33,792	1.76

- Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries.
2. In principle, average balances are calculated using daily balances. However, some domestic consolidated subsidiaries use weekly, monthly or semiannual balances instead.
3. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (first half of fiscal 2007, ¥775,416 million; first half of fiscal 2006, ¥1,400,562 million).
4. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (first half of fiscal 2007, ¥2,564 million; first half of fiscal 2006, ¥2,607 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (first half of fiscal 2007, ¥2,564 million; first half of fiscal 2006, ¥2,607 million) and corresponding interest (first half of fiscal 2007, ¥4 million; first half of fiscal 2006, ¥1 million).

Overseas Operations

	Millions of yen					
	Six months ended September 30					
	2007			2006		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥12,831,985	¥354,866	5.53%	¥10,536,815	¥260,926	4.95%
Loans and bills discounted.....	8,650,172	237,700	5.50	7,236,264	181,394	5.01
Securities	1,125,747	34,775	6.18	1,085,709	28,609	5.27
Call loans and bills bought	255,133	6,978	5.47	177,086	4,827	5.45
Receivables under resale agreements	264,308	4,077	3.09	160,353	3,732	4.65
Receivables under securities borrowing transactions	—	—	—	—	—	—
Deposits with banks	2,171,429	46,502	4.28	1,363,415	26,398	3.87
Interest-bearing liabilities	¥ 9,423,214	¥246,916	5.24%	¥ 8,067,107	¥174,798	4.33%
Deposits	7,723,565	156,022	4.04	6,244,001	125,375	4.02
Negotiable certificates of deposit	699,180	19,604	5.61	761,386	18,824	4.94
Call money and bills sold	311,950	7,062	4.53	251,630	5,632	4.48
Payables under repurchase agreements ...	112,325	2,892	5.15	347,611	8,563	4.93
Payables under securities lending transactions	—	—	—	—	—	—
Commercial paper.....	—	—	—	—	—	—
Borrowed money	253,620	6,593	5.20	84,867	722	1.70
Short-term bonds	—	—	—	—	—	—
Bonds	308,609	9,964	6.46	368,175	10,763	5.85

- Notes: 1. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
2. In principle, average balances are calculated using daily balances. However, some overseas consolidated subsidiaries use weekly, monthly or semi-annual balances instead.
3. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (first half of fiscal 2007, ¥73,726 million; first half of fiscal 2006, ¥39,070 million).

Total of Domestic and Overseas Operations

	Millions of yen					
	Six months ended September 30					
	2007			2006		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥86,013,596	¥1,082,577	2.52%	¥87,436,836	¥909,808	2.08%
Loans and bills discounted.....	58,456,897	771,407	2.64	58,198,676	651,018	2.24
Securities	18,998,091	167,526	1.76	22,209,525	157,718	1.42
Call loans and bills bought	1,114,244	16,621	2.98	1,060,790	12,993	2.45
Receivables under resale agreements	328,254	4,258	2.59	203,051	3,751	3.69
Receivables under securities borrowing transactions	1,217,962	4,142	0.68	1,437,162	1,615	0.22
Deposits with banks	3,974,159	65,295	3.29	2,404,594	38,467	3.20
Interest-bearing liabilities	¥88,015,811	¥ 482,998	1.10%	¥89,059,773	¥350,191	0.79%
Deposits	72,990,208	276,767	0.76	71,430,863	199,933	0.56
Negotiable certificates of deposit	3,125,257	26,447	1.69	3,068,937	20,415	1.33
Call money and bills sold	2,083,495	11,625	1.12	4,189,463	7,240	0.35
Payables under repurchase agreements ...	155,229	3,011	3.88	489,799	8,691	3.55
Payables under securities lending transactions	1,637,532	18,397	2.25	2,349,592	33,050	2.81
Commercial paper.....	—	—	—	1,416	1	0.24
Borrowed money	3,256,255	22,074	1.36	2,559,879	9,771	0.76
Short-term bonds	409,670	1,388	0.68	351,434	513	0.29
Bonds	4,074,891	46,867	2.30	4,199,384	44,556	2.12

- Notes: 1. The figures above comprise totals for domestic and overseas operations after intersegment eliminations.
2. In principle, average balances are calculated using daily balances. However, some consolidated subsidiaries use weekly, monthly or semiannual balances instead.
3. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (first half of fiscal 2007, ¥850,249 million; first half of fiscal 2006, ¥1,459,271 million).
4. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (first half of fiscal 2007, ¥2,564 million; first half of fiscal 2006, ¥2,607 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (first half of fiscal 2007, ¥2,564 million; first half of fiscal 2006, ¥2,607 million) and corresponding interest (first half of fiscal 2007, ¥4 million; first half of fiscal 2006, ¥1 million).

Fees and Commissions

	Millions of yen							
	Six months ended September 30							
	2007				2006			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Fees and commissions (income).....	¥312,264	¥34,967	¥(560)	¥346,671	¥308,644	¥29,029	¥(352)	¥337,322
Deposits and loans	11,859	21,802	—	33,662	11,878	19,383	—	31,262
Remittances and transfers.....	61,840	4,630	(0)	66,470	61,462	4,502	(0)	65,964
Securities-related business.....	17,981	67	—	18,048	24,188	0	—	24,188
Agency.....	8,426	178	—	8,604	8,521	—	—	8,521
Safe deposits.....	3,815	2	—	3,817	3,904	2	(0)	3,906
Guarantees.....	20,475	2,295	(182)	22,587	21,131	2,072	(214)	22,989
Credit card.....	62,282	—	—	62,282	57,374	—	—	57,374
Fees and commissions (expenses).....	¥ 48,845	¥ 4,760	¥(374)	¥ 53,232	¥ 51,060	¥ 3,008	¥(141)	¥ 53,927
Remittances and transfers.....	13,115	2,031	(66)	15,081	12,291	930	(74)	13,146

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

2. Intersegment transactions are reported in "Elimination" column.

Trading Income

	Millions of yen							
	Six months ended September 30							
	2007				2006			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading profits.....	¥116,315	¥7,974	¥(5,927)	¥118,362	¥57,247	¥15,023	¥(17,774)	¥54,496
Gains on trading securities	11,671	362	—	12,034	5,837	951	—	6,788
Gains on securities related to trading transactions	291	153	—	445	—	—	—	—
Gains on trading-related financial derivatives.....	100,834	7,457	(5,927)	102,364	50,312	14,072	(17,774)	46,610
Others.....	3,518	—	—	3,518	1,096	—	—	1,096
Trading losses	¥ 1,538	¥4,389	¥(5,927)	¥ —	¥10,473	¥10,184	¥(17,774)	¥ 2,883
Losses on trading securities	—	—	—	—	—	—	—	—
Losses on securities related to trading transactions	—	—	—	—	2,813	69	—	2,883
Losses on trading-related financial derivatives....	1,538	4,389	(5,927)	—	7,659	10,114	(17,774)	—
Others.....	—	—	—	—	—	—	—	—

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

2. Intersegment transactions are reported in "Elimination" column.

Assets and Liabilities (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Deposits and Negotiable Certificates of Deposit

Period-End Balance

	Millions of yen	
	September 30	
	2007	2006
Domestic operations:		
Liquid deposits	¥40,621,067	¥41,003,292
Fixed-term deposits	21,586,609	21,555,525
Others	3,488,899	3,667,991
Subtotal	65,696,577	66,226,808
Negotiable certificates of deposit	1,876,344	1,573,691
Total	¥67,572,921	¥67,800,500
Overseas operations:		
Liquid deposits	¥ 5,945,635	¥ 5,033,358
Fixed-term deposits	1,276,328	899,078
Others	7,224	6,307
Subtotal	7,229,188	5,938,744
Negotiable certificates of deposit	651,948	918,661
Total	¥ 7,881,137	¥ 6,857,406
Grand total	¥75,454,058	¥74,657,906

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
 2. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice
 3. Fixed-term deposits = Time deposits + Installment savings

Balance of Loan Portfolio, Classified by Industry

Period-End Balance

	Millions of yen			
	September 30			
	2007		2006	
Domestic operations:				
Manufacturing	¥ 5,633,382	10.92%	¥ 5,581,376	10.71%
Agriculture, forestry, fisheries and mining	138,498	0.27	138,844	0.27
Construction	1,415,969	2.75	1,415,820	2.72
Transportation, communications and public enterprises	2,943,046	5.71	2,942,712	5.64
Wholesale and retail	5,421,149	10.52	5,466,420	10.48
Finance and insurance	4,471,361	8.68	4,350,822	8.34
Real estate	8,017,198	15.56	7,596,954	14.57
Services	5,943,468	11.54	6,440,243	12.35
Municipalities	633,009	1.23	587,012	1.13
Others	16,908,131	32.82	17,614,154	33.79
Subtotal	¥51,525,216	100.00%	¥52,134,361	100.00%
Overseas operations:				
Public sector	¥ 42,466	0.50%	¥ 43,239	0.61%
Financial institutions	538,477	6.21	497,687	7.06
Commerce and industry	7,263,622	83.79	5,933,734	84.17
Others	823,782	9.50	575,434	8.16
Subtotal	¥ 8,668,349	100.00%	¥ 7,050,096	100.00%
Total	¥60,193,566	—	¥59,184,457	—

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
 2. Japan offshore banking accounts are included in overseas operations' accounts.

Risk-Monitored Loans

	Millions of yen		
	September 30		March 31
	2007	2006	2007
Bankrupt loans.....	¥ 59,904	¥ 64,857	¥ 60,715
Non-accrual loans.....	533,325	638,385	507,289
Past due loans (3 months or more).....	31,769	36,865	22,018
Restructured loans.....	441,944	407,927	477,362
Total.....	¥1,066,944	¥1,148,036	¥1,067,386

Notes: Definition of risk-monitored loan categories

1. Bankrupt loans: Credits for which accrued interest is not accounted in revenue; credits extended to borrowers that are undergoing bankruptcy, corporate reorganization and rehabilitation proceedings or debtors receiving orders of disposition by suspension of business at bill clearinghouses
2. Non-accrual loans: Credits for which accrued interest is not accounted in revenue; credits, excluding loans to bankrupt borrowers and loans with grace for interest payment to assist in corporate reorganization or to support business
3. Past due loans (3 months or more): Loans with payment of principal or interest in arrears for more than 3 months, calculated from the day following the contractual due date, excluding borrowers in categories 1. and 2.
4. Restructured loans: Loans to borrowers in severe financial condition given certain favorable terms and conditions to assist in corporate rehabilitation or to support business, excluding borrowers in categories 1. through 3.

Securities

Period-End Balance

	Millions of yen	
	September 30	
	2007	2006
Domestic operations:		
Japanese government bonds.....	¥ 7,222,502	¥ 8,469,237
Japanese local government bonds.....	528,068	598,776
Japanese corporate bonds.....	3,822,223	4,040,854
Japanese stocks.....	4,237,674	4,215,106
Others.....	3,269,327	3,652,334
Subtotal.....	¥19,079,797	¥20,976,308
Overseas operations:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds.....	—	—
Japanese corporate bonds.....	—	—
Japanese stocks.....	—	—
Others.....	1,246,256	1,116,429
Subtotal.....	¥ 1,246,256	¥ 1,116,429
Total of domestic and overseas operations:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds.....	—	—
Japanese corporate bonds.....	—	—
Japanese stocks.....	273,789	258,897
Others.....	—	—
Subtotal.....	¥ 273,789	¥ 258,897
Total.....	¥20,599,844	¥22,351,635

- Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
2. "Others" include foreign bonds and foreign stocks.

Trading Assets and Liabilities

	Millions of yen							
	September 30							
	2007				2006			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading assets:	¥2,973,016	¥543,743	¥(25,365)	¥3,491,395	¥3,094,648	¥339,412	¥(29,471)	¥3,404,589
Trading securities	73,826	45,704	—	119,531	73,112	5,963	—	79,075
Derivatives of trading securities.....	2,698	—	—	2,698	624	—	—	624
Securities related to trading transactions.....	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions	7,488	—	—	7,488	3,624	—	—	3,624
Trading-related financial derivatives	1,851,866	498,039	(25,365)	2,324,539	1,932,777	333,449	(29,471)	2,236,755
Other trading assets	1,037,137	—	—	1,037,137	1,084,509	—	—	1,084,509
Trading liabilities:	¥1,682,167	¥508,295	¥(25,365)	¥2,165,097	¥1,632,027	¥329,768	¥(29,471)	¥1,932,323
Trading securities sold for short sales	8,186	7,038	—	15,225	23,155	3,087	—	26,242
Derivatives of trading securities.....	2,751	—	—	2,751	700	—	—	700
Securities related to trading transactions.....	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions	7,548	—	—	7,548	3,998	—	—	3,998
Trading-related financial derivatives	1,663,681	501,256	(25,365)	2,139,572	1,604,173	326,680	(29,471)	1,901,382
Other trading liabilities	—	—	—	—	—	—	—	—

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

2. Intersegment transactions are reported in "Elimination" column.

Capital (Nonconsolidated)

Sumitomo Mitsui Financial Group, Inc.

Capital Stock (as of September 30, 2007)

¥1,420,877 million

Number of Shares Issued

September 30, 2007	Number of shares issued
Common stock.....	7,733,653.77
Preferred stock (1st series Type 4).....	4,175
Preferred stock (2nd series Type 4).....	4,175
Preferred stock (3rd series Type 4).....	4,175
Preferred stock (4th series Type 4).....	4,175
Preferred stock (5th series Type 4).....	4,175
Preferred stock (6th series Type 4).....	4,175
Preferred stock (7th series Type 4).....	4,175
Preferred stock (8th series Type 4).....	4,175
Preferred stock (9th series Type 4).....	4,175
Preferred stock (10th series Type 4).....	4,175
Preferred stock (11th series Type 4).....	4,175
Preferred stock (12th series Type 4).....	4,175
Preferred stock (1st series Type 6).....	70,001
Total.....	<u>7,853,754.77</u>

Stock Exchange Listings

Tokyo Stock Exchange (First Section) / Osaka Securities Exchange (First Section) / Nagoya Stock Exchange (First Section)

Principal Shareholders

a. Common Stock

September 30, 2007 Shareholders	Number of shares	Percentage of shares outstanding
Japan Trustee Services Bank, Ltd. (Trust Account).....	436,897.00	5.64%
The Master Trust Bank of Japan, Ltd. (Trust account).....	415,998.00	5.37
The Chase Manhattan Bank N.A. London*.....	205,856.00	2.66
Nippon Life Insurance Company.....	154,667.42	1.99
State Street Bank and Trust Company 505103*.....	154,424.00	1.99
State Street Bank and Trust Company*.....	128,449.00	1.66
Japan Trustee Services Bank, Ltd. (Trust Account 4).....	111,995.00	1.44
Sumitomo Mitsui Banking Corporation.....	100,481.00	1.29
Hero and Company**.....	95,207.00	1.23
Mellon Bank N.A. as agent for its client Mellon Omnibus US Pension***.....	93,357.00	1.20
Total.....	<u>1,897,331.42</u>	<u>24.53%</u>

* Standing agent: Mizuho Corporate Bank, Ltd.'s Kabutocho Custody & Proxy Department within the Settlement & Clearing Services Division

** Standing agent: Sumitomo Mitsui Banking Corporation's Global Securities Business Department

*** Standing agent: The Hongkong and Shanghai Banking Corporation Limited's Tokyo Branch Custody Department

b. Preferred Stock (1st series Type 4)

September 30, 2007 Shareholder	Number of shares	Percentage of shares outstanding
The Goldman Sachs Group, Inc. (Standing agent: Goldman Sachs (Japan) Ltd.).....	<u>4,175</u>	<u>100.00%</u>

c. Preferred Stock (2nd series Type 4)

September 30, 2007 Shareholder	Number of shares	Percentage of shares outstanding
The Goldman Sachs Group, Inc. (Standing agent: Goldman Sachs (Japan) Ltd.).....	<u>4,175</u>	<u>100.00%</u>

d. Preferred Stock (3rd series Type 4)

September 30, 2007 Shareholder	Number of shares	Percentage of shares outstanding
The Goldman Sachs Group, Inc. (Standing agent: Goldman Sachs (Japan) Ltd.).....	<u>4,175</u>	<u>100.00%</u>

e. Preferred Stock (4th series Type 4)

September 30, 2007 Shareholder	Number of shares	Percentage of shares outstanding
The Goldman Sachs Group, Inc. (Standing agent: Goldman Sachs (Japan) Ltd.).....	<u>4,175</u>	<u>100.00%</u>

f. Preferred Stock (5th series Type 4)

September 30, 2007 Shareholder	Number of shares	Percentage of shares outstanding
GSSM Holding II Corp. (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

g. Preferred Stock (6th series Type 4)

September 30, 2007 Shareholder	Number of shares	Percentage of shares outstanding
GSSM Holding II Corp. (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

h. Preferred Stock (7th series Type 4)

September 30, 2007 Shareholder	Number of shares	Percentage of shares outstanding
GSSM Holding II Corp. (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

i. Preferred Stock (8th series Type 4)

September 30, 2007 Shareholder	Number of shares	Percentage of shares outstanding
GSSM Holding II Corp. (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

j. Preferred Stock (9th series Type 4)

September 30, 2007 Shareholder	Number of shares	Percentage of shares outstanding
GSSM Holding II Corp. (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

k. Preferred Stock (10th series Type 4)

September 30, 2007 Shareholder	Number of shares	Percentage of shares outstanding
GSSM Holding II Corp. (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

l. Preferred Stock (11th series Type 4)

September 30, 2007 Shareholder	Number of shares	Percentage of shares outstanding
GSSM Holding II Corp. (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

m. Preferred Stock (12th series Type 4)

September 30, 2007 Shareholder	Number of shares	Percentage of shares outstanding
GSSM Holding II Corp. (Standing agent: Goldman Sachs (Japan) Ltd.)	4,175	100.00%

n. Preferred Stock (1st series Type 6)

September 30, 2007 Shareholders	Number of shares	Percentage of shares outstanding
Sumitomo Life Insurance Company....	23,334	33.33%
Nippon Life Insurance Company	20,000	28.57
MITSUI LIFE INSURANCE COMPANY LIMITED	16,667	23.81
Mitsui Sumitomo Insurance Company, Limited.....	10,000	14.29
Total.....	70,001	100.00%

Notes: 1. The exercise of voting rights of Company shares held by Sumitomo Mitsui Banking Corporation is restricted, as stipulated in Article 67 of the enforcement regulations for the Company Law.

2. The following reports on shareholdings (including their amendment reports) were submitted to the authorities. However, as we could not confirm how many shares are in beneficial possession of the submitters as of September 30, 2007, we did not include them in the list of principal shareholders shown above. The contents of the reports are summarized as follows:

Submitters	Filing date	Number of shares*	Percentage of shares outstanding
Capital Research and Management Company.....	May 9, 2007	379,830	4.91%
AllianceBernstein L.P.	Sep. 21, 2007	413,431	5.35

* Includes shares held by co-shareholders.

Capital Ratio Information

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

The consolidated capital ratio at the end of March 2007 and thereafter is calculated using the method stipulated in “Standards for Bank Holding Company to Examine the Adequacy of Its Capital Based on Assets, etc. Held by It and Its Subsidiaries Pursuant to Article 52-25 of the Banking Law” (Notification 20 issued by the Japanese Financial Services Agency in 2006; hereinafter referred to as “the Notification”). The consolidated capital ratio at the end of March 2006 was calculated using the method stipulated in “Standards for Consolidated Capital Ratio Pursuant to Article 52-25 of the Banking Law” (Ordinance 62 issued by the Ministry of Finance in 1998; hereinafter referred to as “the Ordinance”).

In addition to the method stipulated in the Notification to calculate consolidated capital ratio (referred to as “First Standard” in the Notification), SMFG has adopted the foundation internal ratings-based approach for calculating credit risk-weighted asset amounts and implemented market risk controls.

“Capital Ratio Information” contains financial data as of March-end 2007 and September-end 2007 only as Basel II became effective from March 31, 2007. Further, the section was prepared based on the Notification and the terms and details in the section may differ from the terms and details in other sections of the Annual Report.

■ Scope of Consolidation

Companies Subject to Deduction from Capital with Capital below Basel II Required Amount and Total Shortfall Amount

Not applicable.

■ Capital Structure Information (Consolidated Capital Ratio (First Standard))

Regarding the calculation of consolidated capital ratio as of March 31, 2007, certain procedures were performed by KPMG AZSA & Co. pursuant to “Treatment of Inspection of Capital Ratio Calculation Framework Based on Agreed-Upon Procedures” (JICPA Industry Committee Report No. 30), and as of September 30, 2006, certain procedures were performed by KPMG AZSA & Co. pursuant to “Treatment of Inspection of Capital Ratio Calculation Framework by External Auditors Based on Practical Guidelines Concerning External Audit of Internal Controls of Financial Institutions” (JICPA Industry Audit Committee Report No. 30). The certain procedures performed by the external auditor are not part of the audit of consolidated financial statements. The certain procedures performed on our internal control framework for calculating the consolidated capital ratio are based on procedures agreed upon by SMFG and the external auditor and are not a validation of appropriateness of the consolidated capital ratio itself or opinion on the internal controls related to consolidated capital ratio calculation.

		Millions of yen		
		September 30		March 31
		2007	2006	2007
Tier I capital:	Capital stock.....	¥ 1,420,877	¥ 1,420,877	¥ 1,420,877
	Capital surplus	57,869	276,570	57,773
	Retained earnings	1,491,378	1,188,399	1,386,436
	Treasury stock.....	(123,855)	(50,178)	(123,454)
	Cash dividends to be paid	(44,806)	—	(66,619)
	Foreign currency translation adjustments	(8,428)	(47,909)	(30,656)
	Stock acquisition rights	27	4	14
	Minority interests	1,414,273	1,055,000	1,399,794
	Goodwill and others	(96,685)	(105,015)	(100,850)
	Gain on sale on securitization transactions.....	(41,372)	—	(40,057)
	Total Tier I capital (A)	4,069,277	3,737,747	3,903,257
Tier II capital:	Unrealized gains on other securities after 55% discount	693,073	629,087	825,432
	Land revaluation excess after 55% discount.....	39,163	39,709	39,367
	General reserve for possible loan losses	48,889	712,817	35,309
	Excess amount of provision	193,061	—	175,921
	Subordinated debt.....	2,507,177	2,595,141	2,564,195
	Total Tier II capital.....	3,481,365	3,976,755	3,640,226
	Tier II capital included as qualifying capital (B)	3,481,365	3,737,747	3,640,226
Deductions*:	(C)	738,262	630,601	690,759
Total qualifying capital:	(D) = (A) + (B) - (C)	¥ 6,812,380	¥ 6,844,893	¥ 6,852,723
Risk-adjusted assets:	On-balance sheet items	¥49,351,076	¥61,250,419	¥47,394,806
	Off-balance sheet items	10,487,217	6,304,295	8,713,413
	Market risk items	378,136	391,161	412,044
	Operational risk	4,034,689	—	4,020,082
	Total risk-adjusted assets (E).....	¥64,251,120	¥67,945,876	¥60,540,346
Tier I risk-adjusted capital ratio:	(A) / (E) x 100	6.33%	5.50%	6.44%
Total risk-adjusted capital ratio:	(D) / (E) x 100	10.60%	10.07%	11.31%
Required capital:	(E) x 8%	¥ 5,140,089	¥ —	¥ 4,843,227

* “Deductions” refers to deductions stipulated in Article 8-1 of the Notification (Article 7-1 of the Ordinance) and includes willful holding of securities issued by other financial institutions and securities stipulated in Clause 2 (Clause 2 of Article 7-1 of the Ordinance).

■ Capital Requirements

	Billions of yen	
	September 30, 2007	March 31, 2007
Capital requirements for credit risk:		
Internal ratings-based approach	¥5,383.9	¥5,155.6
Corporate exposures:	3,335.1	3,185.5
Corporate exposures (excluding specialized lending)	2,926.5	2,836.8
Sovereign exposures	61.2	42.8
Bank exposures	143.4	126.6
Specialized lending	204.0	179.3
Retail exposures:	784.2	763.6
Residential mortgage exposures	333.4	332.1
Qualifying revolving retail exposures	90.7	81.1
Other retail exposures	360.2	350.4
Equity exposures:	438.0	424.6
Grandfathered equity exposures	314.0	336.2
PD/LGD approach	48.9	35.7
Market-based approach	75.0	52.7
Simple risk weight method	64.8	52.7
Internal models method	10.2	—
Credit risk-weighted assets under Article 145 of the Notification	317.7	301.5
Securitization exposures	163.8	158.9
Other exposures	345.1	321.3
Standardized approach	586.0	487.1
Total capital requirements for credit risk	5,969.9	5,642.7
Capital requirements for market risk:		
Standardized measurement method	5.0	4.7
Interest rate risk	3.1	3.2
Equity position risk	1.0	0.6
Foreign exchange risk	0.9	0.9
Commodities risk	—	—
Options	—	—
Internal models method	25.2	28.2
Total capital requirements for market risk	30.3	33.0
Capital requirements for operational risk	322.8	321.6
Total amount of capital requirements	¥6,322.9	¥5,997.2

- Notes: 1. Capital requirements for credit risk are capital equivalent to “credit risk-weighted assets X 8%” under the standardized approach and “credit risk-weighted assets X 8% + expected loss amount” under the internal ratings-based approach. Regarding exposures to be deducted from capital, the deduction amount is added to the amount of required capital.
2. The above amounts are after credit risk mitigation.
3. “Securitization exposures” includes securitization exposures under the standardized approach.
4. “Other exposures” includes estimated lease residual values, purchased receivables and other assets.

■ Internal Ratings-Based (IRB) Approach

Exposures by Asset Class

(1) Corporate Exposures

A. Corporate, Sovereign and Bank Exposures

Portfolio

a. Domestic Corporate, Sovereign and Bank Exposures

	Billions of yen					
	Exposure amount			Weighted-average PD	Weighted-average LGD	Weighted-average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets			
September 30, 2007						
J1-J3	¥19,662.1	¥14,783.5	¥4,878.5	0.09%	44.79%	21.68%
J4-J6	13,603.7	10,677.8	2,925.9	1.12	41.52	69.44
J7 (excluding J7R)	2,018.1	1,814.0	204.1	11.20	41.03	167.75
Japanese government and local municipal corporations	10,780.2	10,736.7	43.4	0.00	44.96	0.47
Other	6,467.2	5,373.5	1,093.7	1.41	43.33	71.79
Default (J7R, J8-J10)	911.2	881.0	30.2	100.00	42.99	—
Total	¥53,442.4	¥44,266.6	¥9,175.8	—	—	—

	Billions of yen					
	Exposure amount			Weighted-average PD	Weighted-average LGD	Weighted-average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets			
March 31, 2007						
J1-J3	¥18,261.6	¥13,350.4	¥4,911.1	0.10%	44.97%	22.88%
J4-J6	14,378.6	11,355.4	3,023.2	0.84	41.78	63.13
J7 (excluding J7R)	1,978.0	1,759.6	218.4	10.67	40.63	161.66
Japanese government and local municipal corporations	10,983.0	10,875.2	107.8	0.00	44.70	0.46
Other	6,793.1	6,016.1	777.0	1.26	43.48	70.91
Default (J7R, J8-J10)	991.9	965.0	26.9	100.00	43.45	—
Total	¥53,386.2	¥44,321.7	¥9,064.5	—	—	—

Notes: 1. "Other" includes exposures guaranteed by credit guarantee corporations, exposures to public sector entities and voluntary organizations, and exposures to obligors not assigned obligor grades because they have yet to close their books (for example, newly established companies), as well as business loans and standardized SME loans of more than ¥100 million.

2. "LGD" stands for loss given default.

b. Overseas Corporate, Sovereign and Bank Exposures

	Billions of yen					
	Exposure amount			Weighted-average PD	Weighted-average LGD	Weighted-average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets			
September 30, 2007						
G1-G3	¥18,435.4	¥11,044.4	¥7,391.0	0.20%	42.06%	32.39%
G4-G6	957.1	725.2	231.8	1.89	44.59	111.40
G7 (excluding G7R)	144.3	68.7	75.5	27.01	44.64	241.75
Other	92.5	57.9	34.5	1.45	44.97	98.47
Default (G7R, G8-G10)	32.0	24.8	7.3	100.00	44.91	—
Total	¥19,661.2	¥11,921.1	¥7,740.1	—	—	—

	Billions of yen					
	Exposure amount			Weighted-average PD	Weighted-average LGD	Weighted-average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets			
March 31, 2007						
G1-G3	¥12,579.4	¥6,984.1	¥5,595.3	0.22%	43.73%	38.57%
G4-G6	670.4	478.4	192.0	1.71	44.66	105.65
G7 (excluding G7R)	152.0	71.5	80.5	27.13	44.89	251.83
Other	163.6	121.5	42.1	0.94	44.88	86.24
Default (G7R, G8-G10)	88.7	77.8	10.9	100.00	44.95	—
Total	¥13,654.1	¥7,733.3	¥5,920.8	—	—	—

Note: "Other" includes exposures to obligors not assigned obligor grades because they have yet to close their books (for example, newly established companies).

B. Specialized Lending (SL)

Portfolio

a. Project Finance, Object Finance and IPRE

	Risk weight	Billions of yen					
		September 30, 2007			March 31, 2007		
		Project finance	Object finance	IPRE	Project finance	Object finance	IPRE
Strong:							
Residual term less than 2.5 years	50%	¥109.1	¥ 3.6	¥ 410.7	¥100.4	¥ 3.2	¥ 274.6
Residual term 2.5 years or more	70%	589.5	76.8	662.9	435.9	64.8	695.7
Good:							
Residual term less than 2.5 years	70%	38.6	1.7	47.6	34.8	1.0	44.7
Residual term 2.5 years or more	90%	197.9	18.1	126.9	146.8	10.0	105.0
Satisfactory	115%	30.4	7.7	29.9	31.4	9.0	56.4
Weak	250%	11.5	7.7	6.7	22.7	8.2	1.5
Default	—	5.8	3.1	—	3.6	—	—
Total		¥982.9	¥118.6	¥1,284.7	¥775.6	¥96.3	¥1,177.9

b. HVCRE

	Risk weight	Billions of yen	
		September 30, 2007	March 31, 2007
Strong:			
Residual term less than 2.5 years	70%	¥ 3.8	¥ 5.9
Residual term 2.5 years or more	95%	0.8	5.6
Good:			
Residual term less than 2.5 years	95%	93.5	86.8
Residual term 2.5 years or more	120%	86.7	46.4
Satisfactory	140%	163.1	162.0
Weak	250%	4.3	—
Default	—	—	—
Total		¥352.3	¥306.7

(2) Retail Exposures

A. Residential Mortgage Exposures

Portfolio

	Billions of yen					
	Exposure amount			Weighted-average PD	Weighted-average LGD	Weighted-average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets			
September 30, 2007						
Mortgage loans						
PD segment:						
Not delinquent						
Use model	¥8,914.9	¥8,816.2	¥ 98.7	0.32%	45.95%	25.09%
Other	877.3	877.3	—	0.61	67.04	67.68
Delinquent	54.0	46.8	7.2	25.42	50.24	281.07
Default	117.5	116.7	0.8	100.00	46.11	25.03
Total	¥9,963.7	¥9,857.0	¥106.7	—	—	—

	Billions of yen					
	Exposure amount			Weighted-average PD	Weighted-average LGD	Weighted-average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets			
March 31, 2007						
Mortgage loans						
PD segment:						
Not delinquent						
Use model	¥8,925.2	¥8,818.8	¥106.4	0.32%	45.91%	25.11%
Other	915.3	915.3	—	0.62	70.60	67.60
Delinquent	39.1	31.9	7.3	26.34	51.49	287.54
Default	119.3	116.7	2.6	100.00	46.09	26.54
Total	¥9,998.9	¥9,882.7	¥116.2	—	—	—

Notes: 1. "Delinquent" loans are past due loans and loans to obligors categorized as "Borrowers Requiring Caution" that do not satisfy the definition of default stipulated in the Notification.

2. "Other" includes loans guaranteed by employers.

B. Qualifying Revolving Retail Exposures (QRRE)

Portfolio

September 30, 2007	Billions of yen								
	Exposure amount			Off-balance sheet assets	Undrawn amount	Average CCF	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight
	Total	On-balance sheet assets Balance	Increase						
Card loans									
PD segment:									
Not delinquent...	¥ 438.2	¥ 372.6	¥ 65.6	¥—	¥ 145.9	44.98%	2.60%	79.53%	62.07%
Delinquent.....	38.3	37.2	1.1	—	4.4	25.20	9.27	81.98	120.53
Credit card balances									
PD segment:									
Not delinquent...	944.2	626.5	317.7	—	3,676.7	8.64	1.15	79.82	26.83
Delinquent.....	6.6	5.4	1.2	—	—	—	74.69	82.52	139.25
Default	18.7	16.0	2.8	—	—	—	100.00	82.55	48.93
Total.....	¥1,446.0	¥1,057.6	¥388.4	¥—	¥3,827.0	—	—	—	—

March 31, 2007	Billions of yen								
	Exposure amount			Off-balance sheet assets	Undrawn amount	Average CCF	Weighted-average PD	Weighted-average LGD	Weighted-average risk weight
	Total	On-balance sheet assets Balance	Increase						
Card loans									
PD segment:									
Not delinquent...	¥ 430.4	¥ 356.3	¥ 74.1	¥—	¥ 141.8	52.24%	2.45%	79.11%	58.93%
Delinquent.....	29.9	29.2	0.7	—	4.3	15.33	9.81	81.16	126.30
Credit card balances									
PD segment:									
Not delinquent...	904.3	599.4	305.0	—	3,497.3	8.72	1.09	80.49	26.27
Delinquent.....	6.0	4.9	1.1	—	—	—	71.46	83.42	152.96
Default	14.4	12.3	2.2	—	—	—	100.00	83.22	48.93
Total.....	¥1,385.1	¥1,002.1	¥383.0	¥—	¥3,643.4	—	—	—	—

Notes: 1. On-balance sheet exposure amount is estimated by estimating the amount of increase in each transaction balance and not by multiplying the undrawn amount by CCF (credit conversion factor).

2. "Average CCF" is "on-balance sheet exposure amount ÷ undrawn amount" and provided for reference only. It is not used for estimating on-balance sheet exposure amounts.

3. Past due loans of less than three months are recorded in "delinquent."

C. Other Retail Exposures

Portfolio

September 30, 2007	Billions of yen					
	Exposure amount			Weighted-average PD	Weighted-average LGD	Weighted-average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets			
Business loans						
PD segment:						
Not delinquent						
Use model	¥1,705.7	¥1,683.9	¥21.8	1.66%	62.18%	63.36%
Other	221.0	220.8	0.2	1.34	56.58	58.09
Delinquent	329.1	325.5	3.5	11.08	62.32	100.03
Consumer loans						
PD segment:						
Not delinquent						
Use model	387.5	369.5	18.1	1.55	51.33	46.16
Other	206.8	204.6	2.2	1.63	59.73	71.78
Delinquent	38.8	38.5	0.3	25.04	48.88	115.25
Default	221.4	221.1	0.4	100.00	59.90	48.44
Total.....	¥3,110.4	¥3,064.0	¥46.4	—	—	—

	Billions of yen			Weighted-average PD	Weighted-average LGD	Weighted-average risk weight
	Exposure amount					
March 31, 2007	Total	On-balance sheet assets	Off-balance sheet assets			
Business loans						
PD segment:						
Not delinquent						
Use model	¥1,805.5	¥1,790.1	¥15.4	1.82%	60.42%	64.34%
Other	208.7	208.7	0.0	1.78	53.09	62.24
Delinquent	352.2	348.5	3.7	10.99	60.21	98.65
Consumer loans						
PD segment:						
Not delinquent						
Use model	370.1	356.3	13.8	1.47	45.11	51.30
Other	249.3	247.1	2.3	1.76	66.29	64.45
Delinquent	37.2	36.9	0.3	23.10	49.81	116.06
Default	195.8	184.0	11.8	100.00	56.46	44.71
Total	¥3,218.8	¥3,171.5	¥47.3	—	—	—

Notes: 1. "Business loans" includes apartment construction loans and standardized SME loans.
2. "Delinquent" loans are past due loans and loans to obligors categorized as "Borrowers Requiring Caution" that do not satisfy the definition of default stipulated in the Notification.
3. "Other" includes loans guaranteed by employers.

(3) Equity Exposures and Credit Risk-Weighted Assets under Article 145 of the Notification

A. Equity Exposures

Portfolio

a. Equity Exposure Amounts

	Billions of yen	
	September 30, 2007	March 31, 2007
Market-based approach	¥ 256.7	¥ 166.8
Simple risk weight method	208.7	166.8
Listed equities (300%)	70.4	45.6
Unlisted equities (400%)	138.2	121.2
Internal models method	48.0	—
PD/LGD approach	391.1	367.5
Grandfathered equity exposures	3,703.1	3,965.0
Total	¥4,350.9	¥4,499.3

Notes: 1. The above exposures are equity exposures stipulated in the Notification and differ from "stocks" described in the consolidated financial statements.
2. "Grandfathered equity exposures" amount was calculated in accordance with Supplementary Provision No. 15 of the Notification.

b. PD/LGD Approach

	Billions of yen					
	September 30, 2007			March 31, 2007		
	Exposure amount	Weighted-average PD	Weighted-average risk weight	Exposure amount	Weighted-average PD	Weighted-average risk weight
J1-J3	¥343.7	0.05%	104%	¥350.0	0.05%	105%
J4-J6	11.2	0.55	188	8.9	0.47	176
J7 (excluding J7R)	36.0	9.88	442	4.4	9.30	432
Other	0.2	0.58	138	4.2	2.24	275
Default (J7R, J8-J10)	—	—	—	0.0	100.00	—
Total	¥391.1	—	—	¥367.5	—	—

Notes: 1. The above exposures are "equity exposures" stipulated in the Notification to which the PD/LGD approach is applied and differ from "stocks" of consolidated financial statements.
2. "Other" includes exposures to public sector entities.

B. Credit Risk-Weighted Assets under Article 145 of the Notification

Portfolio

	Billions of yen	
	September 30, 2007	March 31, 2007
Exposures under Article 145 of the Notification	¥1,659.6	¥1,896.2

(4) Securitization Exposures

Portfolio

(A) Securitization Transactions as Originator

a. As Originator (excluding as Sponsor)

(a) Underlying Assets

	Billions of yen						
	September 30, 2007			First half of fiscal 2007			
	Underlying asset amount			Securitized amount	Default amount	Loss amount	Gains/losses on sales
Total	Asset transfer type	Synthetic type					
Claims on corporates	¥ 364.8	¥ 120.4	¥244.3	¥374.3	¥ 8.2	¥0.2	¥ —
Mortgage loans.....	1,662.1	1,662.1	—	166.0	0.2	0.0	7.1
Retail loans (excluding mortgage loans)	569.0	92.7	476.4	123.2	30.0	2.2	—
Other claims	183.1	7.4	175.8	91.1	0.2	0.1	—
Total	¥2,779.0	¥1,882.5	¥896.4	¥754.6	¥38.6	¥2.5	¥7.1

	Billions of yen						
	March 31, 2007			Fiscal 2006			
	Underlying asset amount			Securitized amount	Default amount	Loss amount	Gains/losses on sales
Total	Asset transfer type	Synthetic type					
Claims on corporates	¥ 330.2	¥ 181.5	¥148.7	¥ 520.5	¥13.3	¥4.3	¥ —
Mortgage loans.....	1,550.9	1,550.9	—	789.7	0.3	0.0	26.8
Retail loans (excluding mortgage loans)	450.4	—	450.4	341.2	20.1	2.1	—
Other claims	174.7	5.9	168.8	0.4	0.0	0.2	—
Total	¥2,506.3	¥1,738.4	¥768.0	¥1,651.7	¥33.7	¥6.6	¥26.8

- Notes: 1. The above amounts include the amount of underlying assets securitized during the term without entailing securitization exposure.
2. "Default amount" is the total of underlying assets which are past due three months or more and defaulted underlying assets.
3. There were no securitization exposures subject to early amortization provision.
4. There were no credit risk-weighted assets calculated using Supplementary Provision 15 of the Notification.
5. "Other claims" includes claims on PFI (Private Finance Initiative) businesses and lease fees.

(b) Securitization Exposures

i. Underlying Assets by Asset Type

	Billions of yen					
	September 30, 2007			March 31, 2007		
	Term-end balance	To be deducted from capital	Increase in capital equivalent	Term-end balance	To be deducted from capital	Increase in capital equivalent
Claims on corporates.....	¥231.6	¥16.7	¥ —	¥183.4	¥ 1.7	¥ —
Mortgage loans.....	157.7	32.5	41.4	142.7	29.9	40.1
Retail loans (excluding mortgage loans)	96.7	12.7	—	111.1	6.8	—
Other claims.....	89.3	7.1	—	8.4	8.4	—
Total	¥575.3	¥69.0	¥41.4	¥445.6	¥46.7	¥40.1

ii. Risk Weights

	Billions of yen			
	September 30, 2007		March 31, 2007	
	Term-end balance	Required capital	Term-end balance	Required capital
20% or less	¥278.9	¥ 2.2	¥175.1	¥ 1.2
100% or less.....	—	—	76.7	1.0
650% or less.....	2.0	0.7	2.0	0.7
Less than 1250%.....	—	—	—	—
Capital deduction.....	294.4	69.0	191.8	46.7
Total	¥575.3	¥71.9	¥445.6	¥49.6

b. As Sponsor

(a) Underlying Assets

	Billions of yen					
	September 30, 2007			First half of fiscal 2007		
	Underlying asset amount					
	Total	Asset transfer type	Synthetic type	Securitized amount	Default amount	Loss amount
Claims on corporates	¥ 882.4	¥ 882.4	¥—	¥3,148.4	¥104.4	¥102.8
Mortgage loans	4.2	4.2	—	—	—	—
Retail loans (excluding mortgage loans)	52.1	52.1	—	—	0.3	0.7
Other claims	124.1	124.1	—	260.1	0.5	0.2
Total	¥1,062.8	¥1,062.8	¥—	¥3,408.5	¥105.2	¥103.6

	Billions of yen					
	March 31, 2007			Fiscal 2006		
	Underlying asset amount					
	Total	Asset transfer type	Synthetic type	Securitized amount	Default amount	Loss amount
Claims on corporates	¥1,014.3	¥1,014.3	¥—	¥5,898.5	¥206.0	¥204.8
Mortgage loans	—	—	—	—	—	—
Retail loans (excluding mortgage loans)	37.1	37.1	—	0.5	0.0	0.0
Other claims	124.2	124.2	—	175.0	1.5	1.3
Total	¥1,175.6	¥1,175.6	¥—	¥6,074.0	¥207.5	¥206.0

- Notes: 1. The above amounts include the amount of underlying assets securitized during the term without entailing securitization exposure.
2. "Default amount" is the amount of defaulted underlying assets and those past due three months or more.
3. "Default amount" and "loss amount" when acting as a sponsor of securitization of customer claims are estimated using the following methods and alternative data are used as it is difficult to obtain relevant data in a timely manner because the underlying assets are recovered by the customer.
(1) "Default amount" estimation method
• For securitization transactions subject to the external ratings-based approach, the amount is estimated based on information on underlying assets obtainable from customers, etc.
• For securitization transactions subject to supervisory formula, the amount is estimated based on obtainable information on, or default rate of, each obligor. Further, when it is difficult to estimate the amount using either method, it is conservatively estimated by assuming that the underlying asset is a default asset.
(2) "Loss amount" estimation method
• For securitization transactions subject to the external ratings-based approach, the amount is the same amount as the default amount estimated conservatively in (1) above.
• For securitization transactions subject to supervisory formula, when expected loss ratios of defaulted underlying assets can be determined, the amount is estimated using the ratios. When it is difficult to determine the ratios, the amount is the same amount as the default amount estimated in (1) above.
4. "Other claims" includes lease fees.
5. There were no securitization exposures subject to early amortization provision.
6. There were no credit risk-weighted assets calculated using Supplementary Provision 15 of the Notification.

(b) Securitization Exposures

i. Underlying Assets by Asset Type

	Billions of yen					
	September 30, 2007			March 31, 2007		
	Term-end balance	To be deducted from capital	Increase in capital equivalent	Term-end balance	To be deducted from capital	Increase in capital equivalent
Claims on corporates	¥719.6	¥2.6	¥—	¥807.7	¥13.1	¥—
Mortgage loans	4.2	—	—	—	—	—
Retail loans (excluding mortgage loans)	52.1	—	—	37.1	—	—
Other claims	94.8	—	—	100.3	—	—
Total	¥870.7	¥2.6	¥—	¥945.1	¥13.1	¥—

Note: "Other claims" includes lease fees.

ii. Risk Weights

	Billions of yen			
	September 30, 2007		March 31, 2007	
	Term-end balance	Required capital	Term-end balance	Required capital
20% or less	¥739.8	¥ 5.0	¥809.4	¥ 5.6
100% or less	128.4	4.0	103.1	3.7
650% or less	—	—	18.9	2.4
Less than 1250%	—	—	—	—
Capital deduction	2.6	2.6	13.7	13.1
Total	¥870.7	¥11.6	¥945.1	¥24.9

(B) Securitization Transactions in which the Group is the Investor

Securitization Exposures

(a) Underlying Assets by Asset Type

	Billions of yen					
	September 30, 2007			March 31, 2007		
	Term-end balance	To be deducted from capital	Increase in capital equivalent	Term-end balance	To be deducted from capital	Increase in capital equivalent
Claims on corporates.....	¥308.0	¥70.7	¥—	¥301.6	¥76.9	¥—
Mortgage loans.....	37.2	—	—	379.3	—	—
Retail loans (excluding mortgage loans).....	17.2	—	—	17.8	—	—
Other claims.....	58.1	4.5	—	124.0	1.3	—
Total.....	¥420.6	¥75.2	¥—	¥822.8	¥78.2	¥—

Notes: 1. "Other claims" includes securitization products.

2. There were no credit risk-weighted assets calculated using Supplementary Provision 15 of the Notification.

(b) Risk Weights

	Billions of yen			
	September 30, 2007		March 31, 2007	
	Term-end balance	Required capital	Term-end balance	Required capital
20% or less.....	¥318.7	¥ 2.4	¥668.5	¥ 4.7
100% or less.....	16.3	1.0	26.2	1.6
650% or less.....	10.4	1.6	—	—
Less than 1250%.....	—	—	—	—
Capital deduction.....	75.2	75.2	128.1	78.2
Total.....	¥420.6	¥80.2	¥822.8	¥84.4

(5) Analysis of Actual Losses

A. Year-On-Year Comparison of Actual Losses

SMFG recorded total credit cost of ¥143.1 billion on a consolidated basis for the first half of fiscal 2007, a year-on-year increase of ¥85.1 billion.

SMBC recorded ¥114.2 billion in total credit cost on a nonconsolidated basis for the first half of fiscal 2007, a year-on-year increase of ¥81.0 billion. In terms of exposure category, the credit cost for corporate exposures increased ¥69.4 billion year on year to ¥61.9 billion (versus a net gain of ¥7.5 billion in the previous first half resulting from a reversal of reserve for possible loan losses). The increase was attributable mainly to a decrease in reversal of reserve for possible loan losses. Credit cost for other retail exposures increased ¥4.4 billion to ¥23.6 billion, mainly due to higher default rates.

Total Credit Cost (Notes 1, 2 and 3)

	Billions of yen					
	First half of fiscal 2007 (A)	First half of fiscal 2006 (B)	(A) - (B)	First half of fiscal 2005	Fiscal 2006	Fiscal 2005
SMFG (consolidated) total.....	¥143.1	¥58.0	¥85.1	¥176.5	¥145.0	¥302.0
SMBC (consolidated) total.....	131.5	47.9	83.6	162.7	122.9	275.0
SMBC (nonconsolidated) total.....	114.2	33.2	81.0	129.7	89.5	230.9
Corporate exposures.....	61.9	(7.5)	69.4	86.5	58.7	49.1
Sovereign and bank exposures.....	0.1	0.7	(0.7)	(1.1)	(0.7)	(0.4)
Residential mortgage exposures (Note 4).....	(0.0)	0.3	(0.3)	0.2	0.5	(0.1)
QRRE (Note 4).....	0.0	(0.1)	0.1	0.7	(0.1)	0.7
Other retail exposures.....	23.6	19.2	4.4	16.5	43.9	33.6

Notes: 1. The above amounts do not include gains/losses on equity exposures, exposures on capital market-driven transactions (such as bonds) and exposures under Article 145 of the Notification that were recognized as gains/losses on bonds and stocks in the income statement.

2. Exposure category amounts do not include general provisions for Normal Borrowers.

3. Bracketed fiscal year amount indicates gains generated by reversal of provisions, etc.

4. Credit costs for residential mortgages and QRRE guaranteed by consolidated subsidiaries are not included in the total credit cost of SMBC (nonconsolidated).

B. Comparison of Estimated and Actual Losses

	Billions of yen		
	Estimated loss amounts (Note 1)	After deduction of reserves (Note 2)	First half of fiscal 2007 Actual loss amounts
SMFG (consolidated) total.....	¥ —	¥ —	¥143.1
SMBC (consolidated) total.....	—	—	131.5
SMBC (nonconsolidated) total.....	741.1	164.8	114.2
Corporate exposures.....	637.4	111.5	61.9
Sovereign and bank exposures.....	10.8	9.0	0.1
Residential mortgage exposures.....	4.5	4.0	(0.0)
QRRE.....	0.1	0.1	0.0
Other retail exposures.....	88.3	53.3	23.6

Notes: 1. Representing the estimated loss amount at the end of fiscal 2006. Amounts on consumer loans guaranteed by SMBC's consolidated subsidiaries or its affiliates as well as on equity exposures and other exposures subject to Article 145 of the Notification are excluded.

2. Representing the estimated loss amount after deduction of specific reserves for possible losses on substandard loans or below.

■ Standardized Approach

Exposure Balance by Risk Weight Segment

	Billions of yen			
	September 30, 2007		March 31, 2007	
		Assigned country risk score		Assigned country risk score
0%.....	¥ 1,297.9	¥ 76.3	¥1,078.7	¥ 83.7
10%.....	553.8	—	562.3	—
20%.....	643.1	313.2	574.4	261.9
35%.....	1,296.5	—	1,247.5	—
50%.....	141.3	0.8	97.7	1.9
75%.....	1,874.2	—	643.5	—
100%.....	5,260.7	0.1	5,128.1	0.4
150%.....	24.1	—	16.6	—
Total.....	¥11,091.7	¥390.4	¥9,348.9	¥348.0

Notes: 1. The above amounts are exposures amounts after credit risk mitigation (before deduction of direct write-offs).

2. Securitization exposures are not included.

■ Credit Risk Mitigation Techniques

Exposure Balance after CRM

	Billions of yen			
	September 30, 2007		March 31, 2007	
	Eligible financial collateral	Eligible real estate collateral	Eligible financial collateral	Eligible real estate collateral
Foundation IRB approach.....	¥2,091.7	¥2,765.6	¥2,325.5	¥2,661.4
Corporate exposures.....	795.5	2,764.1	1,675.0	2,660.2
Sovereign exposures.....	0.1	1.4	0.1	1.2
Bank exposures.....	1,296.0	0.1	650.4	0.1
Standardized approach.....	138.2	—	133.4	—
Total.....	¥2,229.9	¥2,765.6	¥2,458.9	¥2,661.4

	Billions of yen			
	September 30, 2007		March 31, 2007	
	Guarantee	Credit derivative	Guarantee	Credit derivative
Foundation IRB approach.....	¥4,112.7	¥293.5	¥3,659.7	¥226.0
Corporate exposures.....	3,417.8	293.5	3,044.9	226.0
Sovereign exposures.....	63.0	—	58.3	—
Bank exposures.....	376.8	—	294.8	—
Residential mortgage exposures.....	254.5	—	261.3	—
QRRE.....	—	—	—	—
Other retail exposures.....	0.6	—	0.4	—
Standardized approach.....	84.2	—	90.2	—
Total.....	¥4,197.0	¥293.5	¥3,749.9	¥226.0

■ Derivative Transactions

Credit Equivalent Amounts

(1) Derivative Transactions

A. Calculation Method

Current exposure method

B. Credit Equivalent Amounts

	Billions of yen	
	September 30, 2007	March 31, 2007
Gross replacement cost	¥3,124.4	¥2,901.8
Gross add-on amount.....	3,989.5	3,931.1
Gross credit equivalent amount.....	7,113.9	6,832.9
Foreign exchange related transactions	3,150.1	2,932.7
Interest rate related transactions.....	3,648.8	3,616.1
Gold related transactions	—	—
Equities related transactions	2.1	2.3
Precious metals (excluding gold) related transactions	—	—
Other commodity related transactions	248.1	265.1
Credit default swaps.....	64.8	16.7
Reduction in credit equivalent amount due to netting	3,556.1	3,253.1
Net credit equivalent amount.....	3,557.7	3,579.8
Collateral amount	138.7	216.6
Qualifying financial collateral	50.1	122.7
Qualifying real estate collateral	88.6	93.9
Net credit equivalent amount (after taking into account credit risk mitigation effect of collateral).....	¥3,557.7	¥3,579.8

Note: Net credit equivalent amount was the same before and after taking into account the CRM effect of collateral as the foundation IRB approach and simple approach of the standardized approach have been adopted.

(2) Notional Principal Amounts of Credit Derivatives

	Billions of yen			
	September 30, 2007		March 31, 2007	
	Notional principal amount	Of which for CRM	Notional principal amount	Of which for CRM
Protection purchased.....	¥1,538.0	¥293.5	¥1,260.4	¥226.0
Protection provided.....	1,266.5	—	1,067.4	—

Note: The “notional principal amount” is defined as the total of “amounts subject to calculation of credit equivalents” and “amounts employed for CRM.”

■ Market Risk

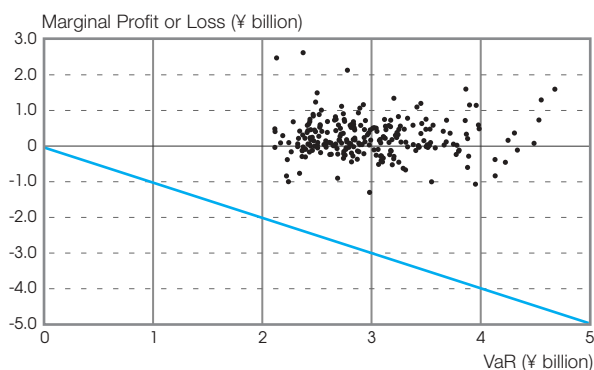
1. VaR Results (Trading Book)

	Billions of yen	
	First half of fiscal 2007	Fiscal 2006
June 30	¥3.0	¥2.1
September 30	2.2	2.9
December 31	—	3.1
March 31	—	2.9
Maximum	¥4.3	¥4.7
Minimum	2.1	2.1
Average	2.9	2.9

Notes: 1. The VaR results for a one-day holding period with a one-sided confidence interval of 99.0%, computed daily using historical simulation based on data collected over a four-year period.
 2. Figures for the trading book exclude specific risks.
 3. The VaR model for the trading book includes principal consolidated subsidiaries.

2. Back-Testing Result (Trading Book)

The results of back-testing for the one-year period from October 2006 to September 2007 are shown below. Actual loss amounts during the said period did not exceed the predicted VaR results.



Note: A data point below the diagonal line indicates a loss in excess of the predicted VaR for that day.

■ Equity Exposures in Banking Book

1. Consolidated Balance Sheet Amounts and Fair Values

	Billions of yen			
	September 30, 2007		March 31, 2007	
	Balance sheet amount	Fair value	Balance sheet amount	Fair value
Listed equity exposures	¥3,626.2	¥3,626.2	¥3,980.3	¥3,980.3
Stocks of subsidiaries and affiliates and equity exposures other than above	519.2	—	519.0	—
Total	¥4,145.4	¥ —	¥4,499.3	¥ —

2. Gains (Losses) on Sale and Devaluation of Stocks of Subsidiaries and Affiliates and Equity Exposures

	Billions of yen	
	First half of fiscal 2007	Fiscal 2006
Gains (losses)	¥(47.4)	¥44.7
Gains on sale	14.3	62.8
Losses on sale	1.4	1.5
Devaluation	60.4	16.6

Note: The above amounts are "gains (losses) on stocks and other securities" in the consolidated statements of income.

3. Unrealized Gains (Losses) Recognized on Consolidated Balance Sheet but Not on Consolidated Statements of Income

	Billions of yen	
	September 30, 2007	March 31, 2007
Unrealized gains (losses) recognized on consolidated balance sheet but not on consolidated statements of income	¥1,738.0	¥1,982.6

Note: The above amount is for stocks of Japanese companies and foreign stocks with market prices.

4. Unrealized Gains (Losses) Not Recognized on Consolidated Balance Sheet or Consolidated Statements of Income

	Billions of yen	
	September 30, 2007	March 31, 2007
Unrealized gains (losses) not recognized on consolidated balance sheet or consolidated statements of income	¥(23.3)	¥65.7

Note: The above amount is for stocks of affiliates with market prices.

■ Interest Rate Risk in Banking Book

VaR Results

	Billions of yen	
	First half of fiscal 2007	Fiscal 2006
June 30	¥33.7	¥57.0
September 30	27.6	42.8
December 31	—	47.1
March 31	—	47.6
Maximum	¥59.3	¥78.9
Minimum	20.9	36.8
Average	35.8	51.6

Notes: 1. The VaR results for a one-day holding period with a one-sided confidence interval of 99.0%, computed daily using historical simulation based on data collected over a four-year period.

2. Includes principal consolidated subsidiaries.

Outlier Framework (Sumitomo Mitsui Banking Corporation and Subsidiaries)

In the event the economic value of a bank declines by more than 20% of the sum of Tier I and Tier II capital (“outlier ratio”) as a result of a standardized interest rate shock (200 basis points) or its equivalent, the bank falls into the category of “outlier bank,” as stipulated in the Basel II framework.

As of September 30, 2007, the outlier ratio of SMBC was 3.7%, which is substantially below the maximum ratio of 20%.

	Billions of yen	
	September 30, 2007 Decline in economic value	March 31, 2007 Decline in economic value
Impact of yen interest rate	¥170.6	¥119.7
Impact of US dollar interest rate	86.7	33.6
Impact of Euro interest rate	6.9	3.4
Total	¥284.4	¥165.8
Total / Tier I + Tier II	3.7%	2.1%

Note: “Decline in economic value” is the decline of present value after a standardized interest rate shock (1st and 99th percentile of observed interest rate changes using a 1 year holding period and 5 years of observations).

■ Exposure Balance by Type of Assets, Geographic Region, Industry and Residual Term

1. Exposure Balance by Type of Assets, Geographic Region and Industry

September 30, 2007	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Other	Total
Domestic operations (excluding offshore banking accounts)					
Manufacturing.....	¥ 8,191.9	¥ 125.8	¥ 415.2	¥ 2,719.0	¥ 11,451.9
Agriculture, forestry, fishery and mining.....	180.3	0.1	9.3	64.2	253.8
Construction.....	1,696.5	51.1	11.1	162.2	1,920.9
Transport, information, communications and utilities....	3,884.6	129.2	103.1	787.6	4,904.6
Wholesale and retail.....	6,571.4	53.1	429.4	683.9	7,737.9
Financial and insurance.....	9,002.1	1,008.7	1,257.2	268.9	11,537.0
Real estate.....	8,419.1	120.8	36.0	254.6	8,830.5
Services.....	6,629.2	61.3	72.9	546.2	7,309.6
Local municipal corporations.....	1,219.4	637.7	2.0	3.6	1,862.7
Other industries.....	20,683.4	9,008.4	86.0	4,590.8	34,368.6
Subtotal.....	¥66,478.0	¥11,196.4	¥2,422.2	¥10,081.0	¥ 90,177.6
Overseas operations and offshore banking accounts					
Sovereigns.....	¥ 250.3	¥ 337.6	¥ 10.3	¥ —	¥ 598.1
Financial institutions.....	4,682.1	340.3	814.5	0.0	5,836.9
C&I companies.....	9,802.4	159.1	286.8	—	10,248.3
Others.....	3,146.2	319.6	24.0	366.3	3,856.1
Subtotal.....	¥17,881.0	¥ 1,156.5	¥1,135.6	¥ 366.3	¥ 20,539.4
Total.....	¥84,359.0	¥12,352.9	¥3,557.7	¥10,447.4	¥110,717.0

March 31, 2007	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Other	Total
Domestic operations (excluding offshore banking accounts)					
Manufacturing.....	¥ 8,135.7	¥ 132.7	¥ 400.5	¥2,846.4	¥ 11,515.2
Agriculture, forestry, fishery and mining.....	179.1	1.1	9.0	66.7	255.9
Construction.....	1,772.1	57.9	14.6	185.3	2,029.8
Transport, information, communications and utilities....	3,793.9	137.7	97.7	880.6	4,909.9
Wholesale and retail.....	6,982.3	64.3	433.6	685.1	8,165.2
Financial and insurance.....	7,593.2	1,275.2	1,217.3	322.3	10,408.0
Real estate.....	8,766.4	89.1	40.0	262.0	9,157.5
Services.....	7,010.9	65.6	87.5	515.1	7,679.1
Local municipal corporations.....	1,133.8	750.2	1.1	2.6	1,887.7
Other industries.....	18,412.1	7,912.8	160.7	3,771.8	30,257.3
Subtotal.....	¥63,779.4	¥10,486.5	¥2,461.9	¥9,537.9	¥ 86,265.7
Overseas operations and offshore banking accounts					
Sovereigns.....	¥ 315.8	¥ 82.5	¥ 8.4	¥ —	¥ 406.6
Financial institutions.....	2,473.8	243.9	805.3	0.0	3,523.0
C&I companies.....	8,964.0	258.8	263.0	—	9,485.7
Others.....	2,075.2	350.4	41.3	293.8	2,760.7
Subtotal.....	¥13,828.8	¥ 935.5	¥1,117.9	¥ 293.8	¥ 16,176.0
Total.....	¥77,608.2	¥11,422.0	¥3,579.8	¥9,831.6	¥102,441.7

Notes: 1. The above amounts are exposure amounts after credit risk mitigation.

2. The above amounts do not include securitization exposures and credit risk-weighted assets under Article 145 of the Notification.

3. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

4. "Loans, etc." includes loans, commitments and off-balance sheet assets except other derivatives, and "Other" includes equity exposures and standardized approach applied funds.

2. Exposure Balance by Residual Term

September 30, 2007	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Other	Total
To 1 year	¥26,649.6	¥ 3,148.0	¥ 414.6	¥ 233.3	¥ 30,445.5
More than 1 year to 3 years.....	12,852.4	1,943.3	1,329.1	511.0	16,635.9
More than 3 years to 5 years.....	13,009.9	1,938.7	986.6	621.5	16,556.7
More than 5 years to 7 years.....	4,635.5	1,054.3	384.7	180.6	6,255.1
More than 7 years	20,366.1	4,268.5	442.8	127.8	25,205.1
No fixed maturity.....	6,845.5	—	—	8,773.1	15,618.7
Total.....	¥84,359.0	¥12,352.9	¥3,557.7	¥10,447.4	¥110,717.0

March 31, 2007	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Other	Total
To 1 year	¥22,237.0	¥ 3,747.2	¥ 389.4	¥ 176.6	¥ 26,550.3
More than 1 year to 3 years.....	11,762.0	1,628.6	1,232.6	503.0	15,126.2
More than 3 years to 5 years.....	11,734.2	1,451.8	1,058.7	621.5	14,866.1
More than 5 years to 7 years.....	4,508.1	1,382.4	431.9	162.9	6,485.3
More than 7 years	20,365.9	3,212.1	467.2	110.4	24,155.7
No fixed maturity.....	7,000.9	—	—	8,257.2	15,258.2
Total.....	¥77,608.2	¥11,422.0	¥3,579.8	¥9,831.6	¥102,441.7

- Notes: 1. The above amounts are exposure amounts after credit risk mitigation.
 2. The above amounts do not include securitization exposures and credit risk-weighted assets under Article 145 of the Notification.
 3. "Loans, etc." includes loans, commitments and off-balance sheet assets except other derivatives, and "Other" includes equity exposures and standardized approach applied funds.
 4. "No fixed maturity" includes exposures not classified by residual term.

3. Term-end Balance of Exposures Past Due 3 Months or More or Defaulted and Their Breakdown

(1) By Geographic Region

	Billions of yen	
	September 30, 2007	March 31, 2007
Domestic operations (excluding offshore banking accounts)	¥1,627.8	¥1,948.3
Overseas operations and offshore banking accounts	131.7	135.0
Asia.....	51.4	81.9
North America.....	66.7	42.3
Other regions.....	13.6	10.8
Total	¥1,759.5	¥2,083.3

- Notes: 1. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries, and the term-end balances are calculated based on the obligor's domicile country.
2. The above amounts are credits subject to self-assessment, including mainly off-balance sheet credits to obligors categorized as "Substandard Borrowers" or lower under self-assessment.
3. The above amounts include partial direct write-offs (direct reductions).

(2) By Industry

	Billions of yen	
	September 30, 2007	March 31, 2007
Domestic operations (excluding offshore banking accounts)		
Manufacturing.....	¥ 138.7	¥ 123.6
Agriculture, forestry, fishery and mining	6.1	6.3
Construction	110.9	196.4
Transport, information, communications and utilities	114.8	155.8
Wholesale and retail	238.0	170.5
Financial and insurance	23.8	16.6
Real estate	345.6	556.5
Services.....	323.5	452.2
Other industries	326.4	270.4
Subtotal	¥1,627.8	¥1,948.3
Overseas operations and offshore banking accounts		
Financial institutions	¥ 5.6	¥ 1.1
C&I companies	126.1	133.9
Others.....	—	—
Subtotal	¥ 131.7	¥ 135.0
Total	¥1,759.5	¥2,083.3

- Notes: 1. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
2. The above amounts are credits subject to self-assessment, including mainly off-balance sheet credits to obligors categorized as "Substandard Borrowers" or lower under self-assessment.
3. The above amounts include partial direct write-offs (direct reductions).

4. Term-end Balances of General Reserve for Possible Loan Losses, Specific Reserve for Possible Loan Losses and Loan Loss Reserve for Specific Overseas Countries

(1) By Geographic Region

	Billions of yen		
	September 30, 2007	March 31, 2007	Increase (decrease)
General reserve for possible loan losses	¥ 706.5	¥ 683.6	¥22.9
Loan loss reserve for specific overseas countries	0.0	1.9	(1.9)
Specific reserve for possible loan losses	741.5	693.7	47.8
Domestic operations (excluding offshore banking accounts)	713.1	661.0	52.1
Overseas operations and offshore banking accounts	28.4	32.7	(4.3)
Asia	13.2	14.1	(0.9)
North America	10.9	12.9	(2.0)
Other regions	4.3	5.7	(1.4)
Total	¥1,448.0	¥1,379.2	¥68.8

- Notes: 1. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries, and the term-end balances are calculated based on the obligor's domicile country.
2. "Specific reserve for possible loan losses" includes partial direct write-offs (direct reductions).

(2) By Industry

	Billions of yen		
	September 30, 2007	March 31, 2007	Increase (decrease)
General reserve for possible loan losses	¥ 706.5	¥ 683.6	¥22.9
Loan loss reserve for specific overseas countries	0.0	1.9	(1.9)
Specific reserve for possible loan losses	741.5	693.7	47.8
Domestic operations (excluding offshore banking accounts).....	713.1	661.0	52.1
Manufacturing	65.0	43.6	21.4
Agriculture, forestry, fishery and mining.....	1.0	0.4	0.6
Construction	49.5	37.5	12.0
Transport, information, communications and utilities	61.6	48.7	12.9
Wholesale and retail	112.0	82.7	29.3
Financial and insurance	9.1	8.7	0.4
Real estate	130.3	157.7	(27.4)
Services	130.9	154.6	(23.7)
Other industries.....	153.7	127.1	26.6
Overseas operations and offshore banking accounts	28.4	32.7	(4.3)
Financial institutions.....	0.6	0.9	(0.3)
C&I companies.....	27.8	31.8	(4.0)
Others	—	—	—
Total	¥1,448.0	¥1,379.2	¥68.8

Notes: 1. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
2. "Specific reserve for possible loan losses" includes partial direct write-offs (direct reductions).

5. Loan Write-Offs by Industry

	Billions of yen	
	First half of fiscal 2007	Fiscal 2006
Domestic operations (excluding offshore banking accounts)		
Manufacturing	¥18.3	¥10.6
Agriculture, forestry, fishery and mining.....	0.1	0.0
Construction	7.8	5.6
Transport, information, communications and utilities	6.0	14.9
Wholesale and retail.....	25.6	21.3
Financial and insurance	(0.3)	1.1
Real estate	(4.3)	(10.2)
Services	7.8	16.2
Other industries.....	5.9	25.4
Subtotal.....	¥66.9	¥84.9
Overseas operations and offshore banking accounts		
Financial institutions.....	¥ 0.0	¥ 0.0
C&I companies.....	(1.9)	(3.5)
Others	—	—
Subtotal.....	¥ (1.9)	¥ (3.5)
Total	¥65.0	¥81.4

Note: "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

Income Analysis (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Gross Banking Profit, Classified by Domestic and International Operations

	Millions of yen					
	Six months ended September 30					
	2007			2006		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Interest income	¥581,769	¥361,754	¥940,051	¥491,654	¥290,077	¥777,964
			[3,471]			[3,767]
Interest expenses	121,028	344,952	462,509	40,140	297,781	334,153
			[3,471]			[3,767]
Net interest income	460,740	16,801	477,542	451,514	(7,703)	443,810
Trust fees	2,239	—	2,239	1,404	2	1,407
Fees and commissions (income)	177,838	43,446	221,285	181,447	37,791	219,239
Fees and commissions (expenses)	54,325	9,803	64,128	52,055	7,697	59,752
Net fees and commissions	123,513	33,643	157,156	129,392	30,094	159,486
Trading profits	4,674	98,602	103,277	1,394	42,038	43,432
Trading losses	—	—	—	423	2,883	3,307
Net trading income	4,674	98,602	103,277	971	39,154	40,125
Other operating income	20,034	10,949	28,602	17,812	38,057	55,870
Other operating expenses	9,982	42,724	50,325	61,038	30,541	91,580
Net other operating income	10,051	(31,775)	(21,723)	(43,226)	7,516	(35,709)
Gross banking profit	¥601,219	¥117,272	¥718,492	¥540,056	¥ 69,064	¥609,120
Gross banking profit rate (%)	1.84%	1.45%	1.80%	1.61%	0.98%	1.50%

- Notes: 1. Domestic operations include yen-denominated transactions by domestic branches, while international operations include foreign-currency-denominated transactions by domestic branches and operations by overseas branches. Yen-denominated nonresident transactions and Japan offshore banking accounts are included in international operations.
2. "Interest expenses" are shown after deduction of amounts equivalent to interest expenses on money held in trust (first half of fiscal 2007, ¥4 million; first half of fiscal 2006, ¥1 million).
3. Figures in brackets [] indicate interest payments between domestic and international operations. As net interest figures are shown for interest rate swaps and similar instruments, some figures for domestic and international operations do not add up to their sums.
4. The total amounts for "Other operating income" and "Other operating expenses" for the first half of fiscal 2007 fall short of the total amounts of "Domestic operations" and "International operations" by ¥2,381 million each. This is attributable to record net gains and losses on derivatives.
5. Gross banking profit rate = Gross banking profit / Days in the interim period x Days in the fiscal year / Average balance of interest-earning assets x 100

Average Balance, Interest and Earnings Yield of Interest-Earning Assets and Interest-Bearing Liabilities

Domestic Operations

	Millions of yen					
	Six months ended September 30					
	2007			2006		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets	¥65,082,647	¥581,769	1.78%	¥66,681,331	¥491,654	1.47%
	[1,810,070]	[3,471]		[138,041]	[79]	
Loans and bills discounted	46,293,116	460,283	1.98	46,712,723	388,831	1.66
Securities	15,052,853	103,775	1.37	17,673,733	88,797	1.00
Call loans	436,482	1,518	0.69	417,702	553	0.26
Receivables under resale agreements	15,598	42	0.54	19,749	0	0.00
Receivables under securities borrowing transactions	1,197,510	4,082	0.67	1,431,128	1,607	0.22
Bills bought	29,582	271	1.83	96,052	21	0.04
Deposits with banks	13,042	28	0.43	47,682	60	0.25
Interest-bearing liabilities	¥66,759,383	¥121,028	0.36%	¥68,882,326	¥ 40,140	0.11%
					[3,688]	
Deposits	57,476,843	61,444	0.21	57,538,883	17,088	0.05
Negotiable certificates of deposit	2,413,593	6,713	0.55	2,833,138	1,830	0.12
Call money	1,792,847	4,309	0.47	1,990,078	1,186	0.11
Payables under repurchase agreements ...	53,062	144	0.54	147,951	133	0.18
Payables under securities lending transactions	997,962	2,559	0.51	739,075	634	0.17
Bills sold	—	—	—	1,907,027	220	0.02
Borrowed money	1,768,040	9,493	1.07	1,127,182	7,244	1.28
Bonds	2,136,166	12,340	1.15	2,279,763	11,478	1.00

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (first half of fiscal 2007, ¥724,113 million; first half of fiscal 2006, ¥1,312,748 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (first half of fiscal 2007, ¥2,564 million; first half of fiscal 2006, ¥2,607 million) and corresponding interest (first half of fiscal 2007, ¥4 million; first half of fiscal 2006, ¥1 million).
2. Figures in brackets [] indicate the average balances of interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses. As net interest figures are shown for interest rate swaps and similar instruments, some figures for domestic and international operations do not add up to their sums.

International Operations

	Millions of yen					
	Six months ended September 30					
	2007			2006		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥16,041,143	¥361,754	4.49%	¥13,915,049	¥290,077 [3,688]	4.15%
Loans and bills discounted.....	7,245,446	191,377	5.26	5,877,660	147,364	5.00
Securities	3,200,443	60,238	3.75	4,118,281	66,322	3.21
Call loans	464,031	11,611	4.99	430,005	10,424	4.83
Receivables under resale agreements	214,882	2,170	2.01	109,811	2,228	4.04
Receivables under securities borrowing transactions.....	—	—	—	—	—	—
Bills bought	—	—	—	—	—	—
Deposits with banks	3,730,704	58,851	3.14	2,194,373	33,970	3.08
Interest-bearing liabilities	¥15,866,836	¥344,952	4.33%	¥13,716,943	¥297,781 [79]	4.32%
Deposits	8,991,413	177,550	3.93	7,814,450	155,445	3.96
Negotiable certificates of deposit	631,319	17,602	5.56	518,279	13,704	5.27
Call money	331,135	7,545	4.54	259,450	5,816	4.47
Payables under repurchase agreements ...	82,598	2,003	4.83	311,577	7,729	4.94
Payables under securities lending transactions	638,429	15,834	4.94	1,586,886	32,400	4.07
Bills sold	—	—	—	—	—	—
Borrowed money	1,647,804	43,584	5.27	1,267,882	30,396	4.78
Bonds	1,492,665	26,520	3.54	1,442,264	24,771	3.42

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (first half of fiscal 2007, ¥77,252 million; first half of fiscal 2006, ¥40,719 million).
2. Figures in brackets [] indicate the average balances of interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses. As net interest figures are shown for interest rate swaps and similar instruments, some figures for domestic and international operations do not add up to their sums.
3. The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method, under which the TT middle rate at the end of the previous month is applied to nonexchange transactions of the month concerned.

Total of Domestic and International Operations

	Millions of yen					
	Six months ended September 30					
	2007			2006		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥79,313,721	¥940,051	2.36%	¥80,458,339	¥777,964	1.92%
Loans and bills discounted.....	53,538,562	651,660	2.42	52,590,383	536,196	2.03
Securities	18,253,297	164,013	1.79	21,792,015	155,120	1.41
Call loans	900,513	13,130	2.90	847,708	10,977	2.58
Receivables under resale agreements	230,481	2,213	1.91	129,560	2,228	3.43
Receivables under securities borrowing transactions.....	1,197,510	4,082	0.67	1,431,128	1,607	0.22
Bills bought	29,582	271	1.83	96,052	21	0.04
Deposits with banks	3,743,747	58,880	3.13	2,242,055	34,030	3.02
Interest-bearing liabilities	¥80,816,149	¥462,509	1.14%	¥82,461,229	¥334,153	0.80%
Deposits	66,468,256	238,995	0.71	65,353,334	172,533	0.52
Negotiable certificates of deposit	3,044,913	24,316	1.59	3,351,418	15,535	0.92
Call money	2,123,983	11,855	1.11	2,249,529	7,002	0.62
Payables under repurchase agreements ...	135,661	2,148	3.15	459,529	7,863	3.41
Payables under securities lending transactions	1,636,391	18,394	2.24	2,325,962	33,034	2.83
Bills sold	—	—	—	1,907,027	220	0.02
Borrowed money	3,415,844	53,078	3.09	2,395,065	37,641	3.13
Bonds	3,628,831	38,860	2.13	3,722,028	36,249	1.94

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (first half of fiscal 2007, ¥801,365 million; first half of fiscal 2006, ¥1,353,468 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (first half of fiscal 2007, ¥2,564 million; first half of fiscal 2006, ¥2,607 million) and corresponding interest (first half of fiscal 2007, ¥4 million; first half of fiscal 2006, ¥1 million).
2. Figures in the table above indicate the net average balances of amounts adjusted for interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses.

Breakdown of Interest Income and Interest Expenses

Domestic Operations

	Millions of yen					
	Six months ended September 30					
	2007			2006		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥(11,787)	¥101,902	¥90,115	¥ 7,224	¥ (2,919)	¥ 4,304
Loans and bills discounted.....	(3,492)	74,944	71,451	22,881	(31,918)	(9,037)
Securities	(13,167)	28,145	14,977	(12,281)	27,761	15,479
Call loans	25	939	965	18	516	535
Receivables under resale agreements	(0)	42	42	0	0	0
Receivables under securities borrowing transactions	(262)	2,737	2,475	62	1,337	1,400
Bills bought	(14)	265	250	1	15	16
Deposits with banks.....	(43)	11	(31)	3	56	60
Interest expenses.....	¥ (1,237)	¥ 82,125	¥80,888	¥ (1,033)	¥12,870	¥11,837
Deposits	(18)	44,374	44,356	178	11,075	11,254
Negotiable certificates of deposit	(271)	5,154	4,883	(281)	1,701	1,419
Call money	(117)	3,240	3,123	3	1,159	1,163
Payables under repurchase agreements ...	(85)	96	10	(2)	133	130
Payables under securities lending transactions	288	1,636	1,925	(135)	692	556
Bills sold	(220)	—	(220)	(21)	222	200
Borrowed money	3,441	(1,192)	2,248	6,137	(7,562)	(1,424)
Bonds.....	(722)	1,584	862	(1,270)	(133)	(1,404)

International Operations

	Millions of yen					
	Six months ended September 30					
	2007			2006		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥46,682	¥24,993	¥71,676	¥25,400	¥86,424	¥111,824
Loans and bills discounted.....	35,785	8,227	44,012	26,746	35,645	62,391
Securities	(14,781)	8,696	(6,084)	5,726	13,171	18,897
Call loans	843	344	1,187	2,816	3,327	6,143
Receivables under resale agreements	1,061	(1,119)	(57)	(611)	1,051	440
Deposits with banks.....	24,223	657	24,880	1,112	9,064	10,177
Interest expenses.....	¥46,739	¥ 432	¥47,171	¥24,139	¥90,692	¥114,832
Deposits	23,241	(1,135)	22,105	9,750	55,215	64,965
Negotiable certificates of deposit	3,119	778	3,897	10,876	846	11,722
Call money	1,632	97	1,729	1,854	1,846	3,701
Payables under repurchase agreements ...	(5,558)	(167)	(5,726)	4,014	1,774	5,789
Payables under securities lending transactions	(19,365)	2,799	(16,565)	(2,572)	11,905	9,333
Borrowed money	9,807	3,380	13,188	(5,116)	5,440	323
Bonds.....	880	868	1,749	3,337	1,677	5,014

Total of Domestic and International Operations

	Millions of yen					
	Six months ended September 30					
	2007			2006		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥(11,067)	¥173,155	¥162,087	¥23,760	¥ 91,195	¥114,955
Loans and bills discounted.....	9,826	105,637	115,464	23,804	29,549	53,354
Securities	(25,189)	34,082	8,893	(11,517)	45,895	34,377
Call loans	712	1,440	2,153	3,210	3,468	6,678
Receivables under resale agreements	969	(984)	(15)	(1,322)	1,762	440
Receivables under securities borrowing transactions	(262)	2,737	2,475	62	1,337	1,400
Bills bought	(14)	265	250	1	15	16
Deposits with banks.....	23,575	1,273	24,849	1,648	8,588	10,237
Interest expenses.....	¥ (6,666)	¥135,021	¥128,355	¥ 2,574	¥122,921	¥125,495
Deposits	2,991	63,470	66,461	3,750	72,469	76,220
Negotiable certificates of deposit	(1,420)	10,202	8,781	(748)	13,891	13,142
Call money	(390)	5,243	4,853	449	4,415	4,864
Payables under repurchase agreements ...	(5,167)	(547)	(5,715)	999	4,920	5,919
Payables under securities lending transactions	(8,594)	(6,045)	(14,640)	(16,752)	26,642	9,889
Bills sold	(220)	—	(220)	(21)	222	200
Borrowed money	15,861	(424)	15,437	7,470	(8,571)	(1,100)
Bonds.....	(907)	3,519	2,611	(1,280)	4,891	3,610

Note: Volume/rate variance is prorated according to changes in volume and rate.

Fees and Commissions

	Millions of yen					
	Six months ended September 30					
	2007			2006		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Fees and commissions (income)	¥177,838	¥43,446	¥221,285	¥181,447	¥37,791	¥219,239
Deposits and loans	5,234	17,951	23,186	5,333	14,620	19,953
Remittances and transfers	48,177	14,368	62,545	48,209	13,505	61,715
Securities-related business	5,525	723	6,249	11,344	536	11,881
Agency	6,915	—	6,915	7,276	—	7,276
Safe deposits	3,365	—	3,365	3,445	—	3,445
Guarantees	11,709	3,449	15,159	10,567	3,381	13,949
Fees and commissions (expenses).....	¥ 54,325	¥ 9,803	¥ 64,128	¥ 52,055	¥ 7,697	¥ 59,752
Remittances and transfers	9,913	4,221	14,134	9,377	2,548	11,926

Trading Income

	Millions of yen					
	Six months ended September 30					
	2007			2006		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Trading profits	¥4,674	¥98,602	¥103,277	¥1,394	¥42,038	¥43,432
Gains on trading securities	960	—	960	—	—	—
Gains on securities related to trading transactions.....	—	445	445	—	—	—
Gains on trading-related financial derivatives.....	—	98,157	98,157	—	42,038	42,038
Others	3,714	—	3,714	1,394	—	1,394
Trading losses	¥ —	¥ —	¥ —	¥ 423	¥ 2,883	¥ 3,307
Losses on trading securities	—	—	—	423	—	423
Losses on securities related to trading transactions.....	—	—	—	—	2,883	2,883
Losses on trading-related financial derivatives.....	—	—	—	—	—	—
Others	—	—	—	—	—	—

Note: Figures represent net gains (losses) after offsetting income against expenses.

Net Other Operating Income

	Millions of yen					
	Six months ended September 30					
	2007			2006		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Net other operating income	¥10,051	¥(31,775)	¥(21,723)	¥(43,226)	¥ 7,516	¥(35,709)
Gains (losses) on bonds	5,887	(12,137)	(6,249)	(49,996)	(11,696)	(61,692)
Gains (losses) on financial derivatives.....	(2,381)	2,777	396	(1,679)	(12,176)	(13,855)
Gains (losses) on foreign exchange transactions	—	(21,472)	(21,472)	—	31,622	31,622

Deposits (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Deposits and Negotiable Certificates of Deposit

Period-End Balance

	Millions of yen			
	September 30			
	2007		2006	
Domestic operations:				
Liquid deposits	¥38,468,417	64.8%	¥38,905,363	64.9%
Fixed-term deposits	18,385,441	31.0	18,661,632	31.2
Others	590,141	1.0	617,379	1.0
Subtotal	57,444,001	96.8	58,184,375	97.1
Negotiable certificates of deposit	1,903,029	3.2	1,725,717	2.9
Total	¥59,347,030	100.0%	¥59,910,092	100.0%
International operations:				
Liquid deposits	¥ 5,126,820	54.0%	¥ 4,260,722	49.4%
Fixed-term deposits	936,387	9.9	661,861	7.7
Others	2,872,082	30.2	3,040,282	35.2
Subtotal	8,935,290	94.1	7,962,866	92.3
Negotiable certificates of deposit	559,140	5.9	668,090	7.7
Total	¥ 9,494,430	100.0%	¥ 8,630,957	100.0%
Grand total	¥68,841,461	—	¥68,541,049	—

Notes: 1. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice
2. Fixed-term deposits = Time deposits + Installment savings

Average Balance

	Millions of yen	
	Six months ended September 30	
	2007	2006
Domestic operations:		
Liquid deposits	¥38,513,359	¥39,113,285
Fixed-term deposits	18,332,815	17,820,575
Others	630,668	605,023
Subtotal	57,476,843	57,538,883
Negotiable certificates of deposit	2,413,593	2,833,138
Total	¥59,890,437	¥60,372,022
International operations:		
Liquid deposits	¥ 5,277,604	¥ 4,142,352
Fixed-term deposits	1,039,109	778,724
Others	2,674,699	2,893,374
Subtotal	8,991,413	7,814,450
Negotiable certificates of deposit	631,319	518,279
Total	¥ 9,622,732	¥ 8,332,729
Grand total	¥69,513,169	¥68,704,752

Notes: 1. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice
2. Fixed-term deposits = Time deposits + Installment savings
3. The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method.

Balance of Deposits, Classified by Type of Depositor

	Millions of yen			
	September 30			
	2007		2006	
Individual	¥33,582,089	54.1%	¥33,815,971	53.9%
Corporate	28,537,903	45.9	28,883,451	46.1
Total	¥62,119,992	100.0%	¥62,699,422	100.0%

Notes: 1. Figures are before adjustment on interoffice accounts in transit.
2. Negotiable certificates of deposit are excluded.
3. Accounts at overseas branches and Japan offshore banking accounts are excluded.

Balance of Investment Trusts, Classified by Type of Customer

	Millions of yen	
	September 30	
	2007	2006
Individual	¥3,622,630	¥2,963,395
Corporate	155,045	116,839
Total	¥3,777,675	¥3,080,234

Note: Balance of investment trusts is recognized on a contract basis and measured according to each fund's net asset balance at the period-end.

Balance of Time Deposits, Classified by Maturity

	Millions of yen	
	September 30	
	2007	2006
Less than three months.....	¥ 6,491,258	¥ 5,994,704
Fixed interest rates	5,660,564	5,397,661
Floating interest rates	8,600	—
Others	822,094	597,042
Three — six months.....	3,593,047	4,059,675
Fixed interest rates	3,508,909	4,019,733
Floating interest rates	1,200	—
Others	82,938	39,941
Six months — one year.....	4,899,026	4,799,413
Fixed interest rates	4,881,587	4,784,751
Floating interest rates	3,100	—
Others	14,339	14,662
One — two years	1,504,669	1,443,306
Fixed interest rates	1,478,728	1,433,381
Floating interest rates	15,750	5,100
Others	10,191	4,824
Two — three years.....	1,371,446	1,399,396
Fixed interest rates	1,351,652	1,378,361
Floating interest rates	13,547	15,650
Others	6,246	5,385
Three years or more.....	1,462,332	1,626,947
Fixed interest rates	963,026	1,222,852
Floating interest rates	498,728	404,090
Others	577	4
Total	¥19,321,781	¥19,323,444
Fixed interest rates	17,844,468	18,236,742
Floating interest rates	540,926	424,840
Others	936,387	661,861

Note: The figures above do not include installment savings.

Loans (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Balance of Loans and Bills Discounted

Period-End Balance

	Millions of yen	
	September 30	
	2007	2006
Domestic operations:		
Loans on notes	¥ 2,173,708	¥ 2,626,168
Loans on deeds	34,544,331	35,565,892
Overdrafts	10,009,181	9,133,649
Bills discounted	319,175	345,865
Subtotal	¥47,046,397	¥47,671,576
International operations:		
Loans on notes	¥ 605,369	¥ 539,420
Loans on deeds	7,272,621	5,578,851
Overdrafts	96,740	105,297
Bills discounted	4,578	7,331
Subtotal	¥ 7,979,308	¥ 6,230,901
Total	¥55,025,706	¥53,902,477

Average Balance

	Millions of yen	
	Six months ended September 30	
	2007	2006
Domestic operations:		
Loans on notes	¥ 2,227,990	¥ 2,653,559
Loans on deeds	34,489,153	35,283,246
Overdrafts	9,288,742	8,459,819
Bills discounted	287,230	316,097
Subtotal	¥46,293,116	¥46,712,723
International operations:		
Loans on notes	¥ 589,166	¥ 523,467
Loans on deeds	6,541,938	5,226,118
Overdrafts	106,780	120,451
Bills discounted	7,561	7,623
Subtotal	¥ 7,245,446	¥ 5,877,660
Total	¥53,538,562	¥52,590,383

Note: The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method.

Balance of Loans and Bills Discounted, Classified by Purpose

	Millions of yen			
	September 30			
	2007		2006	
Funds for capital investment	¥20,645,950	37.5%	¥20,771,364	38.5%
Funds for working capital	34,379,756	62.5	33,131,113	61.5
Total	¥55,025,706	100.0%	¥53,902,477	100.0%

Balance of Loans and Bills Discounted, Classified by Collateral

	Millions of yen	
	September 30	
	2007	2006
Securities	¥ 736,419	¥ 874,129
Commercial claims	1,076,954	1,111,344
Commercial goods	3,559	—
Real estate	6,750,429	6,714,799
Others	352,385	321,385
Subtotal	8,919,748	9,021,658
Guaranteed	21,678,011	22,378,312
Unsecured	24,427,946	22,502,506
Total	¥55,025,706	¥53,902,477

Balance of Loans and Bills Discounted, Classified by Maturity

	Millions of yen	
	September 30	
	2007	2006
One year or less.....	¥ 8,670,520	¥ 9,174,988
One — three years.....	7,771,396	8,080,316
Floating interest rates	6,036,533	6,480,275
Fixed interest rates	1,734,862	1,600,040
Three — five years.....	8,133,120	7,640,441
Floating interest rates	6,380,694	6,155,250
Fixed interest rates	1,752,425	1,485,190
Five — seven years	3,299,724	3,221,954
Floating interest rates	2,621,254	2,626,719
Fixed interest rates	678,469	595,235
More than seven years.....	17,045,023	16,545,829
Floating interest rates	16,067,418	15,555,837
Fixed interest rates	977,605	989,991
No designated term.....	10,105,921	9,238,947
Floating interest rates	10,105,921	9,238,947
Fixed interest rates	—	—
Total	¥55,025,706	¥53,902,477

Note: Loans with a maturity of one year or less are not classified by floating or fixed interest rates.

Balance of Loan Portfolio, Classified by Industry

	Millions of yen			
	September 30			
	2007		2006	
Domestic operations:				
Manufacturing	¥ 5,261,991	11.0%	¥ 5,215,867	10.8%
Agriculture, forestry, fisheries and mining	131,141	0.3	132,045	0.3
Construction.....	1,210,515	2.5	1,209,362	2.5
Transportation, communications and public enterprises.....	2,789,203	5.8	2,786,748	5.7
Wholesale and retail	5,000,850	10.4	5,060,573	10.4
Finance and insurance.....	6,140,831	12.8	5,523,470	11.4
Real estate.....	6,639,329	13.8	6,407,086	13.2
Services	5,435,176	11.3	5,943,919	12.2
Municipalities	574,422	1.2	522,672	1.1
Others	14,861,648	30.9	15,696,483	32.4
Subtotal.....	¥48,045,111	100.0%	¥48,498,229	100.0%
Overseas operations:				
Public sector	¥ 28,296	0.4%	¥ 25,386	0.5%
Financial institutions.....	351,068	5.0	297,156	5.5
Commerce and industry.....	6,236,774	89.4	4,813,446	89.1
Others	364,455	5.2	268,257	4.9
Subtotal.....	¥ 6,980,595	100.0%	¥ 5,404,247	100.0%
Total	¥55,025,706	—	¥53,902,477	—

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches). Overseas operations comprise the operations of SMBC's overseas branches.

2. Japan offshore banking accounts are included in overseas offices' accounts.

Loans to Individuals/Small and Medium-Sized Enterprises

	Millions of yen	
	September 30	
	2007	2006
Total domestic loans (A)	¥48,045,111	¥48,498,229
Loans to individuals, and small and medium-sized enterprises (B)	36,338,166	36,114,517
(B) / (A).....	75.6%	74.5%

Notes: 1. The figures above exclude outstanding balance of loans at overseas branches and of Japan offshore banking accounts.

2. Small and medium-sized enterprises are individuals or companies with capital stock of ¥300 million or less, or an operating staff of 300 or fewer employees. (Exceptions to these capital stock and staff restrictions include wholesalers: ¥100 million, 100 employees; retailers: ¥50 million, 50 employees; and service industry companies: ¥50 million, 100 employees.)

Consumer Loans Outstanding

	Millions of yen	
	September 30	
	2007	2006
Consumer loans	¥14,442,717	¥14,531,670
Housing loans	13,507,255	13,583,819
Residential purpose	9,890,492	9,915,204
Others	935,461	947,851

Note: Housing loans include general-purpose loans used for housing purposes as well as housing loans and apartment house acquisition loans.

Breakdown of Reserve for Possible Loan Losses

	Millions of yen				
	Six months ended September 30, 2007				
	Balance at beginning of the fiscal year	Increase during the interim period	Decrease during the interim period		Balance at end of the interim period
			Objectives	Others	
General reserve for possible loan losses	¥530,598 [208]	¥538,592	¥ —	¥530,598*	¥538,592
Specific reserve for possible loan losses	144,821 [3]	149,555	39,766	105,054*	149,555
Reserve for possible losses on specific overseas loans	1,941	0	—	1,941*	0
Total	¥677,361 [211]	¥688,148	¥39,766	¥637,594	¥688,148

*Transfer from reserves by reversal or origination method

Note: Figures in brackets [] indicate foreign exchange translation adjustments.

	Millions of yen				
	Six months ended September 30, 2006				
	Balance at beginning of the fiscal year	Increase during the interim period	Decrease during the interim period		Balance at end of the interim period
			Objectives	Others	
General reserve for possible loan losses	¥573,007 [(471)]	¥553,458	¥ —	¥573,007*	¥553,458
Specific reserve for possible loan losses	241,558 [(12)]	216,056	31,767	209,791*	216,056
Reserve for possible losses on specific overseas loans	2,354	2,307	—	2,354*	2,307
Total	¥816,920 [(483)]	¥771,822	¥31,767	¥785,153	¥771,822

*Transfer from reserves by reversal or origination method

Note: Figures in brackets [] indicate foreign exchange translation adjustments.

Write-off of Loans

	Millions of yen	
	Six months ended September 30	
	2007	2006
Write-off of loans	¥59,177	¥39,937

Note: Write-off of loans includes amount of direct reduction.

Specific Overseas Loans

	Millions of yen	
	September 30	
	2007	2006
Indonesia.....	¥—	¥34,803
Argentina.....	3	2
Total	¥ 3	¥34,806
Ratio of the total amounts to total assets	0.00%	0.03%
Number of countries.....	1	2

Risk-Monitored Loans

Consolidated

	Millions of yen		
	September 30		March 31
	2007	2006	2007
Bankrupt loans.....	¥ 59,358	¥ 65,026	¥ 60,068
Non-accrual loans.....	518,766	620,473	488,812
Past due loans (3 months or more)	31,769	36,865	22,018
Restructured loans	441,311	406,751	476,665
Total.....	¥1,051,206	¥1,129,117	¥1,047,566

Nonconsolidated

	Millions of yen		
	September 30		March 31
	2007	2006	2007
Bankrupt loans.....	¥ 37,531	¥ 42,129	¥ 33,754
Non-accrual loans.....	387,442	485,764	357,632
Past due loans (3 months or more)	24,825	33,648	20,543
Restructured loans	299,124	271,960	309,133
Total.....	¥748,924	¥833,503	¥721,064

Notes: Definition of risk-monitored loan categories

1. Bankrupt loans: Credits for which accrued interest is not accounted in revenue; credits extended to borrowers that are undergoing bankruptcy, corporate reorganization and rehabilitation proceedings or debtors receiving orders of disposition by suspension of business at bill clearinghouses
2. Non-accrual loans: Credits for which accrued interest is not accounted in revenue; credits, excluding loans to bankrupt borrowers and loans with grace for interest payment to assist in corporate reorganization or to support business
3. Past due loans (3 months or more): Loans with payment of principal or interest in arrears for more than 3 months, calculated from the day following the contractual due date, excluding borrowers in categories 1. and 2.
4. Restructured loans: Loans to borrowers in severe financial condition given certain favorable terms and conditions to assist in corporate rehabilitation or to support business, excluding borrowers in categories 1. through 3.

Problem Assets Based on the Financial Reconstruction Law

Nonconsolidated

	Billions of yen		
	September 30		March 31
	2007	2006	2007
Bankrupt and quasi-bankrupt assets	¥ 109.3	¥ 136.0	¥ 108.9
Doubtful assets	340.4	425.1	300.1
Substandard loans.....	323.9	305.6	329.7
Total of problem assets	773.6	866.7	738.7
Normal assets.....	61,964.6	58,442.1	60,542.2
Total.....	¥62,738.2	¥59,308.8	¥61,280.9

Notes: Definition of problem asset categories

These assets are disclosed based on the provisions of Article 7 of the Financial Reconstruction Law (Law No. 132 of 1998) and classified into the 4 categories based on financial position and business performance of obligors in accordance with Article 6 of the Law. Assets in question include loans and bills discounted, foreign exchanges, accrued interest, and advance payment in "other assets," customers' liabilities for acceptance and guarantees, and securities lent under the loan for consumption or leasing agreements. From March 31, 2007, SMBC has included bank-guaranteed bonds sold through private placements (SMBC guarantees all or part of the principal repayment and interest payment) among the items subject to disclosure as problem assets under the Financial Reconstruction Law.

1. Bankrupt and quasi-bankrupt assets: Credits to borrowers undergoing bankruptcy, corporate reorganization, and rehabilitation proceedings, as well as claims of a similar nature
2. Doubtful assets: Credits for which final collection of principal and interest in line with original agreements is highly improbable due to deterioration of financial position and business performance, but not insolvency of the borrower
3. Substandard loans: Past due loans (3 months or more) and restructured loans, excluding 1. and 2.
4. Normal assets: Credits to borrowers with good business performance and in financial standing without identified problems and not classified into the three categories above

Securities (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Balance of Securities

Period-End Balance

	Millions of yen	
	September 30	
	2007	2006
Domestic operations:		
Japanese government bonds.....	¥ 6,501,085	¥ 7,985,919
Japanese local government bonds	471,144	541,427
Japanese corporate bonds	3,547,974	3,812,327
Japanese stocks	4,443,291	4,539,778
Others	797,818	967,351
Foreign bonds.....	/	/
Foreign stocks.....	/	/
Subtotal.....	¥15,761,314	¥17,846,805
International operations:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds	—	—
Japanese corporate bonds	—	—
Japanese stocks	—	—
Others	4,098,809	4,200,640
Foreign bonds.....	2,798,717	2,967,430
Foreign stocks.....	1,300,091	1,233,209
Subtotal.....	¥ 4,098,809	¥ 4,200,640
Total	¥19,860,123	¥22,047,445

Average Balance

	Millions of yen	
	Six months ended September 30	
	2007	2006
Domestic operations:		
Japanese government bonds.....	¥ 7,068,660	¥ 9,551,449
Japanese local government bonds	512,238	556,969
Japanese corporate bonds	3,720,153	3,740,184
Japanese stocks	2,897,546	2,910,406
Others	854,254	914,724
Foreign bonds.....	/	/
Foreign stocks.....	/	/
Subtotal.....	¥15,052,853	¥17,673,733
International operations:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds	—	—
Japanese corporate bonds	—	—
Japanese stocks	—	—
Others	3,200,443	4,118,281
Foreign bonds.....	1,893,742	2,880,924
Foreign stocks.....	1,306,701	1,237,356
Subtotal.....	¥ 3,200,443	¥ 4,118,281
Total	¥18,253,297	¥21,792,015

Note: The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method.

Balance of Securities Held, Classified by Maturity

	Millions of yen	
	September 30	
	2007	2006
One year or less		
Japanese government bonds.....	¥1,968,015	¥3,719,628
Japanese local government bonds	99,771	38,570
Japanese corporate bonds	420,765	509,253
Others	379,588	1,034,674
Foreign bonds	327,392	980,998
Foreign stocks.....	—	—
One — three years		
Japanese government bonds.....	332,190	64,985
Japanese local government bonds	76,510	125,006
Japanese corporate bonds	1,097,559	1,021,126
Others	792,651	567,480
Foreign bonds	736,074	516,729
Foreign stocks.....	914	—
Three — five years		
Japanese government bonds.....	912,244	991,821
Japanese local government bonds	11,626	62,685
Japanese corporate bonds	875,157	1,174,940
Others	803,854	472,105
Foreign bonds	723,702	361,684
Foreign stocks.....	—	13,650
Five — seven years		
Japanese government bonds.....	333,802	583,990
Japanese local government bonds	200,516	212,684
Japanese corporate bonds	638,041	618,922
Others	163,514	128,415
Foreign bonds	122,426	86,187
Foreign stocks.....	8,360	—
Seven — 10 years		
Japanese government bonds.....	1,102,639	224,614
Japanese local government bonds	82,315	102,044
Japanese corporate bonds	426,005	383,714
Others	433,027	711,309
Foreign bonds	367,187	582,370
Foreign stocks.....	—	7,464
More than 10 years		
Japanese government bonds.....	1,852,192	2,400,878
Japanese local government bonds	405	436
Japanese corporate bonds	90,443	104,370
Others	760,442	524,171
Foreign bonds	521,934	408,638
Foreign stocks.....	238,506	106,657
No designated term		
Japanese government bonds.....	—	—
Japanese local government bonds	—	—
Japanese corporate bonds	—	—
Japanese stocks	4,443,291	4,539,778
Others	1,563,549	1,729,834
Foreign bonds	—	30,822
Foreign stocks.....	1,052,310	1,105,437
Total		
Japanese government bonds.....	¥6,501,085	¥7,985,919
Japanese local government bonds	471,144	541,427
Japanese corporate bonds	3,547,974	3,812,327
Japanese stocks	4,443,291	4,539,778
Others	4,896,627	5,167,991
Foreign bonds	2,798,717	2,967,430
Foreign stocks.....	1,300,091	1,233,209

Ratios (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Income Ratio

	Percentage	
	Six months ended September 30	
	2007	2006
Ordinary profit to total assets	0.34%	0.58%
Ordinary profit to net assets	8.30	19.83
Net income to total assets	0.14	0.39
Net income to net assets	3.25	13.53

Notes: 1. Ordinary profit (net income) to total assets = Ordinary profit (net income) / Days in the interim period x Days in the fiscal year / Average balance of total assets excluding customers' liabilities for acceptances and guarantees x 100
 2. Ordinary profit (net income) to net assets = (Ordinary profit (net income) - Preferred dividends) / Days in the interim period x Days in the fiscal year / ((Net assets at beginning of the fiscal year - Number of shares of preferred stock outstanding at beginning of the fiscal year x Issue price) + (Net assets at end of the interim period - Number of shares of preferred stock outstanding at end of the interim period x Issue price)) divided by 2 x 100

Yield/Interest Rate

	Percentage	
	Six months ended September 30	
	2007	2006
Domestic operations		
Interest-earning assets (A)	1.78%	1.47%
Interest-bearing liabilities (B)	1.21	0.88
(A) - (B)	0.57	0.59
International operations		
Interest-earning assets (A)	4.49%	4.15%
Interest-bearing liabilities (B)	4.83	4.79
(A) - (B)	(0.34)	(0.64)
Total		
Interest-earning assets (A)	2.36%	1.92%
Interest-bearing liabilities (B)	1.94	1.52
(A) - (B)	0.42	0.40

Loan-Deposit Ratio

	Millions of yen	
	September 30	
	2007	2006
Domestic operations		
Loans and bills discounted (A)	¥47,046,397	¥47,671,576
Deposits (B)	59,347,030	59,910,092
Loan-deposit ratio (%)		
(A) / (B)	79.27%	79.57%
Ratio by average balance for the interim period	77.29	77.37
International operations		
Loans and bills discounted (A)	¥ 7,979,308	¥ 6,230,901
Deposits (B)	9,494,430	8,630,957
Loan-deposit ratio (%)		
(A) / (B)	84.04%	72.19%
Ratio by average balance for the interim period	75.29	70.53
Total		
Loans and bills discounted (A)	¥55,025,706	¥53,902,477
Deposits (B)	68,841,461	68,541,049
Loan-deposit ratio (%)		
(A) / (B)	79.93%	78.64%
Ratio by average balance for the interim period	77.01	76.54

Note: Deposits include negotiable certificates of deposit.

Securities-Deposit Ratio

	Millions of yen	
	September 30	
	2007	2006
Domestic operations		
Securities (A)	¥15,761,314	¥17,846,805
Deposits (B)	59,347,030	59,910,092
Securities-deposit ratio (%)		
(A) / (B)	26.55%	29.78%
Ratio by average balance for the interim period	25.13	29.27
International operations		
Securities (A)	¥ 4,098,809	¥ 4,200,640
Deposits (B)	9,494,430	8,630,957
Securities-deposit ratio (%)		
(A) / (B)	43.17%	48.66%
Ratio by average balance for the interim period	33.25	49.42
Total		
Securities (A)	¥19,860,123	¥22,047,445
Deposits (B)	68,841,461	68,541,049
Securities-deposit ratio (%)		
(A) / (B)	28.84%	32.16%
Ratio by average balance for the interim period	26.25	31.71

Note: Deposits include negotiable certificates of deposit.

Capital (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Capital Stock (as of September 30, 2007)

¥664,986 million

Number of Shares Issued

September 30, 2007	Number of shares issued
Common stock.....	56,355,849
Preferred stock (1st series Type 6).....	70,001
Total.....	<u>56,425,850</u>

Note: The shares above are not listed on any stock exchange.

Principal Shareholders

a. Common Stock

September 30, 2007 Shareholder	Number of shares	Percentage of shares outstanding
Sumitomo Mitsui Financial Group, Inc.	56,355,849	100.00%

b. Preferred Stock (1st series Type 6)

September 30, 2007 Shareholder	Number of shares	Percentage of shares outstanding
Sumitomo Mitsui Financial Group, Inc.	70,001	100.00%

Others (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Breakdown of Collateral for Customers' Liabilities for Acceptances and Guarantees

	Millions of yen	
	September 30	
	2007	2006
Securities	¥ 11,903	¥ 22,858
Commercial claims.....	29,973	26,882
Commercial goods	5,737	4,785
Real estate	66,850	60,251
Others	22,503	22,103
Subtotal	¥ 136,967	¥ 136,882
Guaranteed	590,439	546,882
Unsecured.....	3,743,574	3,751,388
Total	<u>¥4,470,981</u>	<u>¥4,435,152</u>

Trust Assets and Liabilities (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

Statements of Trust Assets and Liabilities

	Millions of yen	
	September 30	
	2007	2006
Assets:		
Loans and bills discounted.....	¥ 4,150	¥ 8,080
Loans on deeds	4,150	8,080
Securities	285,533	241,904
Japanese government bonds	190,415	137,899
Corporate bonds	12,000	12,000
Foreign securities.....	82,818	92,004
Other securities.....	300	—
Securities held in custody accounts.....	3,274	33,297
Monetary claims.....	660,147	708,378
Monetary claims for housing loans	115,393	131,785
Other monetary claims.....	544,754	576,593
Tangible fixed assets	84	—
Equipment.....	84	—
Other claims.....	1,332	1,009
Due from banking account.....	45,893	50,733
Cash and due from banks.....	27,401	245,401
Deposits with banks	27,401	245,401
Total assets.....	¥1,027,818	¥1,288,805
Liabilities:		
Designated money trusts	¥ 262,943	¥ 430,714
Specified money trusts.....	88,254	98,973
Money in trusts other than money trusts.....	45	—
Security trusts	3,274	33,297
Monetary claims trusts	560,068	595,876
Composite trusts	113,230	129,944
Total liabilities	¥1,027,818	¥1,288,805

- Notes: 1. Amounts less than one million yen have been omitted.
2. SMBC has no co-operative trusts under other trust bank's administration as of interim period-end.
3. SMBC does not deal with any trusts with principal indemnification.
4. Excludes trusts whose monetary values are difficult to calculate.

Balance of Money Trusts and Others

	Millions of yen	
	September 30	
	2007	2006
Money trusts.....	¥351,198	¥529,687
Pension trusts	—	—
Asset formation benefit trusts.....	—	—
Loan trusts	—	—
Total	¥351,198	¥529,687

Balance of Trusts with Principal Indemnification

There are no corresponding items.

Risk-Monitored Loans Related with Trusts with Principal Indemnification

There are no corresponding items.

Balance of Principal Amounts of Money Trusts and Loan Trusts, Classified by Maturity

	Millions of yen	
	September 30	
	2007	2006
Money trusts:		
Less than one year	¥ 2,958	¥ 80,378
One — two years	29,719	8,758
Two — five years	48,511	286,063
Five years or more	265,134	148,821
No designated term.....	—	—
Total	¥346,324	¥524,021
Loan trusts:		
Less than one year	¥ —	¥ —
One — two years	—	—
Two — five years	—	—
Five years or more	—	—
No designated term.....	—	—
Total	¥ —	¥ —

Balance of Money Trusts and Others

	Millions of yen	
	September 30	
	2007	2006
Money trusts:		
Loans and bills discounted.....	¥ 4,150	¥ 8,080
Securities	285,533	241,904
Subtotal	289,683	249,984
Pension trusts:		
Loans and bills discounted.....	—	—
Securities	—	—
Subtotal	—	—
Asset formation benefit trusts:		
Loans and bills discounted.....	—	—
Securities	—	—
Subtotal	—	—
Loan trusts:		
Loans and bills discounted.....	—	—
Securities	—	—
Subtotal	—	—
Total of loans and bills discounted	4,150	8,080
Total of securities	285,533	241,904
Total	¥289,683	¥249,984

Balance of Loans and Bills Discounted

	Millions of yen	
	September 30	
	2007	2006
Loans on deeds	¥4,150	¥8,080
Loans on notes	—	—
Bills discounted	—	—
Total	¥4,150	¥8,080

Balance of Loans and Bills Discounted, Classified by Maturity

	Millions of yen	
	September 30	
	2007	2006
Loans and bills discounted		
One year or less.....	¥1,150	¥1,580
One — three years.....	800	1,300
Three — five years.....	1,000	4,000
Five — seven years	—	—
More than seven years	1,200	1,200
Total	¥4,150	¥8,080

Balance of Loans and Bills Discounted, Classified by Collateral

	Millions of yen	
	September 30	
	2007	2006
Securities	¥ —	¥ —
Commercial claims	—	—
Real estate	—	—
Factory	—	—
Fund	—	—
Ships and vessels	—	—
Others	—	—
Subtotal	—	—
Guaranteed	300	3,000
Unsecured	3,850	5,080
Total	¥4,150	¥8,080

Balance of Loans and Bills Discounted, Classified by Purpose

	Millions of yen			
	September 30			
	2007		2006	
Funds for capital investment	¥1,000	24.10%	¥4,000	49.50%
Funds for working capital	3,150	75.90	4,080	50.50
Total	¥4,150	100.00%	¥8,080	100.00%

Breakdown of Loan Portfolio, Classified by Industry

	Millions of yen			
	September 30			
	2007		2006	
Manufacturing	¥1,000	24.10%	¥1,000	12.38%
Agriculture, forestry, fisheries and mining	—	—	—	—
Construction	—	—	—	—
Transportation, communications and public enterprises	1,450	34.94	4,880	60.39
Wholesale and retail	—	—	1,000	12.38
Finance and insurance	1,200	28.91	1,200	14.85
Real estate	—	—	—	—
Services	500	12.05	—	—
Municipalities	—	—	—	—
Others	—	—	—	—
Total	¥4,150	100.00%	¥8,080	100.00%

Loans to Individuals/Small and Medium-Sized Enterprises

Balance of Loans

	Millions of yen	
	September 30	
	2007	2006
Total to individuals, and small and medium-sized enterprises (A)	¥1,450	¥4,880
Total loans (B)	4,150	8,080
(A) / (B)	34.93%	60.39%

Number of Loans Lent

	Number of loans	
	September 30	
	2007	2006
Total to individuals, and small and medium-sized enterprises (C)	3	5
Total loans (D)	6	8
(C) / (D)	50.00%	62.50%

Note: Small and medium-sized enterprises are individuals or companies with capital stock of ¥300 million or less, or an operating staff of 300 or fewer employees. (Exceptions to these capital stock and staff restrictions include wholesalers: ¥100 million, 100 employees; retailers: ¥50 million, 50 employees; and service industry companies: ¥50 million, 100 employees.)

Balance of Securities Related with Money Trusts and Others

	Millions of yen			
	September 30			
	2007		2006	
Japanese government bonds.....	¥190,415	66.69%	¥137,899	57.01%
Japanese local government bonds	—	—	—	—
Short-term Japanese corporate bonds.....	—	—	—	—
Japanese corporate bonds	12,000	4.20	12,000	4.96
Japanese stocks	—	—	—	—
Others	83,118	29.11	92,004	38.03
Total	¥285,533	100.00%	¥241,904	100.00%

Capital Ratio Information

Sumitomo Mitsui Banking Corporation and Subsidiaries

■ Capital Structure Information (Consolidated Capital Ratio (International Standards))

		Millions of yen		
		September 30		March 31
		2007	2006	2007
Tier I capital:	Capital stock.....	¥ 664,986	¥ 664,986	¥ 664,986
	Capital surplus	1,603,512	1,603,512	1,603,512
	Retained earnings	753,192	448,757	581,619
	Cash dividends to be paid.....	(74,613)	—	—
	Foreign currency translation adjustments	(15,571)	(52,757)	(37,194)
	Stock acquisition rights	27	4	14
	Minority interests	1,394,544	1,025,875	1,374,169
	Goodwill and others	(3)	(5)	(4)
	Gain on sale on securitization transactions.....	(41,372)	—	(40,057)
	Total Tier I capital (A)	4,284,702	3,690,374	4,147,047
Tier II capital:	Unrealized gains on other securities after 55% discount	689,175	648,516	830,321
	Land revaluation excess after 55% discount.....	39,163	39,709	39,367
	General reserve for possible loan losses	40,867	694,015	28,115
	Excess amount of provision	212,471	—	193,977
	Subordinated debt.....	2,507,177	2,595,141	2,564,195
	Total Tier II capital.....	3,488,855	3,977,382	3,655,976
	Tier II capital included as qualifying capital (B)	3,488,855	3,690,374	3,655,976
Deductions:	(C)	383,831	264,544	320,319
Total qualifying capital:	(D) = (A) + (B) - (C)	¥ 7,389,727	¥ 7,116,203	¥ 7,482,705
Risk-adjusted assets:	On-balance sheet items	¥46,718,754	¥58,769,353	¥44,878,966
	Off-balance sheet items	10,508,263	6,363,767	8,756,301
	Market risk items	362,303	364,429	401,455
	Operational risk	3,691,228	—	3,701,598
	Total risk-adjusted assets (E).....	¥61,280,548	¥65,497,549	¥57,738,321
Tier I risk-adjusted capital ratio:	(A) / (E) x 100	6.99%	5.63%	7.18%
Total risk-adjusted capital ratio:	(D) / (E) x 100.....	12.05%	10.86%	12.95%
Required capital:	(E) x 8%	¥ 4,902,443	¥ —	¥ 4,619,065

■ Capital Structure Information (Nonconsolidated Capital Ratio (International Standards))

		Millions of yen		
		September 30		March 31
		2007	2006	2007
Tier I capital:	Capital stock.....	¥ 664,986	¥ 664,986	¥ 664,986
	Capital reserve	665,033	665,033	665,033
	Other capital surplus	702,514	702,514	702,514
	Other retained earnings	824,151	676,709	760,100
	Other	921,300	838,728	933,063
	Cash dividends to be paid	(74,613)	—	—
	Gain on sale on securitization transactions.....	(41,372)	—	(40,057)
	Total Tier I capital (A).....	3,662,001	3,547,973	3,685,641
Tier II capital:	Unrealized gains on other securities after 55% discount	683,006	637,941	824,998
	Land revaluation excess after 55% discount.....	32,717	33,225	32,920
	General reserve for possible loan losses	—	553,458	—
	Excess amount of provision	120,404	—	32,467
	Subordinated debt.....	2,651,913	2,523,141	2,710,870
	Total Tier II capital.....	3,488,042	3,747,767	3,601,257
	Tier II capital included as qualifying capital (B)	3,488,042	3,547,973	3,601,257
Deductions:	(C)	335,470	104,290	286,295
Total qualifying capital:	(D) = (A) + (B) - (C)	¥ 6,814,573	¥ 6,991,656	¥ 7,000,603
Risk-adjusted assets:	On-balance sheet items	¥41,649,750	¥54,511,090	¥40,755,261
	Off-balance sheet items	8,894,519	6,047,594	7,871,270
	Market risk items	257,311	305,602	334,631
	Operational risk	3,042,353	—	3,053,199
	Total risk-adjusted assets (E).....	¥53,843,935	¥60,864,287	¥52,014,363
Tier I risk-adjusted capital ratio:	(A) / (E) x 100	6.80%	5.82%	7.08%
Total risk-adjusted capital ratio:	(D) / (E) x 100.....	12.65%	11.48%	13.45%
Required capital:	(E) x 8%	¥ 4,307,514	¥ —	¥ 4,161,149

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