



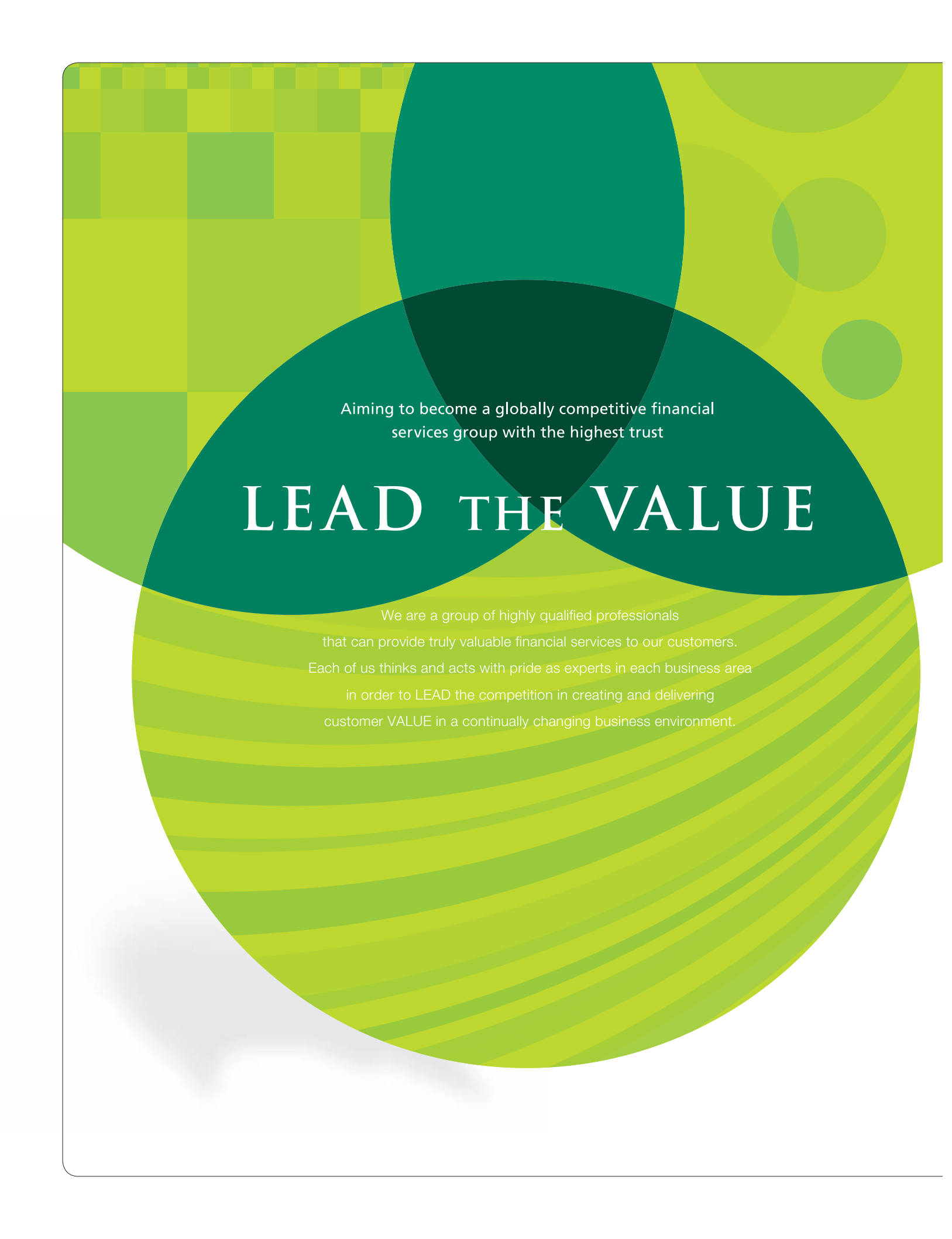
SMFG SUMITOMO MITSUI  
FINANCIAL GROUP

FISCAL YEAR **2008** INTERIM FINANCIAL REPORT

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APRIL 1 — SEPTEMBER 30, 2008

SUMITOMO MITSUI FINANCIAL GROUP  
SUMITOMO MITSUI BANKING CORPORATION



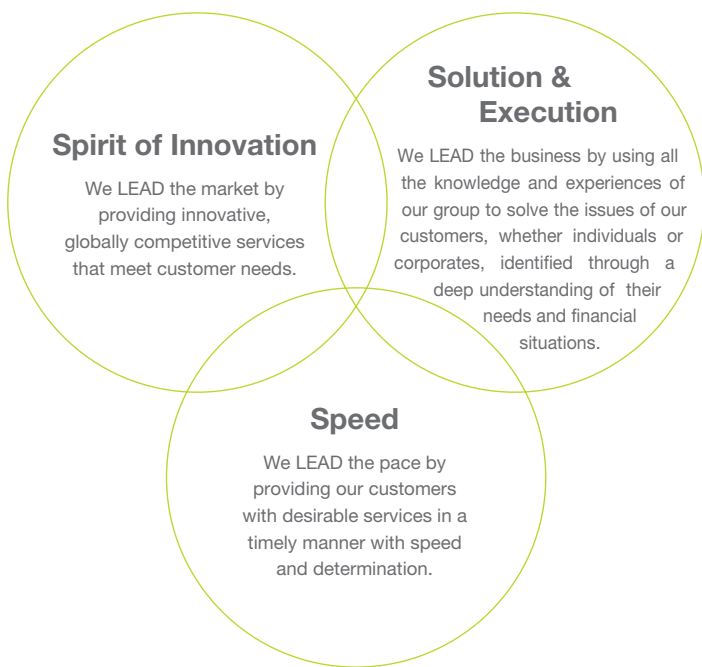
Aiming to become a globally competitive financial  
services group with the highest trust

# 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.

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### 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

<b>Company Name:</b>	Sumitomo Mitsui Financial Group, Inc.
<b>Business Description:</b>	Management of banking subsidiaries (under the stipulations of Japan's Banking Law) and of non-bank subsidiaries as well as performance of ancillary functions
<b>Establishment:</b>	December 2, 2002
<b>Head Office:</b>	1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan
<b>Chairman of the Board:</b>	Masayuki Oku (Concurrent President at Sumitomo Mitsui Banking Corporation)
<b>President:</b>	Teisuke Kitayama (Concurrent Chairman of the Board of Directors at Sumitomo Mitsui Banking Corporation)
<b>Capital:</b>	¥1,420.9 billion
<b>Stock Exchange Listings:</b>	Tokyo Stock Exchange (First Section) Osaka Securities Exchange (First Section) Nagoya Stock Exchange (First Section)

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 material: 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.

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February 2009



# Message from the Management

We would like to express our thanks to you for your continued support and patronage of the Sumitomo Mitsui Financial Group (SMFG). In this interim report, we review developments in the economic and financial environment, our initiatives during the six months ended September 30, 2008, and our management policies for the remainder of fiscal 2008, ending March 31, 2009.

## Business Environment during the First Half, Fiscal 2008

Key developments in the economic environment during the first half of fiscal 2008 included a peaking out in mid-July and the beginning of a decline in oil prices following their steep ascent in previous months. The U.S. economy continued to be weakened by adjustments in the housing market, the credit crunch, and other factors, while the European economies also began to show signs of slowing. The economies of Asia, for the most part, continued to expand, but, along with rising inflation, growth slowed to some extent. Signs of economic weakness began to appear in Japan also as private capital investment declined and exports to Europe and the United States started to lose momentum.

In financial and capital markets, stock market price indices in Europe and the United States peaked in May and began to trend downward, while spreads in lending and short-term financial markets widened substantially near the end of the first half, as the effects of the subprime loan crisis spread and concerns grew about a worldwide economic slowdown. In Japan, secondary market yields on 10-year Japanese government bonds and the Nikkei Stock Average increased until mid-June, but fell thereafter on rising

recession concerns and the turmoil in European and U.S. financial markets. After weakening to ¥110 to the U.S. dollar in August, the yen began to appreciate.

Against this backdrop of significantly changed economic and market conditions during the first half of the fiscal year, the business environment became more uncertain.

## Strategic Initiatives during the First Half, Fiscal 2008

SMFG has positioned fiscal 2008 as a year for “taking a step forward, while coping with uncertainty in the business environment” and is continuing to focus on implementing its two strategic initiatives: “strengthening targeted growth business areas” and “fortifying the platform for supporting sustainable growth.”

During the first half of the fiscal year, Sumitomo Mitsui Banking Corporation (SMBC) increased its gross banking profit ¥16.5 billion year on year. This was primarily the result of an increase in net interest income and net fees and commissions of the International Banking Unit, led mainly by increases in overseas lending. However, impacted by the global economic slowdown and financial market turmoil, SMBC experienced a larger increase in total credit costs than initially expected. As a consequence, SMFG’s consolidated ordinary profit declined ¥162.2 billion year on year to ¥190.9 billion, and SMFG’s consolidated net income also declined, by ¥87.3 billion to ¥83.2 billion. Meanwhile, our initiatives during the first half to make way for growth in the medium and long term included the establishment of an intermediate holding company to oversee our credit card business, further investments in and alliances with overseas commercial banks, and additional measures to strengthen our risk management systems. Through these initiatives, we are laying the foundation for future growth.

## Management Policies for the Second Half, Fiscal 2008

Since the beginning of the second half of fiscal 2008, the financial crisis, triggered by the subprime loan problem, has intensified and its impact on the real economy is quickly becoming apparent in the United States, Europe, and Asia, including Japan. Stock prices around the world have declined substantially and the yen has strengthened against all major currencies towards the end of last year. In Japan, the target level for the overnight, uncollateralized call rate, Japan’s principal policy interest rate, was reduced to 0.1%. Governments around the world have created frameworks to



**Teisuke Kitayama**  
*President*  
Sumitomo Mitsui  
Financial Group, Inc.

stabilize their financial systems, and the movement toward adopting economic stimulus policies is increasing. However, these measures have not dissipated uncertainty regarding future developments.

When we embarked on our current three-year, medium-term management plan in fiscal 2007, our assumption regarding economic and financial conditions was for “interest rate hikes under steady expansion of economy.” This assumption, however, has diverged substantially from reality particularly since the beginning of fiscal 2008. The business environment is challenging, but SMFG is dealing effectively with the risks it faces, and is continuing to focus on its two strategic initiatives: “strengthening targeted growth business areas” and “fortifying the platform for supporting sustainable growth.”

### (1) Strengthening Targeted Growth Business Areas

The first growth business area we have been strengthening is “solution providing for corporations.” For our corporate customers, 2009 began without the dissipation of uncertainty regarding the future course of the global economy, and establishing and implementing appropriate policies and strategies are thus extremely important. In this adverse business environment, we remain steadfast in our policy to meet a wide range of customer needs for financing and preparing appropriate solutions to the management issues confronting our customers. First, regarding initiatives to meet customer financing needs, we regard providing customers with a sufficient supply of funds as one of our missions in society as a financial institution. We are, therefore, working to fulfill our role as a financial intermediary more optimally and actively. In particular, to meet the financing needs of small and medium-sized corporate customers, we took the initiative at an early date to develop our *Business Select Loan*, which we offer without collateral or third-party guarantees. So far, more than 50,000 companies have used this loan product. We have been also diversifying the funding options by tapping the value of a wide range of customer assets. We have developed loan products such as *Wide Support Loan* and *Asset Value* with customer assets—real estate holdings and moveable assets, respectively—as collateral. To offer services that help our customers address the management issues they face, we have enhanced our responsiveness as an organization that offers seamless services to meet the diverse needs of our corporate customers. We are continuing to take initiatives to further improve our responsiveness and offer high-quality, optimal solutions meeting the needs of our customers. More specifically, SMBC offers a wide range of financing options, including syndicated loans, structured finance, and business expansion and restructuring solutions through M&A and other means via business offices such as Corporate Business Offices which collaborate with the Corporate Advisory Division and Daiwa Securities SMBC Co., Ltd. In business areas where services for individual customers and corporate customers overlap, including business succession and private banking, business offices and the Private Advisory Department

work together to strengthen their support capabilities. Moreover, our Global Advisory Department, which was formed in April 2007, promotes cooperation among business offices in Japan and overseas to significantly enhance our solution offerings for customers entering overseas markets and expanding their international operations. We are also continuing to promote our initiatives in the growing businesses of nurturing growth companies, transactions with public corporations and regional financial institutions, and environment-related business. To offer solutions that draw on the capabilities of the group as a whole, in October 2007, based on the strategic alliance between SMFG and Sumitomo Corporation, we merged SMBC Leasing Company, Limited, and Sumisho Lease Co., Ltd., to form Sumitomo Mitsui Finance and Leasing Co., Ltd. (SMFL). SMFL offers a variety of leasing services, including aircraft operating lease services and solutions that support both users and suppliers of leased assets in their financial and marketing activities. Similarly, group company JSOL Co., Ltd. (formerly, JRI Solutions)—which offers system design and operating services, IT security related consulting, and other services—formed a capital and business alliance in September 2007 with the NTT Data Group. JSOL is working aggressively to further develop its activities by drawing on the diverse development resources, methods, and personnel training know-how of the NTT Data Group.

Another of our targeted growth businesses is “financial consulting services for individuals.” SMBC has been increasing the sophistication of its “total consulting services” by offering customers one-stop services for our full range of financial products. Initiatives have included substantially expanding the lineup of services and

**Masayuki Oku**

*President*

Sumitomo Mitsui  
Banking Corporation



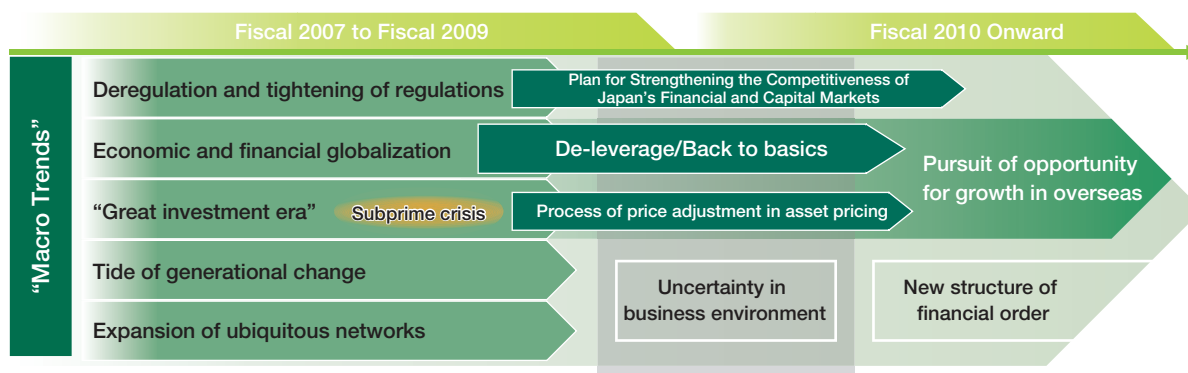
products to include investment trusts, pension-type insurance to individuals, and discretionary asset management services offered by SMBC Friend Securities Co., Ltd. SMBC is also working to expand the number of qualified financial consultants and to enhance their advisory skills, while also developing a broader range of service delivery venues through the opening of SMBC Consulting Plazas. Also, since December 2007, when the full-range sale of insurance products by banks was deregulated, SMBC has been expanding its offering of insurance products to include medical insurance and level-premium life insurance. However, with global financial markets in turmoil, consumers have become much more selective in choosing financial products and services. At SMBC, we recognize the utmost importance of offering customers in-depth services, including follow-ups, and responding directly to their needs in realizing our objective of offering “total consulting services.” We will continue to propose products that optimally meet customer needs, offer extensive follow-ups that build long-term relationships of trust, strive to improve our consulting services, and offer financial products that are best suited to the full-life plans of our customers.

In the credit card business, we established an intermediate holding company, SMFG Card & Credit, Inc., in October 2008 to oversee the business, and have concluded an agreement to merge

Central Finance Co., Ltd., OMC Card Inc., and QOUQ Inc. The next step for us will be to work toward becoming “the number one credit card business entity in Japan” by having the merged company and Sumitomo Mitsui Card Co., Ltd., work to realize economies of scale for the group as a whole and to maximize top-line synergies by drawing on the strengths of our alliance partners. Moreover, we will continue to promote our business collaboration with Promise Co., Ltd., including the installation of more automatic contract machines at SMBC branches, which will enable us to offer consumer loans to meet customers’ various lifestyle-related needs, while taking their repayment capabilities into careful consideration.

In overseas markets, we are moving forward with initiatives to bolster our financial products with competitive edge in a global market, including project finance. In addition, in Asia, which is expected to remain a high-growth region, we are making preparations to establish a subsidiary bank in China and to expand our office network. At the same time, we have been taking steps to significantly strengthen our business in Asia by investing in and concluding alliances with leading financial institutions in the region since 2007. For example, we have been developing businesses under alliance agreements entered into with Vietnam Eximbank (a capital and business alliance) and Kookmin Bank of South Korea (a business

## ○ Becoming a “Globally Competitive Financial Services Group with the Highest Trust”



## ○ Economic and Financial Assumptions of the Medium-Term Management Plan and Actual Performance

Fiscal 2008	Plan Assumptions	Sept. 30, 2008
Nominal GDP growth (annual average)	2.9%	(0.6)%*
3-month TIBOR	1.12%	0.88%
10-year, yen swap rate	2.10%	1.63%
Yen/dollar exchange rate	¥115	¥104

\* Estimate for fiscal 2008 by Japan Research Institute (as of Nov. 2008)

	Mar. 30, 2007	Oct. 27, 2008
Nikkei Stock Average	¥17,287.65	¥7,162.90

## ○ Overhead Ratio (SMBC Non-consolidated) and Trends of Tier I Ratio

	Overhead Ratio	Tier I Ratio
Fiscal 2006	44.9%	6.44%
Fiscal 2007	44.8%	6.94%
Fiscal 2008 (First half)	48.5%	7.08%



alliance). We also reached agreement in October 2008 to invest in Kookmin Bank's holding company, KB Financial Group, and entered into business alliances with Taiwan-based First Commercial Bank and the Hong Kong-based Bank of East Asia Limited. In addition, in July 2008, SMBC invested £500 million in the leading U.K. bank Barclays plc, and is currently moving ahead with discussions on the specifics of the business alliance.

## (2) Fortifying the Platform for Supporting Sustainable Growth

SMFG has been strengthening its corporate base to support sustainable growth.

We operate in compliance with all relevant laws and regulations in Japan and overseas. Moreover, in customer satisfaction and the improvement of product and service quality, we are continuing to strengthen our systems for reflecting the opinions and requests from customers in our services and other activities.

In risk management, we have been making steady progress in complying with Basel II, new BIS capital standards, which were introduced in 2008 and to enhance the sophistication of our ability to manage risks. Amid heightened concerns regarding the worldwide economic slowdown, we will continue to improve our credit risk management system and substantially strengthen our risk management on a global basis.

Moreover, as part of our drive to strengthen our corporate base in order to respond effectively to our globalization, we will continue to consider listing our shares on the New York Stock Exchange.

Regarding SMFG's performance for the full fiscal year 2008, we forecast an increase in credit costs, accompanying the domestic economic slowdown, and an increase in impairment losses on stockholdings as a result of the decline in stock market prices. Therefore, we have revised our earnings forecast, which had been issued in November 2008 (revising the original forecast issued in May 2008), to consolidated ordinary profit of ¥480 billion and consolidated net income of ¥180 billion.

In view of the consolidated income decline outlook for the full fiscal year 2008, we have revised our full-year cash dividend forecast to ¥12,000 per common share, the same as last fiscal year, from the original forecast of an increase of ¥2,000 for the year. Accompanying this revision, the dividend outlook for the second half of the fiscal year will be changed from the original forecast of ¥7,000 per share to ¥5,000 per share.\*

\* These figures are prior to the January 2009 stock split of 100 common shares for each common share outstanding. Taking account of the stock split, the dividend for the second half of the fiscal year will be ¥50 per share.

## Enhancing Corporate Value in the Medium-to-Long Term

SMFG has been implementing a wide range of strategies based on its medium-term management plan, and, during fiscal 2007, was

able to make steady progress toward realizing the objectives of the plan. However, since the beginning of fiscal 2008, actual events have diverged widely from the assumption regarding the financial and economic environment under the plan that called for "interest rate hikes under steady expansion of economy." Accordingly, we now believe it will be difficult to attain the level of net income set for fiscal 2009 under the plan.

Notwithstanding this, the macro trends foreseen when the medium-term plan was prepared remain unchanged: namely, "a tide of generational change," "economic and financial globalization," and "deregulation." In addition, not all the changes in fundamentals occurring currently are negative for banking business. The slowing of economic growth may lead to a decline in demand for funds; however, if we consider the worldwide credit crunch and the malfunctioning of capital markets, we find that what is occurring in reality is that demand for funds is concentrating on sound commercial banking institutions.

In view of these trends, during the second half of the current fiscal year, SMFG will prioritize the allocation of expenses after making a careful review of their size, timing, effectiveness, and other factors, and allocate resources to growth business areas. At the same time, by increasing the efficiency of operations, SMBC will maintain its overhead ratio on a non-consolidated basis to less than 50%. Moreover, by steadily increasing its Tier 1 ratio, SMFG will continue to move toward the goal of its medium-term plan—"realizing solid financial base as a global player." Even though uncertainty regarding the business environment is increasing in Japan and overseas, SMFG will sustain its competitive strengths and proactively deploy management strategies and capital policies that will enhance its corporate value in the medium-to-long term with the aim of becoming a "globally competitive financial services group with the highest trust" and prepare the way for future growth. Through implementing the various initiatives we have described, we would like to meet the expectations of our stakeholders. As we continue to move toward our objectives, we look forward to your continued support and understanding.

February 2009



**Teisuke Kitayama**

*President*

Sumitomo Mitsui  
Financial Group, Inc.



**Masayuki Oku**

*President*

Sumitomo Mitsui  
Banking Corporation

# Business Overview

## Consumer Banking

The member companies of SMFG are collaborating to enhance the financial services they offer to consumers. Some of the key indicators of SMBC's performance in the first half of fiscal 2008, reflecting the high esteem customers have for our services, include an outstanding balance of investment trusts under management of ¥2,685.1 billion; sales of foreign bonds and structured bonds of ¥83.5 billion; pension-type insurance sales of ¥183.1 billion; sales of single premium full-life insurance of ¥19.3 billion; and mortgage loans outstanding of ¥13,759.4 billion as of September 30, 2008.

## Financial Consulting Business

SMBC's Consumer Banking Unit continued to expand its offerings of investment trusts, pension-type insurance products, and other insurance products during the first half of fiscal 2008.

New products introduced in the pension-type insurance area included principal-guaranteed policies with an initial minimum holding period of five years and policies with nursing care provisions. In the investment trust area, we became the first major banking group in Japan to offer a selection of funds investing principally in European high-yield bonds. In addition, in the life insurance product area, we offered a total of 18 products (from seven insurance companies), including death benefit insurance payable in equal installments and medical benefit insurance policies. Sales of these products are handled by our experienced insurance consultants, who are stationed at 90 of our branches (as of September 30, 2008).

Moreover, as part of our initiatives to protect the natural environment, we conducted two green campaigns linked to sales of Japanese government bonds to individuals. Based on the total amount of bonds sold during the campaign, carbon emission credits are purchased and transferred to the Japanese government in the campaign launched in June 2008, and trees are planted in the campaign launched in September 2008.

In view of the major fluctuations in domestic and overseas stock and other markets stemming from the financial crisis in the United



Investment management report seminar

States, we have been disclosing timely information to our customers. These initiatives include holding investment management report seminars, issuing special market reports and distributing these



through direct mail, and other activities aimed at providing information and follow-up on financial market developments.

## Loan Business

To enable us to respond to a wide range of customer needs, we are constantly developing new loan products and services.

In April 2008, we began to offer mortgage loans with a special feature that exempts borrowers from a portion of loan repayment in the event of natural disasters. When a borrower's home is damaged by a natural disaster, the borrower is exempted from the monthly mortgage payments for a certain period, depending on the extent of the damage. We are the first institution in the banking industry in Japan to offer mortgage loans with such features.



Also, in December 2008, we launched a new type of educational loan, which repayment is guaranteed by Promise Co., Ltd.



Borrowers can apply through one of SMBC automated loan contract machines, via the Internet, or through other channels every day (except January 1) until nine in the evening. Generally, applicants receive a response to their applications on the same day, and, compared with conventional educational loans, the new loan offers significantly greater convenience for customers.

## Settlement and Consumer Finance Business



SMBC CARD Suica

We are continuing to expand services available on our SMBC First Pack settlement platform. We have concluded a business alliance with East Japan Railway Co., (JR East), and, in October 2008, we began issuing SMBC CARD Suica with JR East Suica electronic money and automatic charging services.

We are also broadening services available through the Mitsui Sumitomo Card iD\* service, an electronic settlement service, which is based on a strategic alliance between SMFG and NTT DOCOMO, Inc. In July 2008, we began offering the iD service in Guam and then extended the service to China in August 2008. As of September 30, 2008, about 8.97 million persons had contracted for this service, and the number of terminals in member retail stores had expanded to about 380,000.

\* "iD" is a trademark of NTT DOCOMO.

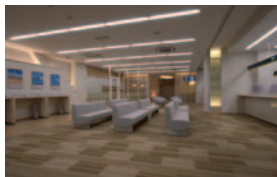


SMBC and two of our affiliates, Promise and At-Loan Co., Ltd., began offering consumer finance products and services in April 2005. The total number of automated contract machines installed, as of September 2008, had risen to 704, and the balance of loans outstanding from SMBC and At-Loan had expanded to ¥376.3 billion.



### Transaction Channels

During the first half of fiscal 2008, we opened new branches in Center Minami (in Kanagawa Prefecture) and Akaike (in Aichi Prefecture). Also, in June 2008, we opened a new type of outlet, SMBC Park Sakae, which is located in the central section of Nagoya and focuses mainly on disseminating information.



Center Minami Branch



Akaike Branch

In addition, in the Tokai region, which is centered on Nagoya, along with the opening of manned offices, we are moving ahead with the installation of ATMs at the Chubu Centrair International Airport and subway stations of the Nagoya City Subway system.

Along with these initiatives, we are continuing to strengthen our branch and ATM networks, principally in the Tokyo metropolitan, Kinki, and Tokai areas, with the goal of further improving services for our customers.

In online banking, in addition to introducing highly advanced services and strengthening security, we are continuously enhancing the service menu and convenience of *SMBC Direct* to meet customer needs. On April 1, 2008, we reduced our foreign exchange handling fees for foreign currency deposit transactions made via the Internet mobile service of *SMBC Direct* to half that charged at our branches; online banking has become a convenient and low-cost option for our customers.

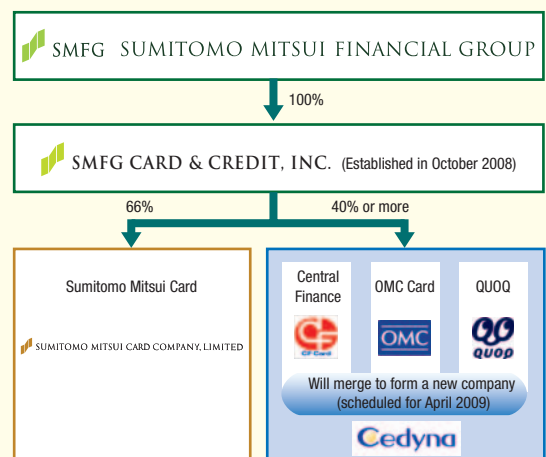
Our online banking services have established a strong reputation for quality, and there were approximately 8.87 million subscribers as of September 30, 2008.

### Topics

#### ◆ SMFG Implementing Credit Card Business Strategy

On April 1, 2009, three group credit card companies—Central Finance Co., Ltd., OMC Card, Inc., and QUOQ Inc.—are scheduled to merge to form a new credit card company, Cedyne Financial Corporation. This merger will result in the creation of a leading credit card company comparable to Sumitomo Mitsui Card Co., Ltd. Going forward, we will concentrate our credit card business operations around the newly formed Cedyne and Sumitomo Mitsui Card, two major players in the industry with different strengths.

Looking ahead, we will work to realize top-line synergies by combining the expertise, customer bases, and networks of our group companies as well as cost synergies through economies of scale in the Group as a whole. Through these initiatives, we will strive to become the “No. 1 credit card business entity in Japan.”



## ■ Corporate Banking

### Enhancing Services for Mid-sized Companies and SMEs

#### Initiatives to Strengthen Products and Services to Meet Diverse Corporate Needs

SMBC has a diverse lineup of services to meet the funding needs of mid-sized companies and small and medium-sized enterprises (SMEs). These include the *Business Select Loan*, which does not require collateral or a third-party guarantee. In addition, in September 2007, SMBC launched the *Wide Support Loan* to meet the needs of customers wishing to use their real estate holdings as collateral for raising funds. This was followed in November 2007 by the introduction of *Asset Value*, a loan secured with movable assets.

Additionally, in April 2008, we introduced the *Asset Value Truck & Bus Loan*, which is secured by commercial vehicles, and the *Certified Corporate Support Loan*, which is targeted to corporate customers that have obtained official certifications or won awards from national and local government entities specified by SMBC or obtained certifications under management qualification systems. Moreover, in June 2008, we began to offer the *Web Report Loan*, which is for customers who use the national electronic tax return filing system ("e-Tax") and SMBC Web-based data acceptance service (under the service, documents sent using e-Tax, such as financial data and certificate of tax payment, can be sent to SMBC via the Internet).

To support mid-sized companies and SMEs with a commitment to environmental preservation, we began to offer the *SMBC-ECO Loan* in February 2006. Then in October 2008, we introduced the *SMBC-ECO Loan eco value up*, which is a loan product that offers preferential interest rates for companies that have obtained qualifications under the Fujitsu Group Environmental Management System (FJEMS), which is an environment management certification system operated independently by the Fujitsu Group for its business partners. In addition, SMBC has developed an assessment system for ranking the environmental friendliness of corporations based on its own criteria, and sets loan terms and conditions based on the assessment results. Also, beginning in October 2008, we introduced the SMBC Environmental Friendliness Assessment Finance System, which provides customers with a simplified diagnosis of those areas where their activities could be improved from an environmental perspective.

Among other activities, in response to strong customer interest, we have strengthened the promotion structure of our Business Matching service and increased group matching organized by SMBC's Head Office. In group matching, a number of customers are introduced at the same time to the procurement and other sections of a large company. In addition, we have expanded the content of our Business Information Service, which is available free of charge and now used by more than 10,000 companies, and taken other initiatives to broaden the range of value-added services we offer to accurately meet customer needs. These have included increasing the number of Trade Consultants, who have

been offering a diverse range of trade-related consulting services since the inauguration of this advisory service in February 2008.

#### Structuring Systems that Respond in Depth to a Wide Range of Requirements

Our branches and other business offices offer a broad spectrum of in-depth advice and support especially tailored to meeting a diversity of customer needs and helping them address the issues they face.

In October 2008, we established Business Support Offices in Akabane, Ohta, Sapporo, Shin-Osaka, and Keihan Kyobashi as well as a Corporate Business Office in Okazaki in Aichi Prefecture. As of November 30, 2008, there were 182 Corporate Business Offices and 23 Business Support Offices throughout Japan to assist our corporate clients.

By expanding the previously mentioned product and service offerings as well as upgrading and realigning corporate business offices, we will continue to put our mid-sized and SME customers first, listen carefully to their opinions, and respond in depth to their needs.

### Offering Stronger Capabilities for Assisting Companies with Global Operations

To offer assistance going beyond financing for corporations that are expanding their activities globally, in April 2008, SMBC formed its Global Advisory Department, which has the mission of responding to the management issues and needs that customers are confronting, including dealing with overseas systems, business customs, and cultures.

To carry out the work of this new department, we have stationed about 60 experts with experience in various countries overseas in our offices around the world, including Tokyo, Osaka, and Nagoya in Japan, and in such overseas locations as China, including Hong Kong, and Singapore. Their responsibilities include

#### Examples of Principal Services of the Global Advisory Department

<b>■ Support for Overseas Business Operations</b>
The department offers the consulting services of staff with extensive overseas experience and knowledge to assist customers in developing their international operations, including entering overseas markets, expanding and financing existing operations, and conducting other activities.
<b>■ Offering Various Kinds of Information</b>
The department also provides information on the overseas investment climate, the financial system, economic conditions, and other matters, including economic development zones, industrial parks, and other related matters.
<b>■ Assistance for Managing Global Organizations</b>
The department also assists customers in enhancing the efficiency of their global cash management systems, strengthening corporate governance, and realigning overseas operations.
<b>■ Overseas Business Seminars</b>
The department holds seminars led by outside specialists on topics of particular interest to customers.
<b>■ Offering Overseas Information via an E-mail Network</b>
The department distributes an e-mail magazine containing articles on the latest economic and financial matters written by the staff of SMBC's overseas offices, research institutes, and other sources as well as notices of upcoming seminars.

offering support for the development of the overseas operations of our customers and the formulation of sophisticated solutions to the needs of individual companies. Through these activities and the dissemination of information on overseas markets through seminars, we have created an effective framework for supporting the global development of our customers.

### Reinforcing Services for the Public Sector and Financial Institutions

In fiscal 2007, SMBC formed its Public & Financial Institutions Banking Department to offer solutions to address the issues faced by regional governments, public corporations, and financial institutions. Also, to reinforce services for customers in regional areas, it is working more closely with those regional entities.

As part of its joint efforts with regional public-sector entities and financial institutions, in July 2008, SMBC concluded a Cooperative Agreement for Promotion of Industry with the Miyagi Prefectural Government and The 77Bank, Limited, which is based in Miyagi Prefecture. Under this agreement, SMBC supports the development of new supply chains that will tap into the capacity of companies in the automobile- and sophisticated electronics-related industries that are increasingly concentrating in the Miyagi area. Through the agreement, SMBC will also work to assist those companies in the region that are interested in expanding their sales channels to and enter overseas markets.



From left, Masayuki Oku, the president of SMBC; Yoshihiro Murai, the governor of Miyagi Prefecture, and Hiroshi Kamata, the president of The 77Bank.

This tripartite agreement, involving a regional government, a regional financial institution, and a megabank, is the first of its kind in Japan. SMBC, with its broad network covering Japan and overseas markets, and The 77Bank, which has close transactions relationships with the regional community, will be drawing on their respective strengths, and, working in partnership with the prefectural government, the parties to the agreement are expected to promote highly effective industrial development policies.

In September 2008, SMBC also concluded a cooperative agreement for promotion of industry with the Hokkaido Government. Under this agreement, SMBC supports the activities of the Hokkaido International Business Center, which was established by the Hokkaido Government to assist Hokkaido companies in developing business operations overseas.

In its collaborative activities with regional financial institutions, during March 2008, SMBC concluded comprehensive agreements on business succession services with First Bank of Toyama, Limited, The Bank of Nagoya, Limited, and Biwako Bank, Limited. Under these agreements, SMBC supports the business

succession services promotion systems of these banks and assists customers requiring such services.

Moving forward, SMBC will continue to implement such initiatives and offer customers based in regional areas high-value-added services and contribute to the development of local economies.

### Topics

#### ◆ Strengthening Cooperation between Industry and Academia

In June 2008, SMBC concluded agreements for cooperation between industry and academia with the University of Tsukuba and Nagoya University. These agreements were followed by another, concluded with Tohoku University in July 2008, which brought the total network of universities covered by such cooperative arrangements to 23 (as of July 2008).

These activities to encourage cooperation between industry and academia are conducted from two perspectives. The first, or “corporate needs,” perspective involves introducing the technological requirements of our customers to universities, and the second, or “university technology seeds,” perspective is to introduce the intellectual property and other assets of universities.

By helping to build bridges between companies and universities and encouraging joint R&D, we are assisting companies that have technological issues to address and those companies that are concerned with the development of new products. Through these activities to bring industry and academia closer together, we are taking the initiative in helping to develop new solutions.

#### ◆ SMBC Environmental Business Forum

As part of Eco-Products 2008, Japan’s largest environment-related exhibition, which was held over a three-day period from December 11 through 13 and organized by the Japan Environmental Management Association for Industry and *Nikkei Inc.*, SMBC and SMBC Consulting Co., Ltd., held the SMBC Environmental Business Forum. The Environmental Business Forum is a combination of the SMBC Environmental Seminar and the Environmental Business Exchange Meeting held in fiscal 2007.

On the day of the event, we hosted a number of activities that attracted strong interest from participants. These included setting up booths with 43 customers, the *eco japan cup 2008* award presentation ceremony, a seminar on SMBC environmental business activities, and a business matching event for pre-registered companies.

SMBC will continue to support the further development of environmental business in Japan.



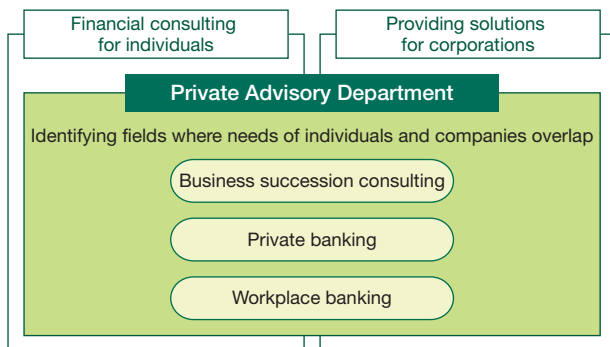
## ■ Services for High Net Worth Individuals, Business Owners, and Employees

### Private Advisory Department

SMBC's Private Advisory Department responds to the diverse requirements of business owners and high net worth individuals. The activities of the department span three areas. The first is private banking services that include the preparation of comprehensive proposals for the management of monetary assets that answer to customer needs. The second is preparing tailored proposals for business succession, based on the know-how the bank has accumulated from long experience in this area and the input of outside specialists. The third area is workplace banking services to support the personnel strategies of corporate clients, and includes designing and supporting the operation of defined contribution pension plan and other employee benefit programs.

The Private Advisory Department draws on the expertise of SMBC affiliates and alliance partners, as well as internal experts, to meet the specific needs of high net worth individuals, business owners and employees of corporations and offers these services through the domestic business network.

- In private banking, SMBC is actively increasing the number of personnel in this field to strengthen its ability to offer comprehensive advice to its customers. Moreover, in view of the financial market turmoil, SMBC has offered additional information to its customers regarding their holdings of individual financial assets and actively reviewed and offered proposals regarding their financial asset portfolios.
- For customers seeking assistance in business succession matters, SMBC prepares proposals that are closely tailored to their individual circumstances. The department offers timely information to SMBC customers through seminars and responds to about 4,000 requests annually for consultation from corporate management and business owners.



- In workplace banking, the department holds seminars on such themes as “Evolving Employee Welfare” and “Follow-Up on the Introduction of Defined Contribution Pension Plans” to help companies implement effective employee benefit programs as one means of addressing the corporate issue of securing top-quality human resources.

## ■ Investment Banking

Leveraging its commercial banking base, SMFG is actively offering higher-value-added investment banking services. We assist customers in developing their businesses and enhancing their enterprise value by combining the proficiencies of SMBC's Investment Banking Unit with the strengths of other Group companies to create optimal solutions meeting their various needs, including financing, asset management, business restructuring, risk hedging, and settlement.

### Topics

#### ◆ Syndicated Loans

In the first half of fiscal 2008, SMBC arranged a ¥50 billion syndicated loan for International Business Machines Corporation (IBM) and a ¥54 billion syndicated loan for The Walt Disney Company. For both companies, this was their first time to tap the Japanese syndicated loan market. Acting as the bookrunner enabled SMBC to raise its profile in global financial markets.

#### ◆ Establishment of SMBC Capital India Private Limited

As part of its strong commitment to the Asia-Pacific region, SMBC established a subsidiary in New Delhi specializing in advisory services in April 2008 to strengthen its structured finance business in India, an area which had been covered by the structured finance experts in Singapore, Hong Kong, and Sydney. With the new subsidiary in New Delhi, SMBC is well positioned to respond to the demand for structured finance, infrastructure related in particular, which is expected to rise substantially in India going forward, and to offer more in-depth services in this area.





## International Banking

SMFG offers high-value-added services tailored to the requirements of various regions around the world to customers with global operations, primarily through SMBC's International Banking Unit. Our client base for these services includes both Japanese and non-Japanese corporations, financial institutions, government organizations, public enterprises, and other entities.

We have four regional headquarters—in Europe, the Americas, Asia and Oceania, and China—that quickly respond to the market characteristics of each region, as we continue to strengthen our network presence. In addition to our own network, we draw effectively on the resources of other SMFG companies, our overseas subsidiaries, and affiliated local banks. In today's highly competitive international market, this broad network enables us to offer

### Topics

#### ◆ Strategy for Alliance and Investing in Overseas Financial Institutions

In Asia, we are implementing an alliance strategy focusing on the characteristics of each country and region, and have entered into alliance with local banks in Vietnam, Taiwan, Korea, India, Malaysia, and the Philippines. In October 2008, we signed an agreement with Kookmin Bank, Korea's largest bank, to expand the business alliance, which was entered into the year before, including an equity investment. In November 2008, we signed a memorandum of mutual understanding on strategic partnerships with Bank of East Asia, Ltd., the largest independent local bank in Hong Kong, with strong financial products and relationships with small and medium-sized enterprises and individuals in Hong Kong and mainland China. We will continue these diversified approaches to strengthen our position in Asia.

From a global perspective, in July 2008, we invested in Barclays plc, one of the leading financial institutions in the United Kingdom. Going forward, we will work to build a mutually complementary relationship with Barclays drawing on our respective strengths.



#### ◆ Trading in Greenhouse Gas Emission Rights

In September 2008, SMBC established a wholly owned subsidiary under its Brazilian subsidiary Banco Sumitomo Mitsui Brasilerio S.A., to specialize in consulting services related to Clean Development Mechanism\* business activities. The objectives of this new company include helping the Japanese government to attain its greenhouse gas emission reduction target under the Kyoto Protocol and contributing to the sustainable growth of developing countries. We will continue to place emphasis on environmental businesses to fulfill our corporate social responsibilities.

\* Under the Clean Development Mechanism, developed countries invest in greenhouse gas emission reduction projects in the developing countries. The efficacy of proposed projects in reducing emissions is validated by a third-party agency. If the projects are validated and implemented, "Certified Emission Reductions" (carbon credits) are issued to the developed countries.

our customers the latest information and cutting-edge services as well as optimal solutions to assist them in dealing with issues unique to various regions around the world.

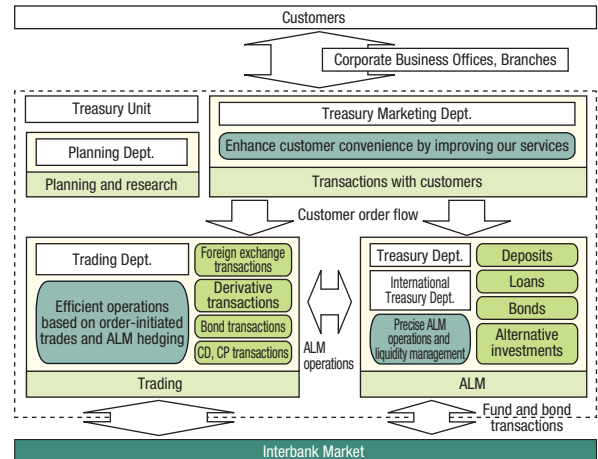
## Treasury Markets

SMFG responds to the needs of its clients for market transactions through the Treasury Unit of SMBC and offers ever higher-value-added services to meet their increasingly sophisticated and diverse needs in money, foreign exchange, bond, and derivatives markets.

Our focus is on increasing our order flow, strengthening asset-liability management (ALM) system and trading capabilities, and managing a diverse portfolio of investments. We accurately assess timely market opportunities in Japan and overseas to further strengthen profitability while effectively managing risks.

Looking ahead, in our relationships with customers, we will continue to respond fully to their needs and offer our full support with services that meet the highest industry standards.

In addition, through our banking operations, including ALM, and trading activities, we will continue to optimally allocate risk capital according to market conditions, while controlling market and liquidity risks, in order to secure stable profits.



### Topics

#### ◆ Expanding Services to Match Customer Needs

We are constantly enhancing the functions of *i-Deal*, a system that allows customers to conclude foreign exchange contracts and other transactions over the Internet. In the first half of fiscal 2008, we added a new foreign exchange risk simulation function to this system to provide added convenience for customers.

#### ◆ Effective Market Operations

We respond quickly and effectively to changes in market conditions through our market operations, including prompt liquidation of securitized and other investment products.



# Group Companies (as of September 30, 2008)



## SUMITOMO MITSUI BANKING CORPORATION

[www.smbc.co.jp/english/](http://www.smbc.co.jp/english/)



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. Sumitomo Mitsui Financial Group, Inc., was established through a stock transfer as a holding company, and SMBC became a wholly owned subsidiary of SMFG. SMBC's competitive advantages include a strong customer base, the quick implementation of strategies, and an extensive lineup of financial products and services that leverage the expertise of strategic Group companies in specialized areas. SMBC, as a core member of SMFG, works together with other members of the Group 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, Japan  
**President:** Masayuki Oku  
**Number of Employees:** 22,113  
**Number of branches and other business locations:**

<b>In Japan:</b>	1,515*
Branches:	475
(Including 38 specialized deposit account branches)	
Subbranches:	167
Agency:	1
Offices handling non-banking business:	23
Automated service centers:	849
<b>Overseas:</b>	41
Branches:	19
Subbranches:	6
Representative offices:	16

\* The number of domestic branches excludes ATMs located in retail convenience stores.

### Credit Ratings (as of December 31, 2008)

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

### Financial Information (Consolidated basis)

	Billions of yen			
	Sept. 30, 2008	Mar. 31, 2008	Mar. 31, 2007	Mar. 31, 2006
For the Interim Period (Year):				
Ordinary income ¥	1,542.6	¥ 3,411.0	¥ 2,925.6	¥ 2,750.2
Ordinary profit	178.2	734.9	716.6	862.0
Net income	94.9	351.8	401.7	563.5
At Interim Period- (Year-) End:				
Net assets	¥ 5,203.3	¥ 5,080.7	¥ 5,412.4	¥ 3,598.2
Total assets	107,872.1	108,637.7	98,570.6	104,418.5

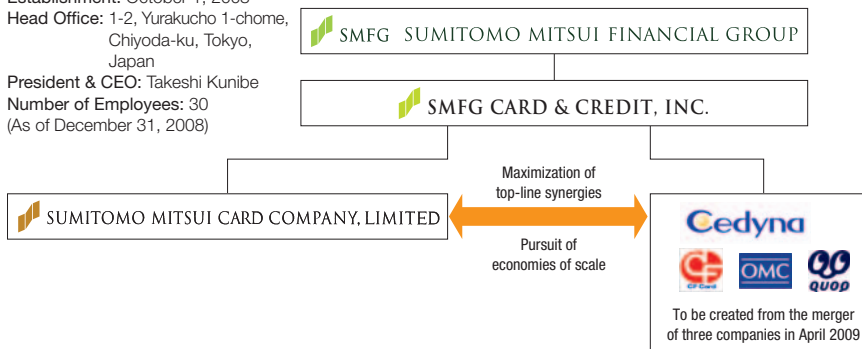


## SMFG CARD & CREDIT, INC.

SMFG Card & Credit, Inc. ("FGCC"), was established in October 2008 as an intermediate holding company of SMFG to hold shares of Sumitomo Mitsui Card Co., Ltd., and Cedyne Financial Corporation. FGCC is the core company responsible for implementing SMFG's credit card strategy and establishing uniform business policies. FGCC will also create a framework for promoting a solid partnership between Sumitomo Mitsui Card and Cedyne Financial Corporation, seek to realize economies of scale for the Group as a whole, and maximize top-line synergy by leveraging each party's strengths.

\* Cedyne Financial Corporation is scheduled to be formed in April 2009 through the merger of three companies: Central Finance Co., Ltd., OMC Card, Inc., and QOUQ Inc., and will become one of the largest consumer finance companies in Japan.

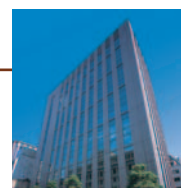
**Company Name:** SMFG Card & Credit, Inc.  
**Business Profile:** Management of subsidiaries and affiliates  
**Establishment:** October 1, 2008  
**Head Office:** 1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan  
**President & CEO:** Takeshi Kunibe  
**Number of Employees:** 30  
 (As of December 31, 2008)



## SUMITOMO MITSUI CARD COMPANY, LIMITED

[www.smbc-card.com](http://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 and 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 provides settlement and financing services focused around providing credit services that meet customer needs. Through its credit card business operations, the company aims to actively contribute to the realization of comfortable and

affluent consumer lifestyles and make further dramatic advances as a leading brand in its industry sector.

**Company Name:** Sumitomo Mitsui Card Company, Limited  
**Business Profile:** Credit card services  
**Establishment:** December 26, 1967  
**Head Office:**  
 Tokyo Head Office: 1-2-20, Kaigan, Minato-ku, Tokyo  
 Osaka Head Office: 4-5-15, Imabashi, Chuo-ku, Osaka  
**President & CEO:** Koichi Tsukihara  
**Number of Employees:** 2,144

### Credit Ratings (as of December 31, 2008)

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

### Financial Information

	Billions of yen			
	Sept. 30, 2008	Mar. 31, 2008	Mar. 31, 2007	Mar. 31, 2006
For the Interim Period (Year):				
Revenue from credit card operations	¥2,891.3	¥5,375.2	¥4,753.8	¥4,181.3
Operating revenue	90.8	168.4	157.6	148.2
Operating profit	11.9	16.9	14.1	25.8
At Interim Period- (Year-) End:				
Number of cardholders (in thousands)	1,764.0	1,640.6	1,495.1	1,406.7



Sumitomo Mitsui Finance and Leasing (SMFL) was created from the merger of SMBC Leasing Company, Limited, and Sumisho Lease Co., Ltd., in October 2007. SMFL aims to become the top leasing company in Japan in terms of both quantity and quality by combining (a) the customer base and know-how of SMBC Leasing, as a bank-affiliated leasing company that can draw on the financial solutions offered by other subsidiaries of SMFG, and (b) the customer base and know-how of Sumisho Lease, as an affiliate of the Sumitomo Corporation Group, one of Japan's leading trading houses, which has business relationships along the value chains in a wide range of industries.

SMFL is one of the leading companies in the leasing industry because of its strong marketing position based on its access to channels to

users of leased equipment and to suppliers of equipment, its capabilities for offering high-value-added products and services, and its close ties with one of its shareholders in the aircraft operating lease field. Through anticipating future needs and offering top-quality leasing services, SMFL is working to contribute to society as a leading company in the 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 Nishi-Shimbashi, Minato-ku, Tokyo  
Osaka Head Office: 3-10-19, Minami-Semba, Chuo-ku, Osaka  
**President & CEO:** Koji Ishida  
**Number of Employees:** 1,601

**Credit Ratings** (as of December 31, 2008)

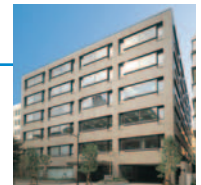
	Long-term	Short-term
R&I	A+	a-1
JCR	AA-	J-1+

**Financial Information**

	Billions of yen			
	Sept. 30, 2008	Mar. 31, 2008	Mar. 31, 2007	Mar. 31, 2006
For the Interim Period (Year):				
Revenue from leasing operations	¥462.5	¥1,040.5	¥583.6	¥615.5
Operating revenue	462.6	708.4	630.0	619.7
Operating profit	21.0	36.2	31.5	32.2
			24.7	21.4

\* The upper row of figures for 2006 and 2007 are for SMBC Leasing and the lower row of figures are for Sumisho Lease.

 **The Japan Research Institute, Limited**



The Japan Research Institute, Limited (JRI), is a "knowledge engineering" company that offers high-value-added services by effectively combining its capabilities in three fields: namely, information systems integration, consulting, and think-tank services. JRI offers consulting services—principally focused on management innovation and IT-related issues, planning and implementation services for strategic information systems, and outsourcing services—for customers in financial services and a range of other industrial sectors. In addition, JRI's wide-ranging activities cover the issuance of a range of information, including research and analysis of the Japanese and overseas economies, formulation of policy recommendations, and assistance in the incubation of new businesses.

In December 2008, JRI concluded a capital and business alliance with JRI Solutions, Limited, an SMFG company offering IT solutions

to customers across a wide range of industries, and NTT Data Co., Ltd. And, in January 2009, JRI Solutions began operations anew under the name "JSOL." Looking ahead, JRI, while maintaining close relationships with other SMFG companies, will draw on the diverse range of resources and know-how of the NTT Data Group, as well as the know-how it has accumulated, to further grow and develop as an IT services company.

**Company Name:** The Japan Research Institute, Limited  
**Business Profile:** Systems engineering, data processing, management consulting, think-tank services

**Establishment:** November 1, 2002  
**Head Office:**  
Tokyo Head Office: 16 Ichibancho, Chiyoda-ku, Tokyo  
Osaka Head Office: 1-6-3 Shinmachi, Nishi-ku, Osaka  
**President & CEO:** Yasuyuki Kimoto  
**Number of Employees:** 1,929

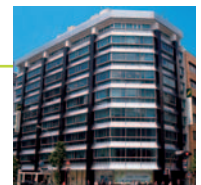
**Financial Information**

	Billions of yen			
	Sept. 30, 2008	Mar. 31, 2008	Mar. 31, 2007	Mar. 31, 2006
For the Interim Period (Year):				
Operating revenue	¥40.6	¥88.1	¥84.6	¥115.8
Operating profit	(0.8)	3.8	3.0	5.2

\* JRI Solutions was spun off as a separate company in July 2006.

 **SMBC FRIEND SECURITIES CO., LTD.**

(Japanese only)



Providing a full range of securities services, focused mainly on retail customers, SMBC Friend Securities has one of the strongest financial positions among Japanese securities companies and boasts highly efficient operations with a nationwide network of 75 offices. SMBC Friend Securities offers services closely tailored to the needs of its customers and the communities it serves. SMBC Friend Securities became a wholly owned subsidiary of SMFG through a share transfer in September 2006, and is developing business operations jointly with SMBC and other Group members by strengthening its ties with these companies.

Going forward, SMBC Friend Securities is aiming to be "a leading Japanese securities company serving the retail market," and, by offering high-quality products and services matching the needs of its customers, will continue to build strong bonds of trust with its customers.

**Company Name:** SMBC Friend Securities Co., Ltd.  
**Business Profile:** Securities services  
**Establishment:** March 2, 1948  
**Head Office:** 7-12, Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo  
**President & CEO:** Katsuhiko Tamaki  
**Number of Employees:** 2,189

**Financial Information**

	Billions of yen			
	Sept. 30, 2008	Mar. 31, 2008	Mar. 31, 2007	Mar. 31, 2006
For the Interim Period (Year):				
Operating revenue	¥24.5	¥60.5	¥58.7	¥68.5
Operating profit	3.4	19.0	21.2	31.0



# Financial Highlights

## Sumitomo Mitsui Financial Group

Six months ended September 30, 2008, 2007 and 2006, and years ended March 31, 2008 and 2007

### Consolidated

	Millions of yen				
	September 30			March 31	
	2008	2007	2006	2008	2007
For the Interim Period (Year):					
Total income .....	¥ 1,819,631	¥ 2,079,102	¥ 1,874,035	¥ 4,739,040	¥ 3,947,786
Total expenses .....	1,629,076	1,728,767	1,472,733	3,810,084	3,140,996
Net income .....	83,281	170,592	243,660	461,536	441,351
At Interim Period- (Year-) End:					
Total net assets .....	¥ 5,257,748	¥ 5,268,853	¥ 4,622,792	¥ 5,224,076	¥ 5,331,279
Total assets .....	111,033,760	105,927,629	102,551,964	111,955,918	100,858,309
Risk-monitored loans .....	1,415,443	1,066,944	1,148,036	1,092,661	1,067,386
Reserve for possible loan losses .....	899,914	930,577	978,999	894,702	889,093
Net unrealized gains on other securities .....	619,540	1,524,864	1,387,933	745,420	1,825,168
Capital ratio .....	10.25%	10.60%	10.07%	10.56%	11.31%
Number of employees .....	49,841	46,442	41,936	46,429	41,428
Per Share (Yen):					
Net assets .....	¥ 404,976.05	¥ 460,168.95	¥ 394,556.25	¥ 424,546.01	¥ 469,228.59
Net income .....	10,092.43	21,694.19	32,782.19	59,298.24	57,085.83
Net income - diluted .....	9,964.41	20,840.67	27,514.41	56,657.41	51,494.17

Notes: 1. "Net unrealized gains 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 18.

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. "Capital ratio" as of March 31, 2007 and after is calculated under Basel II. "Capital ratio" as of September 30, 2006 was calculated under the former method.

### Nonconsolidated

	Millions of yen				
	September 30			March 31	
	2008	2007	2006	2008	2007
For the Interim Period (Year):					
Operating income .....	¥ 49,659	¥ 23,936	¥ 321,340	¥ 111,637	¥ 376,479
Operating expenses .....	3,466	3,333	1,567	6,246	3,641
Net income .....	32,074	9,366	318,223	82,975	363,535
At Interim Period- (Year-) End:					
Total net assets .....	¥ 2,940,370	¥ 2,940,122	¥ 3,252,213	¥ 2,968,749	¥ 2,997,898
Total assets .....	3,991,957	4,001,470	3,929,752	4,021,217	3,959,444
Capital stock .....	1,420,877	1,420,877	1,420,877	1,420,877	1,420,877
Number of shares issued					
Preferred stock .....	103,401	120,101	315,101	120,101	120,101
Common stock .....	7,890,804	7,733,653	7,733,653	7,733,653	7,733,653
Number of employees .....	165	137	135	136	131
Per Share (Yen):					
Net assets .....	¥335,572.77	¥335,711.01	¥349,036.81	¥339,454.71	¥342,382.75
Dividends:					
Common stock .....	7,000	5,000	—	12,000	7,000
Preferred stock (Type 1) .....	/	/	—	/	—
Preferred stock (Type 2) .....	/	/	—	/	—
Preferred stock (Type 3) .....	/	/	—	/	—
Preferred stock (1st series Type 4) .....	67,500	67,500	—	135,000	135,000
Preferred stock (2nd series Type 4) .....	67,500	67,500	—	135,000	135,000
Preferred stock (3rd series Type 4) .....	67,500	67,500	—	135,000	135,000
Preferred stock (4th series Type 4) .....	67,500	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	67,500	—	135,000	135,000
Preferred stock (10th series Type 4) .....	67,500	67,500	—	135,000	135,000
Preferred stock (11th series Type 4) .....	67,500	67,500	—	135,000	135,000
Preferred stock (12th series Type 4) .....	67,500	67,500	—	135,000	135,000
Preferred stock (1st series Type 6) .....	44,250	44,250	—	88,500	88,500
Net income .....	3,416.32	376.60	42,605.28	9,134.13	46,326.41

Note: All SMFG employees are on secondment assignment from SMBC, etc.

# Sumitomo Mitsui Banking Corporation

Six months ended September 30, 2008, 2007 and 2006, and years ended March 31, 2008 and 2007

## ◆ Consolidated

	Millions of yen				
	2008	September 30		March 31	
		2007	2006	2008	2007
<b>For the Interim Period (Year):</b>					
Total income .....	¥ 1,544,107	¥ 1,556,051	¥ 1,401,690	¥ 3,417,611	¥ 2,971,693
Total expenses .....	1,367,218	1,242,520	1,037,617	2,691,606	2,220,971
Net income .....	94,960	171,308	220,078	351,820	401,795
<b>At Interim Period- (Year-) End:</b>					
Total net assets .....	¥ 5,203,322	¥ 5,410,538	¥ 4,497,004	¥ 5,080,747	¥ 5,412,458
Total assets .....	107,872,150	103,722,670	100,049,543	108,637,791	98,570,638
Risk-monitored loans .....	1,393,840	1,051,206	1,129,117	1,073,471	1,047,566
Reserve for possible loan losses .....	854,581	898,698	949,212	848,031	860,799
Net unrealized gains on other securities .....	622,854	1,530,310	1,438,792	754,456	1,852,971
Capital ratio .....	11.90%	12.05%	10.86%	12.19%	12.95%
Number of employees .....	40,929	36,103	32,082	36,085	31,718
<b>Per Share (Yen):</b>					
Net assets .....	¥ 59,077.75	¥ 67,409.07	¥ 54,445.50	¥ 60,442.81	¥ 67,823.69
Net income .....	1,630.06	2,984.80	3,963.89	6,132.91	7,072.09
Net income - diluted .....	1,628.13	2,984.74	3,897.22	6,132.75	7,012.46

Notes: 1. "Net unrealized gains 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. "Capital ratio" as of March 31, 2007 and after is calculated under Basel II. "Capital ratio" as of September 30, 2006 was calculated under the former method.

## ◆ Nonconsolidated

Millions of yen

	September 30					March 31	
	2008	2007	2006	2008	2007		
For the Interim Period (Year):							
Total income .....	¥ 1,304,029	¥ 1,308,588	¥ 1,166,046	¥ 2,944,677	¥ 2,492,577		
Total expenses .....	1,183,149	1,153,378	867,695	2,437,222	1,905,648		
Net income .....	80,394	63,798	183,646	205,742	315,740		
(Appendix)							
Gross banking profit (A) .....	735,053	718,492	609,120	1,484,783	1,344,490		
Banking profit .....	374,757	383,119	311,609	819,691	782,330		
Banking profit (before provision for general reserve for possible loan losses) .....	378,486	390,904	311,609	819,691	740,601		
Expenses (excluding nonrecurring losses) (B) .....	356,566	327,587	297,511	665,091	603,888		
Expense ratio (B)/(A) .....	48.5%	45.6%	48.8%	44.8%	44.9%		
At Interim Period- (Year-) End:							
Total net assets .....	¥ 3,418,892	¥ 3,856,300	¥ 3,492,390	¥ 3,493,249	¥ 3,992,884		
Total assets .....	98,159,845	94,307,182	93,149,162	100,033,020	91,537,228		
Deposits .....	70,143,714	68,841,461	68,541,049	69,382,834	68,809,338		
Loans and bills discounted .....	58,541,953	55,025,706	53,902,477	56,957,813	53,756,440		
Securities .....	20,982,446	19,860,123	22,047,445	22,758,241	20,060,873		
Risk-monitored loans .....	1,029,713	748,924	833,503	770,587	721,064		
Problem assets based on the Financial Reconstruction Law .....	1,076,881	773,649	866,734	803,939	738,667		
Reserve for possible loan losses .....	638,978	688,148	771,822	620,004	677,573		
Net unrealized gains on other securities .....	629,812	1,517,691	1,417,430	755,749	1,832,891		
Trust assets and liabilities .....	1,333,644	1,027,818	1,288,805	1,175,711	1,174,396		
Loans and bills discounted .....	222,540	4,150	8,080	223,740	5,350		
Securities .....	349,145	285,533	241,904	273,504	267,110		
Capital stock .....	664,986	664,986	664,986	664,986	664,986		
Number of shares issued (in thousands)							
Preferred stock .....	70	70	900	70	70		
Common stock .....	56,355	56,355	56,202	56,355	56,355		
Number of employees .....	22,113	17,945	16,686	17,886	16,407		
Selected Ratios:							
Capital ratio .....	12.50%	12.65%	11.48%	12.67%	13.45%		
Return on equity .....	4.81%	3.25%	13.53%	5.64%	10.13%		
Per Share (Yen):							
Net assets .....	¥ 56,884.80	¥ 64,646.35	¥ 54,933.11	¥ 58,204.22	¥ 67,124.90		
Dividends:							
Common stock .....	1,339	1,269	—	1,487	763		
Preferred stock (Type 1) .....	/	/	—	/	/		
Preferred stock (Type 2) .....	/	/	—	/	/		
Preferred stock (Type 3) .....	/	/	—	/	/		
Preferred stock (1st series Type 6) .....	44,250	44,250	—	88,500	88,500		
Net income .....	1,371.59	1,077.10	3,307.70	3,540.84	5,533.69		
Net income - diluted .....	—	—	3,252.19	—	5,487.21		

Notes: 1. Please refer to page 76 for the definitions of risk-monitored loans and problem assets based on the Financial Reconstruction Law.

2. "Net unrealized gains 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 22.

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. "Capital ratio" as of March 31, 2007 and after is calculated under Basel II. "Capital ratio" as of September 30, 2006 was calculated under the former method.

5. "Net income-diluted" for the six months ended September 30, 2008 and 2007 and the year ended March 31, 2008 is not reported because SMBC did not have dilutive stocks in the relevant periods.





# 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 2008, the six-month period ended September 30, 2008.

### 1. Operating Results

Operating results for the first half of fiscal 2008 include the results of 282 consolidated subsidiaries (163 in Japan and 119 overseas) and 76 subsidiaries and affiliates accounted for by the equity method (48 in Japan and 28 overseas).

Consolidated gross profit showed a year-on-year increase of ¥45.5 billion, to ¥1,068.1 billion, because of an increase in net interest income owing to a higher balance of loans outstanding in international banking activities, improvement in interest spreads, and other factors. Ordinary profit, after taking account of general and

administrative expenses, credit cost, net losses on stocks, equity in losses of affiliates, and other relevant income and expense items, decreased ¥162.2 billion, to ¥190.9 billion. This decline was primarily due to a rise in credit cost, as a result of a decline in the quality of loan assets accompanying the deterioration in the operating environment for borrowers and the emergence of credit cost related to exposures to certain overseas financial institutions.

Net income after extraordinary losses and income taxes was ¥83.2 billion, a year-on-year decrease of ¥87.3 billion.

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

September 30, 2008 and 2007, and March 31, 2008

	September 30		March 31
	2008	2007	2008
Consolidated subsidiaries .....	<b>282</b>	185	268
Subsidiaries and affiliates accounted for by the equity method .....	<b>76</b>	66	74

### ◆ Income Summary

Six months ended September 30, 2008 and 2007, and year ended March 31, 2008

	Millions of yen		
	Six months ended September 30		Year ended March 31
	2008	2007	2008
Consolidated gross profit.....	<b>¥1,068,130</b>	¥1,022,551	¥2,116,248
Net interest income.....	<b>678,514</b>	599,574	1,210,383
Trust fees.....	<b>1,268</b>	2,262	3,752
Net fees and commissions.....	<b>283,999</b>	293,439	611,993
Net trading income .....	<b>(342)</b>	118,362	469,571
Net other operating income (expenses).....	<b>104,690</b>	8,912	(179,453)
General and administrative expenses.....	<b>(538,960)</b>	(477,357)	(978,896)
Credit cost (A).....	<b>(303,048)</b>	(143,490)	(249,922)
Write-off of loans.....	<b>(153,570)</b>	(65,014)	(141,750)
Provision for specific reserve for possible loan losses.....	<b>(109,697)</b>	(62,470)	(172,570)
Provision for general reserve for possible loan losses .....	<b>(24,232)</b>	(12,584)	99,350
Others.....	<b>(15,546)</b>	(3,421)	(34,952)
Net gains (losses) on stocks .....	<b>(19,777)</b>	(47,423)	(7,063)
Equity in earnings (losses) of affiliates.....	<b>(6,138)</b>	19,030	(41,760)
Other income (expenses).....	<b>(9,243)</b>	(20,072)	(7,444)
Ordinary profit.....	<b>190,962</b>	353,237	831,160
Extraordinary gains (losses).....	<b>(407)</b>	(2,903)	97,795
Losses on impairment of fixed assets.....	<b>(1,331)</b>	(3,205)	(5,161)
Gains on collection of written-off claims (B) .....	<b>924</b>	386	1,355
Gains on change in equity due to mergers of subsidiaries .....	<b>—</b>	—	103,133
Income before income taxes and minority interests.....	<b>190,555</b>	350,334	928,955
Income taxes:			
Current .....	<b>(46,433)</b>	(53,951)	(103,900)
Deferred.....	<b>(15,790)</b>	(89,270)	(282,538)
Minority interests in net income.....	<b>(45,051)</b>	(36,519)	(80,980)
Net income.....	<b>¥ 83,281</b>	¥ 170,592	¥ 461,536
Total credit cost (A) + (B).....	<b>¥ (302,124)</b>	¥ (143,104)	¥ (248,566)
[Reference]			
Consolidated banking profit (Billions of yen) .....	<b>¥ 410.0</b>	¥ 499.6	¥ 1,022.9

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, 2008, were at ¥73,583.0 billion, an ¥892.4 billion increase compared with the previous fiscal year-end. Negotiable certificates of deposit were at ¥3,254.6 billion, a decrease of ¥176.5 billion over the same period.

Loans and bills discounted increased ¥1,332.8 billion to ¥63,477.7 billion, while securities increased ¥1,721.6 billion to ¥21,795.8 billion.

Net assets were ¥5,257.7 billion, a decrease of ¥33.6 billion over the same period.

#### ◆ Assets, Liabilities and Net Assets

September 30, 2008 and 2007, and March 31, 2008

	Millions of yen		
	September 30		March 31
	2008	2007	2008
Assets .....	<b>¥111,033,760</b>	¥105,927,629	¥111,955,918
Securities .....	<b>21,795,888</b>	20,599,844	23,517,501
Loans and bills discounted .....	<b>63,477,758</b>	60,193,566	62,144,874
Liabilities .....	<b>105,776,012</b>	100,658,776	106,731,842
Deposits .....	<b>73,583,098</b>	72,925,766	72,690,624
Negotiable certificates of deposit .....	<b>3,254,678</b>	2,528,292	3,078,149
Net assets .....	<b>5,257,748</b>	5,268,853	5,224,076

## 2. Unrealized Gains (Losses) on Securities

Net unrealized gains on securities as of September 30, 2008 were ¥625.6 billion, which was a decrease of ¥136.4 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 ¥125.9 billion over the same period, to ¥619.4 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, 2008 and March 31, 2008

	Millions of yen							
	September 30, 2008				March 31, 2008			
	Net unrealized gains (losses) (A)	(A) – (B)	Unrealized gains	Unrealized losses	Net unrealized gains (losses) (B)	Unrealized gains	Unrealized losses	
Held-to-maturity securities .....	¥ 6,289	¥ (10,466)	¥ 10,554	¥ 4,264	¥ 16,755	¥ 18,379	¥ 1,623	
Other securities .....	<b>619,540</b>	<b>(125,880)</b>	<b>871,503</b>	<b>251,963</b>	745,420	1,042,530	297,109	
Stocks .....	<b>785,663</b>	<b>(150,565)</b>	<b>853,934</b>	<b>68,271</b>	936,228	999,414	63,186	
Bonds .....	<b>(59,514)</b>	<b>73,378</b>	<b>2,579</b>	<b>62,093</b>	(132,892)	18,645	151,537	
Others .....	<b>(106,608)</b>	<b>(48,693)</b>	<b>14,989</b>	<b>121,598</b>	(57,915)	24,469	82,385	
Other money held in trust .....	<b>(136)</b>	<b>(107)</b>	—	<b>136</b>	(29)	—	29	
Total .....	<b>625,694</b>	<b>(136,452)</b>	<b>882,058</b>	<b>256,363</b>	762,146	1,060,909	298,763	
Stocks .....	<b>785,663</b>	<b>(150,565)</b>	<b>853,934</b>	<b>68,271</b>	936,228	999,414	63,186	
Bonds .....	<b>(52,881)</b>	<b>63,063</b>	<b>13,133</b>	<b>66,014</b>	(115,944)	37,025	152,969	
Others .....	<b>(107,087)</b>	<b>(48,950)</b>	<b>14,989</b>	<b>122,077</b>	(58,137)	24,469	82,607	

Notes: 1. The figures above include unrealized gains (losses) on negotiable certificates of deposit in "Deposits with banks" and beneficiary claims on loan trusts in "Commercial paper and other debt purchased."

2. Unrealized gains (losses) on stocks are calculated mainly using the average market prices during the final month of the reporting period. The remainder of securities are valued at market prices as of the consolidated balance sheet date.

3. Since "Other securities" and "Other money held in trust" are valued at market prices, the figures in the table show the differences between the acquisition costs (or amortized costs) and the balance sheet amounts.

4. Floating-rate Japanese government bonds which SMFG held as "Other securities—AFS securities" had been carried on the consolidated balance sheet at market values. From the six months ended September 30, 2008, such bonds have been carried at their reasonably estimated amounts in accordance with the "Practical Solution on Measurement of Fair Value of Financial Assets" (Accounting Standard Board of Japan Practical Issues Task Force No. 25, issued on October 28, 2008). As a result of this accounting change, compared with the former accounting method, "Securities," "Net unrealized gains on other securities," and "Minority interests" increased by ¥153,847 million, ¥88,504 million, and ¥3,287 million, respectively, and "Deferred tax assets" decreased by ¥62,055 million.

### 3. Capital Ratio

SMFG's capital ratio (BIS guidelines) on a consolidated basis as of September 30, 2008 was 10.25%.

Total capital, which constitutes the numerator in the capital ratio calculation equation, was ¥6,507.1 billion. On the other hand, risk-adjusted assets, the denominator in the equation, were ¥63,432.5 billion.

#### ◆ Capital Ratio

September 30, 2008 and 2007, and March 31, 2008

	Millions of yen		
	September 30	2007	March 31
	2008		2008
Tier I capital.....	¥ 4,491,317	¥ 4,069,277	¥ 4,381,464
Tier II capital included as qualifying capital.....	2,746,760	3,481,365	3,021,872
Deductions.....	(730,976)	(738,262)	(737,792)
Total capital.....	6,507,101	6,812,380	6,665,543
Risk-adjusted assets.....	63,432,507	64,251,120	63,117,349
Capital ratio.....	10.25%	10.60%	10.56%

### 4. Deferred Tax Assets

In the recording of deferred tax assets, SMFG has continued to adopt a conservative stance. After offsetting deferred tax liabilities,

net deferred tax assets were ¥1,003.1 billion at September 30, 2008, ¥69.7 billion higher than at the end of fiscal 2007.

#### ◆ Deferred Tax Assets

September 30, 2008 and 2007, and March 31, 2008

	Millions of yen		
	September 30	2007	March 31
	2008		2008
Net deferred tax assets.....	¥1,003,197	¥860,287	¥933,481
Net deferred tax assets / Tier I capital × 100.....	22.3%	21.1%	21.3%

# 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 2008, the six-month period ended September 30, 2008.

## 1. Operating Results

Banking profit (before provision for general reserve for possible loan losses) in the first half of fiscal 2008 decreased ¥12.4 billion to ¥378.4 billion year on year, as a result of a ¥16.5 billion increase in gross banking profit to ¥735.0 billion, and a ¥28.9 billion increase in expenses (excluding nonrecurring losses) to ¥356.5 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 ¥35.7 billion to ¥122.1 billion.

After adjusting ordinary profit for extraordinary losses, and for income taxes, net income came to ¥80.3 billion, a year-on-year increase of ¥16.5 billion.

This increase was due to a gain in net interest income owing to a higher balance of loans outstanding in international banking activities, an improvement in interest margins, and other factors.

## Expenses

Expenses (excluding nonrecurring losses) increased ¥28.9 billion year on year, to ¥356.5 billion. This increase was mainly attributable to investments in systems to strengthen the Group's position in growth businesses and investments for expansion in business locations and facilities to enhance user convenience.

## Banking Profit

Banking profit (before provision for general reserve for possible loan losses) decreased ¥12.4 billion year on year, to ¥378.4 billion.

## 2. Income Analysis

### Gross Banking Profit

Gross banking profit in the first half of fiscal 2008 increased ¥16.5 billion year on year to ¥735.0 billion.

### ◆ Banking Profit

Six months ended September 30, 2008 and 2007, and year ended March 31, 2008

	Millions of yen		
	Six months ended September 30	2007	Year ended March 31
	2008		2008
Gross banking profit .....	<b>¥735,053</b>	¥718,492	¥1,484,783
[Gross domestic banking profit] .....	<b>[566,042]</b>	[601,219]	1,198,285
[Gross international banking profit] .....	<b>[169,010]</b>	[117,272]	286,497
Net interest income .....	<b>512,941</b>	477,542	970,818
Trust fees .....	<b>1,244</b>	2,239	3,710
Net fees and commissions .....	<b>147,081</b>	157,166	332,362
Net trading income .....	<b>(14,707)</b>	103,277	440,985
Net other operating income (expenses) .....	<b>88,494</b>	(21,723)	(263,093)
[Gross banking profit (excluding gains (losses) on bonds)] .....	<b>[739,613]</b>	[724,741]	[1,514,841]
Expenses (excluding nonrecurring losses) .....	<b>(356,566)</b>	(327,587)	(665,091)
Personnel expenses .....	<b>(121,669)</b>	(107,258)	(211,681)
Nonpersonnel expenses .....	<b>(216,070)</b>	(200,867)	(413,317)
Taxes .....	<b>(18,825)</b>	(19,462)	(40,092)
<b>Banking profit (before provision for general reserve for possible loan losses)</b> .....	<b>378,486</b>	390,904	819,691
[Banking profit (before provision for general reserve for possible loan losses and gains (losses) on bonds)] .....	<b>[383,047]</b>	[397,153]	[849,750]
Provision for general reserve for possible loan losses .....	<b>(3,729)</b>	(7,784)	—
Banking profit .....	<b>374,757</b>	383,119	819,691

<Reference>

### ◆ Banking Profit by Business Unit

Six months ended September 30, 2008

	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) .....	¥70.3	¥169.9	¥78.6	¥55.3	¥80.7	¥(76.3)	¥378.4
Year-on-year increase (decrease) .....	(11.6)	(38.5)	3.1	15.0	29.5	(9.9)	(12.4)

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 ¥27.3 billion to ¥252.6 billion from the previous year. This increase was primarily due to a rise in credit cost of ¥113.9 billion to ¥220.4 billion, as a result of a decline in the quality of loan assets accompanying the deterioration in the operating environment for borrowers and the emergence of credit cost related to exposures to certain overseas financial institutions.

Total credit cost, including the provision for general reserve for possible loan losses and gains on collection of written-off loans, rose ¥109.9 billion to ¥224.1 billion.

### Ordinary Profit

As a result of the foregoing, ordinary profit decreased ¥35.7 billion year on year to ¥122.1 billion.

### Extraordinary Gains (Losses)

Net extraordinary losses were ¥1.2 billion, an improvement of ¥1.4 billion from the loss recorded in the previous year.

### Net Income

Income taxes prior to the application of tax-effect accounting were ¥7.1 billion, and deferred income taxes under tax-effect accounting were ¥33.3 billion. As a result, net income increased ¥16.5 billion to ¥80.3 billion year on year.

#### ◆ Ordinary Profit and Net Income

Six months ended September 30, 2008 and 2007, and year ended March 31, 2008

	Millions of yen		
	Six months ended September 30	2007	Year ended March 31
	2008	2007	2008
Banking profit (before provision for general reserve for possible loan losses) .....	¥ 378,486	¥ 390,904	¥ 819,691
Provision for general reserve for possible loan losses (A) .....	(3,729)	(7,784)	—
Banking profit .....	374,757	383,119	819,691
Nonrecurring gains (losses) .....	(252,649)	(225,270)	(308,952)
Credit cost (B) .....	(220,414)	(106,441)	(155,011)
Gains (losses) on stocks .....	(17,184)	(103,816)	(141,002)
Gains on sale of stocks .....	5,412	8,224	26,718
Losses on sale of stocks .....	(587)	(546)	(2,311)
Losses on devaluation of stocks .....	(22,009)	(111,494)	(165,409)
Others .....	(15,049)	(15,012)	(12,937)
Ordinary profit .....	122,108	157,849	510,739
Extraordinary gains (losses) .....	(1,228)	(2,639)	(3,284)
Gains (losses) on disposal of fixed assets .....	(60)	450	(5,849)
Losses on impairment of fixed assets .....	(1,168)	(3,095)	(4,700)
Gains on reversal of reserve for possible loan losses (C) .....	—	—	7,238
Gains on collection of written-off claims (D) .....	0	6	7
Income taxes:			
Current .....	(7,152)	(7,210)	(16,031)
Deferred .....	(33,332)	(84,200)	(285,680)
Net income .....	¥ 80,394	¥ 63,798	¥ 205,742
Total credit cost (A) + (B) + (C) + (D) .....	¥(224,143)	¥(114,220)	¥(147,765)
Provision for general reserve for possible loan losses .....	(3,729)	(7,784)	96,900
Write-off of loans .....	(119,444)	(59,177)	(121,801)
Provision for specific reserve for possible loan losses .....	(86,407)	(44,500)	(91,603)
Losses on sales of delinquent loans .....	(14,563)	(4,703)	(33,209)
Provision for loan loss reserve for specific overseas countries .....	(0)	1,941	1,941
Gains on collection of written-off claims .....	0	6	7

### 3. Assets, Liabilities and Net Assets

#### Total Assets

SMBC's total assets as of September 30, 2008 were ¥98,159.8 billion on a nonconsolidated basis, a ¥1,873.1 billion decrease

compared with the previous fiscal year-end. This decrease was mainly due to a drop in securities holdings of ¥1,775.7 billion owing to a reduction in the balance of Japanese government bonds as they were sold during downtrends in interest rates.



## Total Liabilities

Total liabilities as of September 30, 2008 decreased ¥1,798.8 billion to ¥94,740.9 billion from the previous fiscal year-end. This decline in total liabilities reflected principally a reduction in funding based on the anticipated decline in assets.

## Net Assets

Net assets were ¥3,418.8 billion as of September 30, 2008. Of this, stockholders' equity was ¥2,992.2 billion, which consisted of capital

stock of ¥664.9 billion, a capital surplus of ¥1,367.5 billion (includes ¥702.5 billion in "other capital surplus"), and retained earnings of ¥959.7 billion. Valuation and translation adjustments were ¥426.6 billion: net unrealized gains on other securities of ¥474.2 billion, net deferred losses on hedges of ¥69.2 billion and revaluation excess of ¥21.6 billion.

### ◆ Assets, Liabilities and Net Assets

September 30, 2008 and 2007, and March 31, 2008

	Millions of yen		
	September 30		March 31
	2008	2007	2008
Assets .....	<b>¥98,159,845</b>	¥94,307,182	¥100,033,020
Securities .....	<b>20,982,446</b>	19,860,123	22,758,241
Loans and bills discounted .....	<b>58,541,953</b>	55,025,706	56,957,813
Liabilities .....	<b>94,740,953</b>	90,450,881	96,539,771
Deposits .....	<b>66,918,037</b>	66,379,291	66,417,260
Negotiable certificates of deposit .....	<b>3,225,677</b>	2,462,170	2,965,574
Net assets .....	<b>3,418,892</b>	3,856,300	3,493,249

## 4. Unrealized Gains (Losses) on Securities

Net unrealized gains on securities as of September 30, 2008 were ¥587.7 billion, which was a decrease of ¥186.0 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 ¥126.0 billion over the same period, to ¥629.6 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, 2008 and March 31, 2008

	Millions of yen							
	September 30, 2008				March 31, 2008			
	Net unrealized gains (losses) (A)	(A) – (B)	Unrealized gains	Unrealized losses	Net unrealized gains (losses) (B)	Unrealized gains	Unrealized losses	
Held-to-maturity securities .....	¥ 7,098	¥ (9,977)	¥ 10,554	¥ 3,455	¥ 17,075	¥ 18,373	¥ 1,298	
Stocks of subsidiaries and affiliates .....	(48,991)	(50,045)	—	48,991	1,054	14,885	13,831	
Other securities .....	<b>629,812</b>	<b>(125,937)</b>	<b>859,499</b>	<b>229,686</b>	755,749	1,030,778	275,029	
Stocks .....	<b>782,453</b>	<b>(153,871)</b>	<b>844,586</b>	<b>62,133</b>	936,324	992,665	56,341	
Bonds .....	<b>(56,468)</b>	<b>73,040</b>	<b>629</b>	<b>57,098</b>	(129,508)	15,579	145,087	
Others .....	<b>(96,172)</b>	<b>(45,105)</b>	<b>14,283</b>	<b>110,455</b>	(51,067)	22,533	73,600	
Other money held in trust .....	<b>(136)</b>	<b>(107)</b>	—	<b>136</b>	(29)	—	29	
Total .....	<b>587,784</b>	<b>(186,065)</b>	<b>870,054</b>	<b>282,269</b>	773,849	1,064,037	290,188	
Stocks .....	<b>733,462</b>	<b>(203,916)</b>	<b>844,586</b>	<b>111,124</b>	937,378	1,007,551	70,172	
Bonds .....	<b>(49,369)</b>	<b>63,063</b>	<b>11,184</b>	<b>60,554</b>	(112,432)	33,952	146,385	
Others .....	<b>(96,308)</b>	<b>(45,212)</b>	<b>14,283</b>	<b>110,591</b>	(51,096)	22,533	73,630	

- Notes: 1. The figures above include unrealized gains (losses) on negotiable certificates of deposit in "Deposits with banks" and beneficiary claims on loan trusts in "Commercial paper and other debt purchased."
2. Unrealized gains (losses) on stocks, other than those of subsidiaries and affiliates, are calculated mainly using the average market prices during the final month of the reporting period. The remainder of securities are valued at market prices as of the balance sheet date.
3. Since "Other securities" and "Other money held in trust" are valued at market prices, the figures in the table show the differences between the acquisition costs (or amortized costs) and the balance sheet amounts.
4. Floating-rate Japanese government bonds which SMBC held as "Other securities—AFS securities" had been carried on the balance sheet at market values. From the six months ended September 30, 2008, such bonds have been carried at their reasonably estimated amounts in accordance with the "Practical Solution on Measurement of Fair Value of Financial Assets" (Accounting Standard Board of Japan Practical Issues Task Force No. 25, issued on October 28, 2008). As a result of this accounting change, compared with the former accounting method, "Securities" and "Net unrealized gains on other securities" increased by ¥147,919 million and ¥87,819 million, respectively, and "Deferred tax assets" decreased by ¥60,099 million.

## 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 Guidelines* 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 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 "direct write-off," or else by the recognition of a loan loss provision on a contra-asset account in the amount deemed uncollectible, referred

to as "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 standards 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	The 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 the 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 the 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 discount cash flow (DCF) method is applied mainly to large claims for calculating the provision amount.				
Potentially Bankrupt Borrowers	A provision for the 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 the specific reserve is made for the full amount of Classification III assets.				
Notes	<table border="0"> <tr> <td>General reserve</td> <td>Provisions made in accordance with general inherent default risk of loans, unrelated to specific individual loans or other claims</td> </tr> <tr> <td>Specific reserve</td> <td>Provisions made for claims that have been found uncollectible in part or in total (individually evaluated claims)</td> </tr> </table>	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)
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 the repayment of principal and interest received can be reasonably estimated. 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 uses the best available data to calculate the estimates.

## II. Credit Cost

Credit cost, with respect to provisioning, is the total amount of provisions newly made, and in the case of write-offs, it is the amount of provisions already made deducted from the uncollectible amount. The credit cost for the first half of fiscal 2008 for SMBC was ¥224.1

billion, a year-on-year increase of ¥109.9 billion, due principally to the unexpected costs related to the deterioration in the financial condition of borrowers against a backdrop of financial market turmoil and global economic slowdown.

### ◆ Credit Cost (SMBC Nonconsolidated; six months ended September 30, 2008)

(Billions of yen)

Credit cost	¥224.1
Provision for general reserve for possible loan losses	3.7
Write-off of loans	119.4
Provision for specific reserve for possible loan losses	86.4
Losses on sale of loans	14.6
Provision for loan loss reserve for specific overseas countries	0.0
Gains on collection of written-off claims	(0.0)
Reserve for possible loan losses	¥639.0
Amount of direct reduction	¥446.1

Note: Bracketed amount indicates gains.

### ◆ Credit Cost (SMFG Consolidated; six months ended September 30, 2008)

(Billions of yen)

Total credit cost	¥302.1
Reserve for possible loan losses	¥899.9
Amount of direct reduction	¥639.4

### ◆ Reserve for Possible Loan Losses (September 30, 2008)

(Billions of yen)

	SMBC (Nonconsolidated)	SMFG (Consolidated)
Reserve for possible loan losses	¥639.0	¥899.9
General reserve	434.6	614.0
Specific reserve	204.4	285.9
Loan loss reserve for specific overseas countries	0.0	0.0
Amount of direct reduction	¥446.1	¥639.4

### III. Disclosure of Problem Assets and Off-Balancing Disclosure of Problem Assets

Problem assets are loans and other claims 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 based on

the Financial Reconstruction Law, except for such non-loan assets as those related to securities lending and foreign exchanges, 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.

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.

Problem Assets Based on the Financial Reconstruction Law and Risk-Monitored Loans				
Category of borrowers under self-assessment	Problem assets based on the Financial Reconstruction Law		Risk-monitored loans	
	Total loans	Other assets	Total loans	Other assets
Bankrupt Borrowers	Bankrupt and quasi-bankrupt assets		Bankrupt loans	(C)
Effectively Bankrupt Borrowers			Non-accrual loans	
Potentially Bankrupt Borrowers			Doubtful assets	
Borrowers Requiring Caution	Substandard loans	Restructured loans		
Normal Borrowers	(Normal assets)			
		(A)	(B)	= (C)

## Problem Asset Disclosure Amounts

The amounts of problem assets and risk-monitored loans, as of September 30, 2008, are shown in the table below. The balance of problem assets held by SMBC was ¥1,076.9 billion, an increase of ¥273.0 billion from the previous fiscal year-end amount of ¥803.9 billion.

In view of the recent deterioration in the business environment, SMBC will continue to actively take steps to prevent the generation of new nonperforming loans—such as enhancing measures to monitor and improve the creditworthiness of borrowers in order to maintain and increase asset quality—and further strengthen the soundness of its credit portfolio.

### ◆ Problem Assets Based on the Financial Reconstruction Law (September 30, 2008)

(Billions of yen)

	SMBC (Nonconsolidated)	Compared with March 31, 2008	SMFG (Consolidated)
Bankrupt and quasi-bankrupt assets	¥ 269.1	¥ 151.3	¥ 402.2
Doubtful assets	525.8	123.8	650.5
Substandard loans	282.0	(2.1)	416.4
<b>Subtotal</b>	<b>¥ 1,076.9</b>	<b>¥ 273.0</b>	<b>¥ 1,469.1</b>
Normal assets	65,343.4	1,415.3	70,667.1
<b>Total</b>	<b>¥66,420.3</b>	<b>¥1,688.3</b>	<b>¥72,136.2</b>
Amount of direct reduction	¥ 446.1		¥ 639.4

### ◆ Risk-Monitored Loans (September 30, 2008)

(Billions of yen)

	SMBC (Nonconsolidated)	Compared with March 31, 2008	SMFG (Consolidated)
Bankrupt loans	¥ 166.7	¥117.9	¥ 235.5
Non-accrual loans	581.0	143.3	771.9
Past due loans (3 months or more)	37.6	13.9	41.7
Restructured loans	244.4	(16.0)	366.3
<b>Total</b>	<b>¥1,029.7</b>	<b>¥259.1</b>	<b>¥1,415.4</b>
Amount of direct reduction	¥ 393.5		¥ 543.7



◆ Classification under Self-Assessment, Disclosure of Problem Assets, and Write-Offs/Reserves  
(SMBC Nonconsolidated; September 30, 2008)

(Billions of yen)

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) ¥269.1	Portion of claims secured by collateral or guarantees, etc. (5) ¥251.3	Fully reserved ¥17.8	Direct write-offs (Note 1)	Specific reserve ¥22.9 (Note 2)	100% (Note 3)		
Effectively Bankrupt Borrowers								
Potentially Bankrupt Borrowers	Doubtful assets (2) ¥525.8	Portion of claims secured by collateral or guarantees, etc. (6) ¥276.7	Necessary amount reserved ¥249.1		General reserve ¥181.5 (Note 2)	72.86% (Note 3)		
Borrowers Requiring Caution	Substandard loans (3) ¥28.2 (Claims to substandard borrowers)			Portion of substandard loans secured by collateral or guarantees, etc. (7) ¥114.1			General reserve ¥434.6	46.02% (Note 3)
Normal Borrowers	Normal assets ¥65,343.4	Claims to normal borrowers		5.97% [10.38%] (Note 4)	0.22% (Note 4)			
				Loan loss reserve for specific overseas countries ¥0.0				
	Total (4) ¥66,420.3	NPL ratio (A) / (4) 1.62%		Total reserve for possible loan losses ¥639.0		Reserve ratio (B) / (D) 64.20% (Note 5)		
	(A) = (1) + (2) + (3) ¥1,076.9	Portion secured by collateral or guarantees, etc. (C) = (5) + (6) + (7) ¥642.1		(B) Specific reserve + General reserve for substandard loans ¥279.1				
		Unsecured portion (D) = (A) - (C) ¥434.8						
		Coverage ratio { (B) + (C) } / (A)				85.55%		

Notes: 1. Includes amount of direct reduction totaling ¥446.1 billion.

2. Includes reserves for assets that are not subject to disclosure under the Financial Reconstruction Law. (Bankrupt/Effectively Bankrupt Borrowers: ¥5.1 billion; Potentially Bankrupt Borrowers: ¥7.9 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 the 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. Reserve ratio = (Specific reserve + General reserve for substandard loans) ÷ (Bankrupt and quasi-bankrupt assets + Doubtful assets + Substandard loans - Portion secured by collateral 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 SMBC's balance sheet by way of sale, direct write-offs, or other means.

SMBC off-balanced ¥185.0 billion in problem assets during the period under review.

◆ Breakdown of Off-Balancing (SMBC Nonconsolidated; September 30, 2008)

(Billions of yen)

	March 31, 2007 ①	Fiscal 2007		March 31, 2008 ②	First half of fiscal 2008		September 30, 2008 ③
		New occurrences	Off-balanced		New occurrences	Off-balanced	
Bankrupt and quasi-bankrupt assets	¥108.9	¥ 71.8	¥ (62.9)	¥117.8	¥168.0	¥ (16.7)	¥269.1
Doubtful assets	300.1	382.9	(281.0)	402.0	292.1	(168.3)	525.8
Total	¥409.0	¥454.7	¥(343.9)	¥519.8	¥460.1	¥(185.0)	¥794.9
				Increase/Decrease (② - ①)			Increase/Decrease (③ - ②)
Bankrupt and quasi-bankrupt assets				¥ 8.9			¥151.3
Doubtful assets				101.9			123.8
Total				¥110.8			¥275.1

## ► Exposure of Securitized Products (Sumitomo Mitsui Financial Group (Consolidated))

The figures contained in this section have been compiled for in-house management purposes and are as of September 30, 2008. Figures for the allowance for loan losses do not include provisions to the general reserve for normal borrowers.

### 1. Securitized Products

As of September 30, 2008, the Group held ¥1.3 billion in sub-prime related securitized products after write-offs and provisions. Most parts of the Group's exposure of securitized products other than sub-prime related products are those to Government Sponsored Enterprises ("GSEs"), etc. (Approximately ¥250 billion). The amount

of loss on securitized products for the first half of fiscal 2008 was ¥4.6 billion (¥3.9 billion of provisions and write-offs and ¥0.7 billion of losses on sale) for sub-prime related products and ¥10.9 billion (¥4.0 billion of provisions and write-offs and ¥6.9 billion of losses on sales) for products other than sub-prime, respectively.

#### (1) Sub-prime related products

(Consolidated)

(Billions of yen)

	September 30, 2008						March 31, 2008			Ratings of underlying assets, etc.
	Balances (after provisions and write-offs)	Change from March 2008	Overseas	Change from March 2008	Net unrealized gains/losses (after write-offs)	Change from March 2008	Balances (after provisions and write-offs)	Overseas	Net unrealized gains/losses (after write-offs)	
Investments to securitized products	¥1.3	¥(3.6)	¥1.3	¥(3.6)	¥—	¥—	¥4.9	¥4.9	¥—	Speculative ratings
Warehousing loans, etc.	—	(0.6)	—	(0.6)	—	—	0.6	0.6	—	
<b>Total</b>	<b>¥1.3</b>	<b>¥(4.2)</b>	<b>¥1.3</b>	<b>¥(4.2)</b>	<b>¥—</b>	<b>¥—</b>	<b>¥5.5</b>	<b>¥5.5</b>	<b>¥—</b>	

Notes: 1. Warehousing loans are loans made based on collateral consisting of securitized investment products held by a special purpose company established for the purpose of securitization.  
2. Ratings shown are the lower of those issued by Standard & Poor's ("S&P") and Moody's Investors Service ("Moody's"). Ratings are shown in the ranking employed by S&P.

#### (2) Products other than sub-prime related

(Consolidated)

(Billions of yen)

	September 30, 2008						March 31, 2008			Ratings of underlying assets, etc.
	Balances (after provisions and write-offs)	Change from March 2008	Overseas	Change from March 2008	Net unrealized gains/losses (after write-offs)	Change from March 2008	Balances (after provisions and write-offs)	Overseas	Net unrealized gains/losses (after write-offs)	
RMBS	¥178.2	¥(41.6)	¥178.2	¥(41.6)	¥(4.4)	¥(2.8)	¥219.8	¥219.8	¥(1.6)	
Guaranteed by GSEs, etc.	178.2	(41.6)	178.2	(41.6)	(4.4)	(2.8)	219.8	219.8	(1.6)	AAA
Cards	9.6	(2.9)	9.6	(2.9)	(0.4)	0.2	12.5	12.5	(0.6)	A~BBB
CLO	6.7	(17.2)	6.7	(17.2)	(0.5)	2.5	23.9	23.9	(3.0)	
Senior	5.8	(16.2)	5.8	(16.2)	(0.5)	1.9	22.0	22.0	(2.4)	AAA
Equity	0.9	(1.0)	0.9	(1.0)	—	0.6	1.9	1.9	(0.6)	No ratings
CMBS	20.7	14.7	—	—	0.1	0.1	6.0	—	0.0	AAA~BBB
ABCP	31.1	31.1	31.1	31.1	—	—	—	—	—	A1 (short-term rating)
Investments to securitized products	246.3	(15.9)	225.6	(30.6)	(5.2)	0.0	262.2	256.2	(5.2)	
Warehousing loans, etc.	3.4	(2.5)	3.4	(2.5)	—	—	5.9	5.9	—	
<b>Total</b>	<b>¥249.7</b>	<b>¥(18.4)</b>	<b>¥229.0</b>	<b>¥(33.1)</b>	<b>¥(5.2)</b>	<b>¥ 0.0</b>	<b>¥268.1</b>	<b>¥262.1</b>	<b>¥(5.2)</b>	

Notes: 1. GSEs, etc. includes GNMA, FNMA and FHLMC. Besides RMBS, SMFG held bonds issued by GSEs (FNMA, FHLMC and Federal Home Loan Banks) of ¥11.4 billion.  
2. "Senior" means the upper tranche under senior-subordinate structure.  
3. Credit ratings are, in principle, indicated by the lower of S&P ratings and Moody's ratings. Notation of credit ratings is followed by the notation system of S&P.  
4. SMBC's exposure to subordinated beneficiaries owned through the securitization of SMBC's loan receivables (see next page for details) is not included.

## (Reference)

### Subordinated beneficiaries in securitization of SMBC's loans

Most of the securitized assets are domestic residential mortgage loans with low default rates. SMBC properly conducts self-assessment and has made the necessary write-offs and provisions for the subordinated beneficiaries.

(Billions of yen)

	September 30, 2008					March 31, 2008			
	Balances	Change from March 2008	Overseas	Subprime-related	Allowance for loan losses	Balances	Overseas	Subprime-related	Allowance for loan losses
Receivables of residential mortgage loans	¥247.5	¥2.0	¥—	¥—	¥—	¥245.5	¥—	¥—	¥—
Receivables of loans to corporations	6.3	(1.6)	—	—	1.8	7.9	—	—	1.5
Total	¥253.8	¥0.4	¥—	¥—	¥1.8	¥253.4	¥—	¥—	¥1.5

Note: No subsidiary other than SMBC has those subordinated beneficiaries mentioned above.

## 2. Transactions with Monoline Insurance Companies

Monoline insurance companies guarantee payment on underlying or reference assets. Our recognition of profit or loss on the transactions

with monoline insurance companies is basically affected by the credit conditions and prices of underlying or reference assets, and is also affected by the credit conditions of monoline insurance companies.

### (1) Credit derivatives (Credit Default Swap ["CDS"]) transactions with monoline insurance companies

In CDS<sup>1</sup> brokerage transactions, positions are covered through transactions with monoline insurance companies. As of September 30, 2008, the Group's exposure<sup>2</sup> to monoline insurance companies, which are rated investment grade, after loss provision totaled approximately ¥32 billion. Reference assets of these CDS transactions are rated investment grade or equivalent, and do not include subprime-related assets. SMFG recorded a loss on such transactions of ¥1.7 billion in the first half of fiscal 2008.

<sup>1</sup> Derivatives to hedge credit risks

<sup>2</sup> Mark-to-market value claimable to monoline insurance companies for net loss of reference assets on the settlement

#### (Consolidated)

(Billions of yen)

	September 30, 2008			March 31, 2008		September 30, 2008		March 31, 2008
	Net exposure	Change from March 2008	Allowance for loan losses	Net exposure	Allowance for loan losses	Amount of reference assets	Change from March 2008	Amount of reference assets
Exposure to CDS transactions with monoline insurance companies	¥35.8	¥4.7	¥3.9	¥31.1	¥1.9	¥578.3	¥19.2	¥559.1

Notes: 1. Excluding figures related to the portion to which SMFG already realized losses in the previous fiscal year.

2. The credit ratings of counterparty monoline insurance companies (excluding those to which losses have been realized) are investment grade, most of which are rated equal to or above AA by S&P or Moody's.

### (2) Loans and investments guaranteed by monoline insurance companies, etc.

Underlying assets are those of project finance and local government bonds rated investment grade or equivalent, and include no subprime-related assets. We conduct self-assessment to these loans and investments properly.

#### (Consolidated)

(Billions of yen)

	September 30, 2008			March 31, 2008	
	Exposure	Change from March 2008	Allowance for loan losses	Exposure	Allowance for loan losses
Loans and investments guaranteed or insured by monoline insurance companies	¥16.7	¥(25.0)	¥—	¥41.7	¥—

(Reference) In addition, we had approximately ¥12 billion in commitment contracts (drawn down amount: ¥1.2 billion) to insurance companies with monoline insurance companies as group members. There are no indications so far that the creditworthiness of these insurance companies are at issue.

### 3. Leveraged Loans

(1) As of September 30, 2008, the Group's balance of financing for mergers and acquisitions of whole or part of companies was approximately ¥810 billion and undrawn commitments for them was approximately ¥150 billion.

(2) In providing loans and commitment lines for mergers and acquisitions, we carefully scrutinize stability of cash flow of the borrowers,

and diversify the exposure especially for overseas portfolios in order to reduce concentration risk. At the same time, in credit risk management, we monitor each of such transactions individually, making loss provisions properly, thereby maintaining the quality of both domestic and overseas portfolios.

(Consolidated)

(Billions of yen)

	September 30, 2008					March 31, 2008		
	Loans	Change from March 2008	Undrawn commitments	Change from March 2008	Allowance for loan losses	Loans	Undrawn commitments	Allowance for loan losses
Europe	¥334.0	¥ 8.6	¥ 49.2	¥38.2	¥ —	¥325.4	¥ 11.0	¥ —
Japan	197.3	(35.0)	7.6	(10.3)	15.2	232.3	17.9	13.7
United States	189.4	(6.0)	85.5	4.3	1.7	195.4	81.2	1.3
Asia (excluding Japan)	91.2	1.6	5.6	(2.4)	0.6	89.6	8.0	0.5
Total	¥811.9	¥(30.8)	¥147.9	¥29.8	¥17.5	¥842.7	¥118.1	¥15.5

Notes: 1. Above figures include the amount to be sold of approximately ¥13 billion. Loss on sales is expected to be approximately 10% to its face value, currently. In the first half of fiscal 2008, we sold leveraged loans of approximately ¥73 billion, and loss on the sale amounted to approximately ¥8 billion.

2. Above figures do not include leveraged loans which are included in underlying assets of "1. Securitized Products" shown on page 28.

### 4. Asset Backed Commercial Paper (ABCP) Programs as Sponsor

(1) The Group sponsors issuance of ABCP, whose reference assets are such as clients' receivables, in order to fulfill clients' financing needs.

Specifically, as a sponsor, we provide services to special purpose vehicles, which are set up for clients' financing needs, for purchase of claims, financing, issuance and sales of ABCP. We also provide liquidity and credit support for such special purpose vehicles.

(2) As of September 30, 2008, the total notional amount of reference assets of sponsored ABCP programs was approximately ¥870 billion. Most of the reference assets are high-grade claims of corporate clients and do not include subprime loan related assets.

In addition, regarding the exposure of liquidity and credit support, we properly conduct self-assessment, making provisions and write-offs properly.

The Group held approximately ¥30 billion of ABCP issued under the program, and it is reported in "ABCP" on page 28.

(Billions of yen)

Types of reference assets	September 30, 2008					March 31, 2008			Support for programs	
	Notional amount of reference assets	Change from March 2008	Overseas	Change from March 2008	Allowance for loan losses	Notional amount of reference assets	Overseas	Allowance for loan losses	Liquidity support	Credit support
Claims on corporations	¥729.0	¥(99.6)	¥311.9	¥119.6	¥0.0	¥828.6	¥192.3	¥0.1	yes	yes
	57.0	(8.4)	—	—	—	65.4	—	—	no	no
Claims on financial institutions	51.8	11.7	51.8	11.7	—	40.1	40.1	—	yes	yes
Retail loan claims	34.3	9.2	34.3	9.2	—	25.1	25.1	—	yes	yes
Other claims	1.8	(0.3)	1.8	(0.3)	—	2.1	2.1	—	yes	yes
Total	¥873.9	¥(87.4)	¥399.8	¥140.2	¥0.0	¥961.3	¥259.6	¥0.1		

Note: The maximum amount of credit support provided for the overseas ABCP program is limited to 10% of the balance of reference assets. On the other hand, the maximum amount of credit support provided for domestic ABCP programs is limited to the balance of 100% of reference assets.

(Reference) In addition, we provide liquidity and credit support for ABCP programs which are sponsored by other banks. The total notional amount of reference assets of such programs is approximately ¥110 billion.

### 5. Others

We have no securities issued by structured investment vehicles.

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## Capital Ratio Information

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# Consolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

	Millions of yen			Millions of U.S. dollars
	September 30		March 31	September 30
	2008	2007	2008	2008
September 30, 2008 and 2007, and March 31, 2008				
<b>Assets</b>				
Cash and due from banks .....	¥ 3,643,014	¥ 2,452,448	¥ 2,736,752	\$ 35,154
Deposits with banks .....	2,148,245	3,491,711	2,280,573	20,730
Call loans and bills bought .....	785,543	1,383,235	595,802	7,580
Receivables under resale agreements .....	11,555	371,109	357,075	112
Receivables under securities borrowing transactions .....	394,967	1,064,257	1,940,170	3,811
Commercial paper and other debt purchased .....	1,149,942	1,102,863	1,153,070	11,097
Trading assets .....	3,850,732	3,491,395	4,123,611	37,159
Money held in trust .....	8,983	2,627	7,329	87
Securities .....	21,795,888	20,599,844	23,517,501	210,324
Loans and bills discounted .....	63,477,758	60,193,566	62,144,874	612,542
Foreign exchanges .....	1,125,449	926,162	893,567	10,860
Lease receivables and investment assets .....	2,039,354	—	—	19,679
Other assets .....	4,071,695	3,900,851	4,951,587	39,291
Tangible fixed assets .....	988,508	819,772	820,411	9,539
Intangible fixed assets .....	361,608	232,682	332,525	3,489
Lease assets .....	—	1,014,350	1,425,097	—
Deferred tax assets .....	1,033,015	915,876	985,528	9,968
Customers' liabilities for acceptances and guarantees .....	5,047,411	4,895,451	4,585,141	48,706
Reserve for possible loan losses .....	(899,914)	(930,577)	(894,702)	(8,684)
<b>Total assets</b> .....	<b>¥111,033,760</b>	<b>¥105,927,629</b>	<b>¥111,955,918</b>	<b>\$1,071,444</b>



(Continued)

	Millions of yen			Millions of U.S. dollars
	September 30		March 31	September 30
	2008	2007	2008	2008
<b>Liabilities and net assets</b>				
<b>Liabilities</b>				
Deposits .....	¥ 76,837,776	¥ 75,454,058	¥ 75,768,773	\$ 741,463
Call money and bills sold .....	2,263,875	2,191,690	2,638,142	21,846
Payables under repurchase agreements .....	995,644	143,980	1,832,467	9,608
Payables under securities lending transactions .....	4,029,144	2,747,480	5,732,042	38,880
Trading liabilities.....	2,301,836	2,165,097	2,671,316	22,212
Borrowed money .....	4,343,253	4,395,401	4,279,034	41,911
Foreign exchanges .....	325,254	341,203	301,123	3,139
Short-term bonds.....	792,000	438,300	769,100	7,642
Bonds .....	3,836,959	4,030,059	3,969,308	37,025
Due to trust account.....	106,932	45,893	80,796	1,032
Other liabilities .....	4,737,517	3,622,023	3,916,427	45,716
Reserve for employee bonuses.....	28,427	25,754	29,267	274
Reserve for employee retirement benefits .....	37,270	37,594	38,701	360
Reserve for executive bonuses .....	—	—	1,171	—
Reserve for executive retirement benefits.....	7,419	6,995	7,998	71
Reserve for reimbursement of deposits.....	7,818	11,716	10,417	75
Reserve under special laws .....	432	1,137	1,118	4
Deferred tax liabilities .....	29,818	55,589	52,046	288
Deferred tax liabilities for land revaluation.....	47,218	49,347	47,446	456
Acceptances and guarantees .....	5,047,411	4,895,451	4,585,141	48,706
<b>Total liabilities .....</b>	<b>105,776,012</b>	<b>100,658,776</b>	<b>106,731,842</b>	<b>1,020,708</b>
<b>Net assets</b>				
Capital stock .....	1,420,877	1,420,877	1,420,877	13,711
Capital surplus.....	57,759	57,869	57,826	558
Retained earnings.....	1,761,220	1,491,378	1,740,610	16,995
Treasury stock .....	(124,240)	(123,855)	(123,989)	(1,199)
<b>Total stockholders' equity .....</b>	<b>3,115,616</b>	<b>2,846,269</b>	<b>3,095,324</b>	<b>30,065</b>
Net unrealized gains on other securities.....	463,137	1,065,875	550,648	4,469
Net deferred losses on hedges .....	(114,154)	(93,158)	(75,233)	(1,101)
Land revaluation excess .....	35,052	37,339	34,910	338
Foreign currency translation adjustments.....	(57,108)	(8,428)	(27,323)	(551)
<b>Total valuation and translation adjustments.....</b>	<b>326,926</b>	<b>1,001,628</b>	<b>483,002</b>	<b>3,155</b>
Stock acquisition rights.....	56	27	43	1
Minority interests .....	1,815,148	1,420,928	1,645,705	17,515
<b>Total net assets.....</b>	<b>5,257,748</b>	<b>5,268,853</b>	<b>5,224,076</b>	<b>50,736</b>
<b>Total liabilities and net assets .....</b>	<b>¥111,033,760</b>	<b>¥105,927,629</b>	<b>¥111,955,918</b>	<b>\$1,071,444</b>

See accompanying notes to interim consolidated financial statements.

# Consolidated Statements of Income (Unaudited)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

	Millions of yen			Millions of U.S. dollars
	Six months ended September 30	Year ended March 31	Year ended March 31	Six months ended September 30
Six months ended September 30, 2008 and 2007, and year ended March 31, 2008	<b>2008</b>	2007	2008	<b>2008</b>
<b>Income</b>				
Interest income:.....	<b>¥1,116,721</b>	¥1,082,577	¥2,145,451	<b>\$10,776</b>
Interest on loans and discounts.....	<b>807,739</b>	788,028	1,583,837	<b>7,794</b>
Interest and dividends on securities.....	<b>182,855</b>	167,526	333,255	<b>1,764</b>
Trust fees.....	<b>1,268</b>	2,262	3,752	<b>12</b>
Fees and commissions.....	<b>345,903</b>	346,671	704,283	<b>3,338</b>
Trading profits.....	<b>13,458</b>	118,362	469,571	<b>130</b>
Other operating income.....	<b>327,158</b>	488,686	1,212,635	<b>3,157</b>
Other income.....	<b>15,121</b>	40,541	203,346	<b>146</b>
<b>Total income</b> .....	<b>1,819,631</b>	2,079,102	4,739,040	<b>17,559</b>
<b>Expenses</b>				
Interest expenses:.....	<b>438,206</b>	483,002	935,067	<b>4,229</b>
Interest on deposits.....	<b>228,772</b>	303,215	546,794	<b>2,208</b>
Fees and commissions.....	<b>61,903</b>	53,232	92,289	<b>597</b>
Trading losses.....	<b>13,800</b>	—	—	<b>133</b>
Other operating expenses.....	<b>222,468</b>	479,774	1,392,089	<b>2,147</b>
General and administrative expenses.....	<b>538,960</b>	477,357	978,896	<b>5,201</b>
Provision for reserve for possible loan losses.....	<b>133,930</b>	73,113	71,278	<b>1,292</b>
Other expenses.....	<b>219,805</b>	162,287	340,463	<b>2,121</b>
<b>Total expenses</b> .....	<b>1,629,076</b>	1,728,767	3,810,084	<b>15,720</b>
<b>Income before income taxes and minority interests</b> .....	<b>190,555</b>	350,334	928,955	<b>1,839</b>
Income taxes:				
Current.....	<b>46,433</b>	53,951	103,900	<b>448</b>
Deferred.....	<b>15,790</b>	89,270	282,538	<b>152</b>
Minority interests in net income.....	<b>45,051</b>	36,519	80,980	<b>435</b>
<b>Net income</b> .....	<b>¥ 83,281</b>	¥ 170,592	¥ 461,536	<b>\$ 804</b>

See accompanying notes to interim consolidated financial statements.

# Consolidated Statements of Changes in Net Assets (Unaudited)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

	Millions of yen			Millions of U.S. dollars
	Six months ended September 30	Year ended March 31	Six months ended September 30	
	2008	2007	2008	2008
Six months ended September 30, 2008 and 2007, and year ended March 31, 2008				
<b>Stockholders' equity</b>				
Capital stock				
Balance at end of previous fiscal year.....	¥1,420,877	¥1,420,877	¥1,420,877	\$13,711
Changes in the period:				
Net changes in the period .....	—	—	—	—
Balance at end of period .....	1,420,877	1,420,877	1,420,877	13,711
Capital surplus				
Balance at end of previous fiscal year.....	57,826	57,773	57,773	558
Changes in the period:				
Disposal of treasury stock .....	(67)	96	53	(0)
Net changes in the period .....	(67)	96	53	(0)
Balance at end of period .....	¥ 57,759	¥ 57,869	¥ 57,826	\$ 558
Retained earnings				
Balance at end of previous fiscal year.....	1,740,610	1,386,436	1,386,436	16,796
Decrease in retained earnings at beginning of period due to accounting change of overseas subsidiary .....	(3,132)	—	—	(30)
Changes in the period:				
Cash dividends.....	(59,431)	(65,911)	(110,215)	(573)
Net income.....	83,281	170,592	461,536	803
Increase due to increase in subsidiaries.....	2	1	268	0
Increase due to decrease in subsidiaries.....	6	4	7	0
Decrease due to increase in subsidiaries .....	(7)	(6)	(100)	(0)
Decrease due to decrease in subsidiaries.....	(0)	(3)	(3)	(0)
Reversal of land revaluation excess .....	(108)	263	2,681	(1)
Net changes in the period .....	23,742	104,941	354,173	229
Balance at end of period .....	¥1,761,220	¥1,491,378	¥1,740,610	\$16,995
Treasury stock				
Balance at end of previous fiscal year.....	(123,989)	(123,454)	(123,454)	(1,196)
Changes in the period:				
Purchase of treasury stock .....	(423)	(641)	(901)	(5)
Disposal of treasury stock .....	172	240	367	2
Net changes in the period .....	(251)	(400)	(534)	(3)
Balance at end of period .....	¥ (124,240)	¥ (123,855)	¥ (123,989)	\$ (1,199)
Total stockholders' equity				
Balance at end of previous fiscal year.....	3,095,324	2,741,632	2,741,632	29,869
Decrease in retained earnings at beginning of period due to accounting change of overseas subsidiary .....	(3,132)	—	—	(30)
Changes in the period:				
Cash dividends.....	(59,431)	(65,911)	(110,215)	(573)
Net income.....	83,281	170,592	461,536	803
Purchase of treasury stock .....	(423)	(641)	(901)	(5)
Disposal of treasury stock .....	105	337	420	2
Increase due to increase in subsidiaries.....	2	1	268	0
Increase due to decrease in subsidiaries.....	6	4	7	0
Decrease due to increase in subsidiaries .....	(7)	(6)	(100)	(0)
Decrease due to decrease in subsidiaries.....	(0)	(3)	(3)	(0)
Reversal of land revaluation excess .....	(108)	263	2,681	(1)
Net changes in the period .....	23,424	104,636	353,692	226
Balance at end of period .....	¥3,115,616	¥2,846,269	¥3,095,324	\$30,065
<b>Valuation and translation adjustments</b>				
Net unrealized gains on other securities				
Balance at end of previous fiscal year.....	¥ 550,648	¥1,262,135	¥1,262,135	\$ 5,314
Changes in the period:				
Net changes in the items other than stockholders' equity in the period.....	(87,511)	(196,259)	(711,486)	(845)
Net changes in the period .....	(87,511)	(196,259)	(711,486)	(845)
Balance at end of period .....	¥ 463,137	¥1,065,875	¥ 550,648	\$ 4,469

See accompanying notes to interim consolidated financial statements.

(Continued)

	Millions of yen			Millions of U.S. dollars
	Six months ended September 30	Year ended March 31	Six months ended September 30	
	2008	2007	2008	2008
Six months ended September 30, 2008 and 2007, and year ended March 31, 2008				
<b>Net deferred losses on hedges</b>				
Balance at end of previous fiscal year.....	¥ (75,233)	¥ (87,729)	¥ (87,729)	\$ (726)
Changes in the period:				
Net changes in the items other than stockholders' equity in the period.....	(38,921)	(5,428)	12,495	(375)
Net changes in the period.....	(38,921)	(5,428)	12,495	(375)
Balance at end of period.....	¥ (114,154)	¥ (93,158)	¥ (75,233)	\$ (1,101)
<b>Land revaluation excess</b>				
Balance at end of previous fiscal year.....	34,910	37,605	37,605	337
Changes in the period:				
Net changes in the items other than stockholders' equity in the period.....	141	(265)	(2,694)	1
Net changes in the period.....	141	(265)	(2,694)	1
Balance at end of period.....	¥ 35,052	¥ 37,339	¥ 34,910	\$ 338
<b>Foreign currency translation adjustments</b>				
Balance at end of previous fiscal year.....	(27,323)	(30,656)	(30,656)	(264)
Changes in the period:				
Net changes in the items other than stockholders' equity in the period.....	(29,784)	22,228	3,333	(287)
Net changes in the period.....	(29,784)	22,228	3,333	(287)
Balance at end of period.....	¥ (57,108)	¥ (8,428)	¥ (27,323)	\$ (551)
<b>Total valuation and translation adjustments</b>				
Balance at end of previous fiscal year.....	483,002	1,181,353	1,181,353	4,661
Changes in the period:				
Net changes in the items other than stockholders' equity in the period.....	(156,075)	(179,725)	(698,351)	(1,506)
Net changes in the period.....	(156,075)	(179,725)	(698,351)	(1,506)
Balance at end of period.....	¥ 326,926	¥1,001,628	¥ 483,002	\$ 3,155
<b>Stock acquisition rights</b>				
Balance at end of previous fiscal year.....	43	14	14	1
Changes in the period:				
Net changes in the items other than stockholders' equity in the period.....	12	12	29	0
Net changes in the period.....	12	12	29	0
Balance at end of period.....	¥ 56	¥ 27	¥ 43	\$ 1
<b>Minority interests</b>				
Balance at end of previous fiscal year.....	1,645,705	1,408,279	1,408,279	15,880
Changes in the period:				
Net changes in the items other than stockholders' equity in the period.....	169,442	12,649	237,426	1,635
Net changes in the period.....	169,442	12,649	237,426	1,635
Balance at end of period.....	¥1,815,148	¥1,420,928	¥1,645,705	\$17,515
<b>Total net assets</b>				
Balance at end of previous fiscal year.....	¥5,224,076	¥5,331,279	¥5,331,279	\$50,411
Decrease in retained earnings at beginning of period due to accounting change of overseas subsidiary.....	(3,132)	—	—	(30)
Changes in the period:				
Cash dividends.....	(59,431)	(65,911)	(110,215)	(573)
Net income.....	83,281	170,592	461,536	803
Purchase of treasury stock.....	(423)	(641)	(901)	(5)
Disposal of treasury stock.....	105	337	420	2
Increase due to increase in subsidiaries.....	2	1	268	0
Increase due to decrease in subsidiaries.....	6	4	7	0
Decrease due to increase in subsidiaries.....	(7)	(6)	(100)	(0)
Decrease due to decrease in subsidiaries.....	(0)	(3)	(3)	(0)
Reversal of revaluation reserve for land.....	(108)	263	2,681	(1)
Net changes in the items other than stockholders' equity in the period.....	13,379	(167,063)	(460,895)	129
Net changes in the period.....	36,804	(62,426)	(107,203)	355
Balance at end of period.....	¥5,257,748	¥5,268,853	¥5,224,076	\$50,736

See accompanying notes to interim consolidated financial statements.

# Consolidated Statements of Cash Flows (Unaudited)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

	Millions of yen			Millions of U.S. dollars
	Six months ended September 30		Year ended March 31	Six months ended September 30
	2008	2007	2008	2008
Six months ended September 30, 2008 and 2007, and year ended March 31, 2008				
<b>1. Cash flows from operating activities:</b>				
Income before income taxes and minority interests .....	¥ 190,555	¥ 350,334	¥ 928,955	\$ 1,839
Depreciation and amortization .....	58,235	—	—	562
Depreciation of fixed assets .....	—	39,470	83,346	—
Depreciation of lease assets .....	—	170,242	403,775	—
Losses on impairment of fixed assets .....	1,331	3,205	5,161	13
Amortization of goodwill .....	6,285	4,182	10,520	61
Equity in (earnings) losses of affiliates .....	6,138	(19,030)	41,760	59
Losses on sale of subsidiaries' shares .....	—	106	106	—
Net change in reserve for possible loan losses .....	6,043	13,038	(26,197)	58
Net change in reserve for employee bonuses .....	(169)	(2,603)	1,289	(2)
Net change in reserve for director bonuses .....	(1,171)	—	1,146	(11)
Net change in reserve for employee retirement benefits .....	529	412	2,178	5
Net change in reserve for executive retirement benefits .....	(528)	(444)	295	(5)
Net change in reserve for reimbursement of deposits .....	(2,598)	11,716	10,417	(25)
Interest income .....	(1,116,721)	(1,082,577)	(2,145,451)	(10,776)
Interest expenses .....	438,206	483,002	935,067	4,228
Net losses on securities .....	22,916	49,784	29,146	221
Net gains from money held in trust .....	(73)	(245)	(227)	(1)
Net exchange losses .....	79,578	36,271	355,913	768
Net losses from disposal of fixed assets .....	686	84	1,550	7
Net gains from disposal of lease assets .....	—	(1,987)	(2,436)	—
Net change in trading assets .....	235,921	(198,303)	(864,864)	2,277
Net change in trading liabilities .....	(335,661)	206,229	747,776	(3,239)
Net change in loans and bills discounted .....	(1,614,687)	(1,564,926)	(3,372,601)	(15,581)
Net change in deposits .....	863,036	818,665	776,786	8,328
Net change in negotiable certificates of deposit .....	174,126	(62,963)	497,697	1,680
Net change in borrowed money (excluding subordinated debt) .....	63,808	859,543	333,136	616
Net change in deposits with banks .....	131,845	(1,379,961)	(241,409)	1,272
Net change in call loans and bills bought and others .....	160,603	(694,085)	34,765	1,550
Net change in receivables under securities borrowing transactions .....	1,545,202	1,212,637	336,724	14,911
Net change in call money and bills sold and others .....	(1,209,619)	(95,414)	2,044,633	(11,673)
Net change in payables under securities lending transactions .....	(1,702,897)	1,231,137	4,215,699	(16,433)
Net change in foreign exchanges (assets) .....	(230,208)	(43,849)	(14,713)	(2,222)
Net change in foreign exchanges (liabilities) .....	24,004	16,960	(22,916)	232
Net change in lease receivables and investment assets .....	(218)	—	—	(2)
Net change in short-term bonds (liabilities) .....	16,900	(1,300)	42,500	163
Issuance and redemption of bonds (excluding subordinated bonds) .....	(95,369)	(135,716)	(220,801)	(920)
Net change in due to trust account .....	26,136	(19,169)	15,733	252
Interest received .....	1,124,780	1,070,519	2,146,724	10,854
Interest paid .....	(424,919)	(454,539)	(924,191)	(4,100)
Other, net .....	(32,672)	410,817	(326,054)	(315)
<b>Subtotal .....</b>	<b>(1,590,644)</b>	<b>1,231,246</b>	<b>5,840,942</b>	<b>(15,349)</b>
Income taxes paid .....	(39,584)	6,590	(58,353)	(382)
<b>Net cash provided by (used in) operating activities .....</b>	<b>(1,630,228)</b>	<b>1,237,836</b>	<b>5,782,588</b>	<b>(15,731)</b>

(Continued)

	Millions of yen			Millions of U.S. dollars
	Six months ended September 30		Year ended March 31	Six months ended September 30
	2008	2007	2008	2008
<b>2. Cash flows from investing activities:</b>				
Purchases of securities .....	¥(21,349,839)	¥(17,909,744)	¥(50,073,494)	\$ (206,020)
Proceeds from sale of securities.....	16,455,015	10,576,473	35,014,774	158,786
Proceeds from maturity of securities .....	7,584,824	6,891,933	10,504,800	73,191
Purchases of money held in trust .....	(1,778)	(547)	(5,378)	(17)
Proceeds from sale of money held in trust.....	0	796	796	0
Purchases of tangible fixed assets .....	(100,698)	(24,122)	(71,301)	(972)
Proceeds from sale of tangible fixed assets.....	8,389	2,059	16,592	81
Purchases of intangible fixed assets.....	(38,625)	(23,015)	(64,918)	(373)
Proceeds from sale of intangible fixed assets .....	31	20	252	0
Purchases of lease assets.....	—	(200,317)	(457,070)	—
Proceeds from sale of lease assets .....	—	21,044	51,141	—
Purchase of investments in subsidiaries .....	(21,925)	—	—	(211)
Proceeds from sale of stocks of subsidiaries.....	363	198	198	4
Purchase of treasury stock of subsidiaries.....	(20,000)	—	—	(193)
Purchases of stocks of subsidiaries resulting in change in scope of consolidation .....	(6,352)	(3,453)	(2,951)	(61)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation .....	1,725	—	—	17
<b>Net cash provided by (used in) investing activities .....</b>	<b>2,511,133</b>	<b>(668,677)</b>	<b>(5,086,559)</b>	<b>24,232</b>
<b>3. Cash flows from financing activities:</b>				
Proceeds from issuance of subordinated debt .....	—	25,000	40,000	—
Repayment of subordinated debt.....	(20,500)	(63,000)	(76,000)	(198)
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights .....	149,600	90,000	214,000	1,444
Repayment of subordinated bonds and bonds with stock acquisition rights .....	(180,885)	(19,700)	(47,000)	(1,746)
Dividends paid .....	(59,396)	(65,837)	(110,099)	(573)
Proceeds from minority stockholders .....	376,319	3,425	141,500	3,631
Repayment to minority shareholders .....	(186,534)	—	—	(1,800)
Dividends paid to minority stockholders .....	(49,990)	(33,704)	(60,239)	(482)
Purchases of treasury stock.....	(423)	(641)	(901)	(4)
Proceeds from disposal of treasury stock.....	105	770	853	1
<b>Net cash provided by (used in) financing activities.....</b>	<b>28,294</b>	<b>(63,688)</b>	<b>102,112</b>	<b>273</b>
<b>4. Effect of exchange rate changes on cash and due from banks .....</b>	<b>(2,936)</b>	<b>1,082</b>	<b>(8,465)</b>	<b>(29)</b>
<b>5. Net change in cash and due from banks .....</b>	<b>906,261</b>	<b>506,553</b>	<b>789,676</b>	<b>8,745</b>
<b>6. Cash and due from banks at beginning of period .....</b>	<b>2,736,752</b>	<b>1,927,024</b>	<b>1,927,024</b>	<b>26,409</b>
<b>7. Change in cash and due from banks due to merger of consolidated subsidiaries .....</b>	<b>—</b>	<b>—</b>	<b>1,183</b>	<b>—</b>
<b>8. Change in cash and due from banks due to newly consolidated subsidiaries .....</b>	<b>0</b>	<b>18,869</b>	<b>18,870</b>	<b>0</b>
<b>9. Change in cash and due from banks due to exclusion of consolidated subsidiaries .....</b>	<b>—</b>	<b>—</b>	<b>(3)</b>	<b>—</b>
<b>10. Cash and due from banks at end of period .....</b>	<b>¥ 3,643,014</b>	<b>¥ 2,452,448</b>	<b>¥ 2,736,752</b>	<b>\$ 35,154</b>

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, 2008

## I. Significant Accounting Policies

### 1. Scope of consolidation

#### (1) Consolidated subsidiaries: 282 companies

Principal companies:

Sumitomo Mitsui Banking Corporation (“SMBC”)  
 THE MINATO BANK, LTD.  
 Kansai Urban Banking Corporation  
 Sumitomo Mitsui Banking Corporation Europe Limited  
 Manufacturers Bank  
 Sumitomo Mitsui Finance and 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, 2008 are as follows:

27 companies including Primus Financial Services Inc. were newly consolidated due mainly to acquisition of shares and other reasons.

5 subsidiaries, including Sakura Information Systems Co., Ltd., were excluded from the scope of consolidation because they were no longer subsidiaries due to sale of shares. Eight companies, including SMFL FOMALHAUT Co., Ltd., became unconsolidated subsidiaries that are not accounted for by the equity method because they became silent partnerships for lease transactions.

#### (2) Unconsolidated subsidiaries

Principal company: SBCS Co., Ltd.

235 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.

### 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: 73 companies

Principal companies:

Vietnam Export Import Commercial Joint Stock Bank  
 Sumitomo Mitsui Auto Service Company, Limited

Promise Co., Ltd.

Central Finance Co., Ltd.

OMC Card Inc.

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, 2008 are as follows:

Vietnam Export Import Commercial Joint Stock Bank newly became an affiliated company accounted for by the equity method due to an acquisition of shares.

3 companies, including Sakura Information Systems Co., Ltd., were excluded from the scope of consolidated subsidiaries and became affiliated companies accounted for by the equity method due to sale of shares.

Japan Pension Navigator Co., Ltd. was excluded from the scope of affiliated companies accounted for by the equity method because it became a consolidated subsidiary.

F BALANCE, Inc. was also excluded due to liquidation.

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

235 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 treated as affiliated companies 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.

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, 2008	
November 30.....	1
December 31 .....	6
January 31 .....	2
March 31.....	8
April 30.....	2
May 31 .....	3
June 30.....	123
July 31 .....	13
August 31 .....	8
September 30.....	116

- (2) The subsidiaries whose interim balance sheet dates are December 31 are consolidated after the accounts were provisionally closed as of June 30 or September 30 for the purpose of consolidation. In case of the subsidiaries whose interim balance sheet dates are November 30, January 31, 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 companies are consolidated on the basis of their respective balance sheet dates.

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

**(3) Special purpose entities**

SMBC, a consolidated subsidiary of SMFG, provides credit lines, liquidity lines and loans to 14 special purpose entities (“SPEs”) for their fund needs and issuing of commercial paper. 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 14 SPEs as of their most recent closing dates were ¥3,156,882 million (\$30,463 million) and ¥3,157,122 million (\$30,465 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, 2008 are as follows:

September 30, 2008	Millions of	
	Millions of yen	U.S. dollars
Loans and bills discounted.....	¥2,108,937	\$20,351
Credit lines.....	762,145	7,354
Liquidity lines.....	494,198	4,769
<hr/>		
Six months ended September 30, 2008	Millions of	
	Millions of yen	U.S. dollars
Interest on loans and discounts.....	¥12,532	\$121
Fees and commissions.....	1,049	10

**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) Tangible fixed assets

Tangible fixed assets owned by SMFG and SMBC are depreciated using the straight-line method. Equipment is 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 primarily using the straight-line method over the estimated useful lives of the respective assets.

(b) 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).

(c) Lease assets

Lease assets with respect to non-transfer ownership finance leases, which are recorded in “Tangible fixed assets,” are depreciated using the straight-line method, assuming that lease terms are their expected lifetime and salvage values are zero.

**(5) Reserve for possible loan losses**

The 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.

The 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.

The 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 ¥639,385 million (\$6,170 million) at September 30, 2008.

**(6) Reserve for employee bonuses**

The 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**

The 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, 2008 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, 2008 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**

The 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.

**(9) Reserve for reimbursement of deposits**

The reserve for reimbursement of deposits which were de-recognized as liabilities under certain conditions is provided for the possible losses on the future claims of withdrawal based on the historical reimbursement experience.

**(10) Reserve under special laws**

The reserve under special laws is a reserve for contingent liabilities from financial instruments transactions, which is provided for compensation for losses from derivative transactions pursuant to Article 46-5 and Article 48-3 of the Financial Instruments and Exchange Law.

**(11) Translation of foreign currency assets and liabilities**

Assets and liabilities of SMFG and SMBC denominated in foreign currencies and accounts of SMBC overseas branches

are translated into Japanese yen mainly at the exchange rate prevailing at the 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) Standards for recognizing lease-related income and expenses**

- (a) Recognition of income on finance leases  
Interest income is allocated to each period.
- (b) Recognition of income on operating leases  
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.
- (c) 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 hedges," 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, 2008 were ¥11,131 million (\$107 million) and ¥8,832 million (\$85 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 Sumitomo Mitsui Finance and Leasing Company, Limited is amortized using the straight-line method over 20 years. Goodwill on other companies is charged or credited to income directly when incurred or benefited.

**(17) Application of new accounting standards**

**(a) Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements**

“Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force No. 18, issued on May 17, 2006) became effective from the fiscal year beginning on and after April 1, 2008. Accordingly, SMFG has applied it from this fiscal year. This accounting method has decreased retained earnings at the beginning of this fiscal year by ¥3,132 million, but has no material impact on the profit or loss for the six months ended September 30, 2008.

**(b) Accounting Standard for Lease Transactions**

Non-transfer ownership finance leases had been accounted for using the same method as for operating leases. However, “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, issued on March 30, 2007) and “Implementation Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16, issued on March 30, 2007) became effective from the fiscal year beginning on and after April 1, 2008. Accordingly, SMFG has applied them from this fiscal year.

As for non-transfer ownership finance lease transactions which commenced before April 1, 2008, their treatment was as follows:

**(i) Lessee side**

Taking future minimum lease payment, excluding the interest portion, at March 31, 2008 as acquisition cost, the amounts are recorded as “Tangible fixed assets” or “Intangible fixed assets,” assuming they had been acquired at the beginning of the fiscal year.

**(ii) Lessor side**

Appropriate book value (net of depreciation) of lease assets at March 31, 2008 was recorded as the beginning balance of “Lease receivables and investment assets.”

Accordingly, this accounting change has the following impact on the interim consolidated financial statements as compared with the previous accounting method:

	Millions of yen	Millions of U.S. dollars
Lease receivables and investment assets .....	¥2,039,354	\$19,679
Tangible fixed assets.....	2,427	23
Intangible fixed assets .....	460	4
Loans and bills discounted .....	(167,292)	(1,614)
Lease assets.....	(1,268,233)	(12,238)
Other assets.....	(673,062)	(6,495)
Other liabilities .....	(66,963)	(646)
Interest income.....	¥ 34,311	\$ 331
Interest expenses.....	(416)	(4)
Other operating income .....	(385,533)	(3,720)
Other operating expenses .....	(351,378)	(3,391)
General and administrative expenses .....	(50)	(0)

As a result, it does not have material impact on ordinary profit and income before income taxes.

**(c) Change of presentation**

(i) Lease assets related to operating leases on lesser side (September 30, 2008: ¥155,357 million (\$1,499 million); September 30, 2007: ¥102,535 million) had been included in “Lease assets.” They have been included in “Tangible fixed assets” or “Intangible fixed assets” from this interim period because they have been immaterial.

(ii) “Losses on sale of subsidiaries’ shares” (¥(167) million (\$2) million) for the six months ended September 30, 2008) had been separately presented in “cash flows provided by (used in) operating activities.” It has been included in “Other, net” from this interim period because they have been less important.

**(d) Stock split**

The electronic share certificate system, which will become effective in January 2009 upon implementation of the “Law for Partial Amendment of the Laws related to Transfer of Bonds, etc., to Streamline Settlement with respect to Transactions of Stock, etc.” (Law No. 88 of 2004; hereinafter referred to as the “Stock Settlement Streamlining Law”), does not provide for fractional shares. Accordingly, SMFG determined to implement a 100 for 1 split of common stock and to adopt a unit share system on the previous day of enforcement of the “Stock Settlement Streamlining Law” in order to cease the fractional share system at the meeting of the Board of Directors held on May 16, 2008. In addition, the partial amendment to the Articles of Incorporation, etc. with respect to an increase in the number of shares issued and an adoption of the unit share system was approved at the 6th ordinary general meeting of shareholders and the general meeting of holders of class shares with respect to each class of shares on June 27, 2008.



If the stock split had been implemented at the beginning of the fiscal year, the per share data would be as follows:

Six months ended September 30, 2008	Yen	U.S. dollars
Net assets per share.....	<b>¥4,049.76</b>	<b>\$39.08</b>
Net income per share.....	<b>100.92</b>	<b>0.97</b>
Net income per share (diluted).....	<b>99.64</b>	<b>0.96</b>

- (e) Change in method of valuation of certain securities  
Floating-rate Japanese government bonds which SMFG held as “Other securities—AFS securities” had been carried on the consolidated balance sheet at market values. From the six months ended September 30, 2008, such bonds have been carried at their reasonably estimated amounts in accordance with the “Practical Solution on Measurement of Fair Value of Financial Assets” (Accounting Standard Board of Japan Practical Issues Task Force No. 25, issued on October 28, 2008). As a result of this accounting change, compared with the former accounting method, “Securities,” “Net unrealized gains on other securities” and “Minority interests” increased by ¥153,847 million (\$1,485 million), ¥88,504 million (\$854 million) and ¥3,287 million (\$32 million), respectively, and “Deferred tax assets” decreased by ¥62,055 million (\$599 million).

- (f) Business combinations of subsidiaries: Merger of credit card companies

The outline of the merger is as follows.

- (i) Company profiles

Surviving company: OMC Card, Inc.

(Credit card business)

Merged company: Central Finance Co., Ltd.

(Shopping credit business and general credit business)

Merged company: QUOQ Inc. (Shopping credit business and general credit business)

- (ii) Reasons for the merger

The credit card market is growing steadily, propelled by the expansion into new areas of settlement, such as for small purchases, the growing popularity of reward point programs, and other developments. Further substantial growth of the industry is anticipated with the greater use of credit cards to pay for public services charges and in other fields. At the same time, the business environment surrounding the industry is changing dramatically—development of new technologies and new services, such as electronic money; investment in systems that can respond to customers’ needs for more in-depth, sophisticated and diverse services; enactment of laws on money lending business; etc.—and the industry is at a major turning point. In the shopping credit business, the Installment Sales Act is being revised amid the trend to strengthen consumer protection. Under these circumstances, companies need to restructure their operations in order to establish new business models.

On September 29, 2008, Central Finance Co., Ltd. (“CF”), OMC Card, Inc. (“OMC Card”) and QUOQ

Inc. reached an agreement, approved by their boards of directors, to merge as of April 1, 2009. The objective is to create one of the largest consumer finance companies in Japan with a high level of specialization and flexibility in its core businesses of credit cards and shopping credit by combining the customer bases, marketing capabilities, know-how and other resources of the three companies.

- (iii) Date of merger

April 1, 2009 (scheduled)

- (iv) Legal form of the business combinations

OMC Card will be the surviving company, and CF and QUOQ will be dissolved. (New name of the company:

Cedyna Financial Corporation)

## 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, 2008, which was ¥103.63 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

- Securities include ¥499,814 million (\$4,823 million) of stocks of unconsolidated subsidiaries and affiliates and ¥5,820 million (\$56 million) of investments.
- Japanese government bonds and stocks as sub-accounts of Securities include ¥25,921 million (\$250 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, ¥14,639 million (\$141 million) of securities are pledged, and ¥203,964 million (\$1,968 million) of securities are held in hand as of the interim consolidated balance sheet date.
- Bankrupt loans and Non-accrual loans were ¥235,546 million (\$2,273 million) and ¥771,896 million (\$7,449 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.

- Past due loans (3 months or more) totaled ¥41,703 million (\$402 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.”
- Restructured loans totaled ¥366,295 million (\$3,535 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).”
- The total amount of “Bankrupt loans,” “Non-accrual loans,” “Past due loans (3 months or more)” and “Restructured loans” was ¥1,415,443 million (\$13,659 million).

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

- 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 acceptances bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions. The total face value was ¥787,594 million (\$7,600 million).

- Assets pledged as collateral were as follows:

September 30, 2008	Millions of yen	Millions of U.S. dollars
Assets pledged as collateral:		
Cash and due from banks and		
Deposits with banks .....	¥ 147,466	\$ 1,423
Trading assets.....	177,960	1,717
Securities .....	7,008,995	67,635
Loans and bills discounted.....	764,979	7,382
Lease receivables and		
investment assets.....	48,613	469
Tangible fixed assets.....	11,294	109
Other assets (installment account		
receivable, etc.) .....	3,209	31
Liabilities corresponding to		
assets pledged as collateral:		
Deposits .....	29,551	285
Call money and bills sold.....	945,000	9,119
Payables under repurchase agreements ...	984,841	9,503
Payables under securities		
lending transactions.....	4,010,068	38,696
Trading liabilities .....	115,030	1,110
Borrowed money .....	1,570,225	15,152
Other liabilities.....	16,085	155
Acceptances and guarantees .....	145,755	1,406

In addition to the assets presented above, the following assets were pledged as collateral for cash settlements, variation margins of futures markets and certain other purposes at September 30, 2008:

September 30, 2008	Millions of yen	Millions of U.S. dollars
Cash and due from banks and		
Deposits with banks .....	¥ 14,223	\$ 137
Trading assets.....	746,248	7,201
Securities .....	3,043,177	29,366
Commercial paper and		
other debt purchased .....	2,660	26
Loans and bills discounted.....	1,104,955	10,663

At September 30, 2008, other assets included surety deposits and intangibles of ¥88,002 million (\$849 million) and initial margins of futures markets of ¥8,869 million (\$86 million).

- 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, 2008 was ¥41,026,021 million (\$395,889 million), and the amount of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time at September 30, 2008 was ¥34,631,678 million (\$334,186 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 and another consolidated subsidiary revaluated their 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."

A certain affiliate revaluated its own land for business activities in accordance with the Law. 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

Another consolidated subsidiary and an affiliate:

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.

Another consolidated subsidiary and an affiliate:

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 amounted to ¥611,034 million (\$5,896 million).
12. The balance of subordinated debt included in "Borrowed money" was ¥503,000 million (\$4,854 million).
13. The balance of subordinated bonds included in "Bonds" was ¥2,245,437 million (\$21,668 million).
14. The amount guaranteed by banking subsidiaries to privately placed bonds (stipulated by Article 2-3 of Financial Instruments and Exchange Law) in "Securities" was ¥2,216,409 million (\$21,388 million).

### III. Notes to Consolidated Statement of Income

- "Other income" included gains on sales of stocks and other securities of ¥7,632 million (\$74 million), gains on disposal of fixed assets of ¥912 million (\$9 million) and gains on collection of written-off claims of ¥924 million (\$9 million).
- "Other expenses" included write-off of loans of ¥153,570 million (\$1,482 million), write-off of stocks of ¥25,752 million (\$248 million), losses on sale of delinquent loans of ¥14,846 million (\$143 million), equity in losses of affiliates of ¥6,138 million (\$59 million), losses on impairment of fixed assets of ¥1,331 million (\$13 million) and losses on disposal of fixed assets of ¥1,599 million (\$15 million).
- 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, 2008

Area	Purpose of use	Type	Millions of yen	Millions of U.S. dollars
Tokyo metropolitan area				
area.....	Idle assets (16 items)	Land and premises, etc.	¥403	\$4
Kinki area.....	Branches (2 branches)	Land and premises, etc.	162	1
	Idle assets (5 items)		578	6
Other .....	Idle assets (8 items)	Land and premises, etc.	186	2

At the consolidated subsidiary, SMBC, every branch, which continuously manages and determines income and expenses, is the smallest unit of the asset group for recognition and measurement of impairment loss. Assets such as corporate headquarters facilities, training facilities, data and system centers, and health and recreational facilities which do not produce cash flows that can be attributed to individual assets are treated as common-use assets. As for idle assets, impairment loss is measured individually. At other consolidated subsidiaries, a branch is the smallest asset grouping unit. SMBC and other subsidiaries reduced the carrying amounts of long-lived assets which investments are not expected to be fully recovered—SMBC reduced the carrying amounts of idle assets and other consolidated subsidiaries reduced the carrying amounts of long-lived assets of their branches—to their recoverable amounts, and recognized the losses as "losses on impairment of fixed assets," which is included in "Other expenses." The recoverable amount is calculated using net realizable value which is basically determined by subtracting the expected disposal cost from the appraisal value based on the Real Estate Appraisal Standard.

## 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, 2008	Number of shares			September 30, 2008
	March 31, 2008	Increase	Decrease	
<b>Shares issued</b>				
Common stock.....	7,733,653.77	157,151 <sup>*1</sup>	—	<b>7,890,804.77</b>
Preferred stock (1st series Type 4) .....	4,175	—	—	<b>4,175</b>
Preferred stock (2nd series Type 4).....	4,175	—	—	<b>4,175</b>
Preferred stock (3rd series Type 4).....	4,175	—	—	<b>4,175</b>
Preferred stock (4th series Type 4).....	4,175	—	—	<b>4,175</b>
Preferred stock (5th series Type 4).....	4,175	—	4,175 <sup>*2</sup>	—
Preferred stock (6th series Type 4).....	4,175	—	4,175 <sup>*2</sup>	—
Preferred stock (7th series Type 4).....	4,175	—	4,175 <sup>*2</sup>	—
Preferred stock (8th series Type 4).....	4,175	—	4,175 <sup>*2</sup>	—
Preferred stock (9th series Type 4).....	4,175	—	—	<b>4,175</b>
Preferred stock (10th series Type 4).....	4,175	—	—	<b>4,175</b>
Preferred stock (11th series Type 4).....	4,175	—	—	<b>4,175</b>
Preferred stock (12th series Type 4).....	4,175	—	—	<b>4,175</b>
Preferred stock (1st series Type 6) .....	70,001	—	—	<b>70,001</b>
<b>Total .....</b>	<b>7,853,754.77</b>	<b>157,151</b>	<b>16,700</b>	<b>7,994,205.77</b>
<b>Treasury shares</b>				
Common stock.....	168,997.41	534.46 <sup>*3</sup>	142.19 <sup>*3</sup>	<b>169,389.68</b>
Preferred stock (5th series Type 4).....	—	4,175 <sup>*2</sup>	4,175 <sup>*2</sup>	—
Preferred stock (6th series Type 4).....	—	4,175 <sup>*2</sup>	4,175 <sup>*2</sup>	—
Preferred stock (7th series Type 4).....	—	4,175 <sup>*2</sup>	4,175 <sup>*2</sup>	—
Preferred stock (8th series Type 4).....	—	4,175 <sup>*2</sup>	4,175 <sup>*2</sup>	—
<b>Total .....</b>	<b>168,997.41</b>	<b>17,234.46</b>	<b>16,842.19</b>	<b>169,389.68</b>

\*1 Increase in number of common shares issued

• 157,151 shares due to exercising of rights to request acquisition of common shares with respect to preferred stock (5th through 8th series Type 4) on April 30, 2008

\*2 Increase in number of treasury preferred shares (Type 4)

• 4,175 shares due to acquisition of own shares on April 30, 2008 as a result of exercising of rights to request acquisition of common shares

Decrease in number of shares issued and treasury shares of preferred stock (5th through 8th series Type 4)

• 4,175 shares due to retirement of treasury shares on May 16, 2008

\*3 Increase in number of treasury common shares

• 534.46 shares due to purchase of fractional shares

Decrease in number of treasury common shares

• 142.19 shares due to sale of fractional shares

### 2. Information on stock acquisition rights

	Detail of stock acquisition rights	Type of shares	Number of shares			Millions of yen		Millions of U.S. dollars
			March 31, 2008	Increase	Decrease	September 30, 2008	Balance at September 30, 2008	Balance at September 30, 2008
SMFG .....	Stock options	—	—	—	—	¥—	\$—	
Consolidated subsidiary.....	—	—	—	—	—	56	1	
<b>Total .....</b>						<b>¥56</b>	<b>\$ 1</b>	

### 3. Information on dividends

(1) The following dividends were paid in the six months ended September 30, 2008:

Type of shares	Millions of yen	Yen
	Amount of dividends	Cash dividends per share
Shares issued		
Common stock.....	¥53,655	¥ 7,000
Preferred stock (1st series Type 4) .....	281	67,500
Preferred stock (2nd series Type 4).....	281	67,500
Preferred stock (3rd series Type 4).....	281	67,500
Preferred stock (4th series Type 4).....	281	67,500
Preferred stock (5th series Type 4).....	281	67,500
Preferred stock (6th series Type 4).....	281	67,500
Preferred stock (7th series Type 4).....	281	67,500
Preferred stock (8th series Type 4).....	281	67,500
Preferred stock (9th series Type 4).....	281	67,500
Preferred stock (10th series Type 4).....	281	67,500
Preferred stock (11th series Type 4).....	281	67,500
Preferred stock (12th series Type 4).....	281	67,500
Preferred stock (1st series Type 6) .....	3,097	44,250

Notes: 1. The date of the resolution of the ordinary general meeting of shareholders was June 27, 2008.

2. The record date of all type of stock was March 31, 2008.

3. The effective date of all type of stock was June 27, 2008.

(2) The following dividends will be paid in the second half of the fiscal year ending March 31, 2009:

Type of shares	Source of dividends	Millions of yen	Yen
		Amount of dividends	Cash dividends per share
Shares issued			
Common stock.....	Retained earnings	¥54,753	¥ 7,000
Preferred stock (1st series Type 4) .....	Retained earnings	281	67,500
Preferred stock (2nd series Type 4).....	Retained earnings	281	67,500
Preferred stock (3rd series Type 4).....	Retained earnings	281	67,500
Preferred stock (4th series Type 4).....	Retained earnings	281	67,500
Preferred stock (9th series Type 4).....	Retained earnings	281	67,500
Preferred stock (10th series Type 4).....	Retained earnings	281	67,500
Preferred stock (11th series Type 4).....	Retained earnings	281	67,500
Preferred stock (12th series Type 4).....	Retained earnings	281	67,500
Preferred stock (1st series Type 6) .....	Retained earnings	3,097	44,250

Notes: 1. The date of the resolution of the meeting of the Board of Directors was November 14, 2008.

2. The record date of all type of stock was September 30, 2008.

3. The effective date of all type of stock was December 5, 2008.

## V. Lease Transactions

### 1. Financing leases

#### (1) Lessee

##### (a) Lease assets

Tangible fixed assets mainly consisted of equipment and autos. Intangible fixed assets are software.

##### (b) Depreciation method of lease assets

Significant accounting policies for the interim consolidated financial statements are shown in “(4) Depreciation” in “4. Accounting methods.”

#### (2) Lessor

##### (a) Breakdown of lease investment assets

September 30, 2008	Millions of	
	yen	U.S. dollars
Lease receivables.....	¥1,538,106	\$14,843
Residual values .....	129,550	1,250
Interest receivables.....	(295,845)	(2,855)
Total.....	¥1,371,810	\$13,238

(b) The scheduled amounts of recoveries of lease payments receivable related to lease receivables and investment assets are as follows.

Lease payments receivable related to lease receivables

September 30, 2008	Millions of	
	Millions of yen	U.S. dollars
Within one year .....	¥226,905	\$2,190
More than one year to two years.....	175,092	1,690
More than two years to three years .....	145,323	1,402
More than three years to four years.....	80,327	775
More than four years to five years ...	56,047	541
More than five years .....	62,028	598
Total.....	¥745,725	\$7,196

Lease payments receivable related to investment assets

September 30, 2008	Millions of	
	Millions of yen	U.S. dollars
Within one year .....	¥ 468,875	\$ 4,524
More than one year to two years.....	338,650	3,268
More than two years to three years .....	246,164	2,375
More than three years to four years.....	164,218	1,585
More than four years to five years ...	115,203	1,112
More than five years .....	204,994	1,978
Total.....	¥1,538,106	\$14,842

(iii) For finance leases without the transfer of ownership, which commenced before April 1, 2008, the appropriate book value (after the deduction of accumulated depreciation) on the last day of fiscal 2007 is entered as the amount of “lease receivables and investment assets” at the beginning of the next period.

Moreover, for such finance leases without the transfer of ownership, the interest payable during the remaining term

of the lease is allocated over the lease term by the interest method in equal amounts.

As a result of this accounting treatment, for such finance leases without the transfer of ownership, the income before income taxes for the interim period under review was ¥63,104 million (\$609 million) less than it would have been if the transaction had been treated for accounting purposes as an outright sale of the underlying assets.

## 2. Operating leases

### (1) Lessee side

Future minimum lease payments on operating leases which were not cancelable at September 30, 2008 were as follows:

September 30, 2008	Millions of	
	Millions of yen	U.S. dollars
Due within one year .....	¥13,290	\$128
Due after one year .....	62,944	608
Total.....	¥76,235	\$736

### (2) Lessor side

Future lease payments receivable on operating leases which were not cancelable at September 30, 2008 were as follows:

September 30, 2008	Millions of	
	Millions of yen	U.S. dollars
Due within one year .....	¥16,941	\$164
Due after one year .....	73,581	710
Total.....	¥90,522	\$874

Future lease payments receivable on operating leases which were not cancelable amounting to ¥1,442 million (\$14 million) on the lessor side were pledged as collateral for borrowings.

## VI. 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 trusts 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, 2008	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 .....	¥1,093,660	¥1,099,428	¥5,768	\$10,553	\$10,609	\$56
Japanese local government bonds.....	97,262	97,314	51	939	939	0
Japanese corporate bonds.....	391,896	392,709	812	3,782	3,790	8
Other .....	11,991	11,648	(343)	115	112	(3)
Total.....	¥1,594,810	¥1,601,100	¥6,289	\$15,389	\$15,450	\$61

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

## (2) Other securities with market value

	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)
<b>September 30, 2008</b>						
Stocks .....	¥ 2,003,879	¥ 2,789,542	¥785,663	\$ 19,337	\$ 26,918	\$7,581
Bonds .....	8,360,217	8,300,703	(59,514)	80,674	80,100	(574)
Japanese government bonds .....	7,459,822	7,406,470	(53,351)	71,986	71,471	(515)
Japanese local government bonds .....	300,047	297,759	(2,287)	2,895	2,873	(22)
Japanese corporate bonds .....	600,348	596,473	(3,874)	5,793	5,756	(37)
Other .....	4,539,224	4,432,616	(106,608)	43,802	42,773	(1,029)
<b>Total .....</b>	<b>¥14,903,322</b>	<b>¥15,522,862</b>	<b>¥619,540</b>	<b>\$143,813</b>	<b>\$149,791</b>	<b>\$5,978</b>

Notes: 1. The 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 a valuation loss for this interim period. The valuation loss for this interim period was ¥14,308 million (\$138 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: The market value is lower than the acquisition cost.

Issuers requiring caution: The market value is 30% or more lower than the acquisition cost.

Normal issuers: The market value is 50% or more lower than the 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

	Millions of yen	Millions of U.S. dollars
	Consolidated balance sheet amount	Consolidated balance sheet amount
<b>September 30, 2008</b>		
Bonds classified as held-to-maturity		
Unlisted foreign securities .....	¥ 7	\$ 0
Other .....	15,918	154
Other securities		
Unlisted stocks (excluding OTC stocks) .....	361,609	3,489
Unlisted bonds .....	2,840,723	27,412
Unlisted foreign securities .....	856,505	8,265
Other .....	562,950	5,432

## 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

	Millions of yen	Millions of U.S. dollars
<b>September 30, 2008</b>		
Acquisition cost .....	¥7,655	\$74
Consolidated balance sheet amount .....	7,519	73
Net unrealized gains (losses) .....	(136)	(1)

Note: The 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

	Millions of yen	Millions of U.S. dollars
<b>September 30, 2008</b>		
Net unrealized gains .....	¥619,232	\$5,975
Other securities .....	619,368	5,976
Other money held in trust .....	(136)	(1)
(-) Deferred tax liabilities .....	151,269	1,459
Net unrealized gains on other securities (before following adjustment) .....	467,963	4,516
(-) Minority interests .....	(252)	(2)
(+) SMFG's interest in net unrealized gains on valuation of other securities held by affiliates accounted for by the equity method .....	(5,078)	(49)
Net unrealized gains on other securities .....	¥463,137	\$4,469

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



#### 4. Derivative transactions

##### (1) Interest rate derivatives

	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
<b>September 30, 2008</b>						
Transactions listed on exchange:						
Interest rate futures.....	¥ 63,213,718	¥ 3,435	¥ 3,435	\$ 609,994	\$ 33	\$ 33
Over-the-counter transactions:						
Forward rate agreements.....	11,523,066	(18)	(18)	111,194	(0)	(0)
Interest rate swap.....	418,530,524	130,008	130,008	4,038,700	1,255	1,255
Interest rate swaptions.....	6,231,878	13,301	13,301	60,136	128	128
Caps.....	49,644,165	(20,121)	(20,121)	479,052	(194)	(194)
Floors.....	9,326,991	(9,941)	(9,941)	90,003	(96)	(96)
Other.....	7,016,546	50,412	50,412	67,708	486	486
Total.....	/	¥167,074	¥167,074	/	\$1,612	\$1,612

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 the deferred hedge accounting method is applied are not included in the amounts above.

##### (2) Currency derivatives

	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
<b>September 30, 2008</b>						
Over-the-counter transactions:						
Currency swaps.....	¥24,995,294	¥(16,484)	¥ 89,906	\$241,197	\$ (159)	\$ 868
Currency swaptions.....	1,873,120	15,803	15,803	18,075	153	153
Forward foreign exchange.....	61,150,375	152,903	152,903	590,084	1,475	1,475
Currency options.....	11,003,535	19,812	19,812	106,181	191	191
Total.....	/	¥172,036	¥278,427	/	\$1,660	\$2,687

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 currencies 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 currencies and the financial assets/liabilities are eliminated in the process of consolidation.

##### (3) Equity derivatives

	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
<b>September 30, 2008</b>						
Transactions listed on exchange:						
Equity price index futures.....	¥111,417	¥292	¥292	\$1,075	\$3	\$3
Equity price index options.....	7,142	(136)	(136)	69	(1)	(1)
Over-the-counter transactions:						
Equity options.....	519,415	0	0	5,012	0	0
Total.....	/	¥155	¥155	/	\$2	\$2

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 the deferred hedge accounting method is applied are not included in the amounts above.

##### (4) Bond derivatives

	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
<b>September 30, 2008</b>						
Transactions listed on exchange:						
Bond futures.....	¥2,551,997	¥ (13)	¥ (13)	\$24,626	\$ (0)	\$ (0)
Over-the-counter transactions:						
Forward bond agreements.....	52,903	1,144	1,144	510	11	11
Bond options.....	180,000	0	0	1,737	0	0
Total.....	/	¥1,131	¥1,131	/	\$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 the deferred hedge accounting method is applied are not included in the amounts above.

## (5) Commodity derivatives

	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
<b>September 30, 2008</b>						
Over-the-counter transactions:						
Commodity swaps.....	¥557,623	¥75,958	¥75,958	\$5,381	\$733	\$733
Commodity options.....	53,615	3,258	3,258	517	31	31
Total.....	/	¥79,216	¥79,216	/	\$764	\$764

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 the 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

	Millions of yen			Millions of U.S. dollars		
	Contract amount	Market value	Valuation gains (losses)	Contract amount	Market value	Valuation gains (losses)
<b>September 30, 2008</b>						
Over-the-counter transactions:						
Credit default options.....	¥2,871,348	¥6,490	¥6,490	\$27,708	\$63	\$63
Other.....	25	0	0	0	0	0
Total.....	/	¥6,490	¥6,490	/	\$63	\$63

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 the deferred hedge accounting method is applied are not included in the amounts above.

## VII. Stock Option

SMFG recorded stock option expenses in "General and administrative expenses" of ¥12 million (\$0 million) in the six months ended September 30, 2008.

## VIII. Segment Information

### 1. Business segment information

	Millions of yen					
	Banking business	Leasing business	Other business	Total	Elimination	Consolidated
<b>Six months ended September 30, 2008</b>						
Ordinary income						
(1) External customers.....	¥1,426,233	¥173,984	¥216,890	¥1,817,108	¥ —	¥1,817,108
(2) Intersegment.....	29,757	2,767	148,535	181,060	(181,060)	—
Total.....	1,455,990	176,752	365,425	1,998,168	(181,060)	1,817,108
Ordinary expenses.....	1,312,538	154,398	306,324	1,773,261	(147,115)	1,626,145
Ordinary profit.....	¥ 143,451	¥ 22,354	¥ 59,101	¥ 224,907	¥ (33,944)	¥ 190,962

	Millions of U.S. dollars					
	Banking business	Leasing business	Other business	Total	Elimination	Consolidated
<b>Six months ended September 30, 2008</b>						
Ordinary income						
(1) External customers.....	\$13,763	\$1,679	\$2,093	\$17,535	\$ —	\$17,535
(2) Intersegment.....	287	27	1,433	1,747	(1,747)	—
Total.....	14,050	1,706	3,526	19,282	(1,747)	17,535
Ordinary expenses.....	12,666	1,490	2,956	17,112	(1,420)	15,692
Ordinary profit.....	\$ 1,384	\$ 216	\$ 570	\$ 2,170	\$ (327)	\$ 1,843

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 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. (17) (b), non-transfer ownership finance leases were accounted for using the same method as for operating leases formerly. However, "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, issued on March 30, 2007) and "Implementation Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, issued on March 30, 2007) became effective from the fiscal year beginning on and after April 1, 2008. Accordingly, SMFG has applied them from this fiscal year. As a result, Ordinary income of "Leasing business" decreased by ¥358,727 million (\$3,462 million) as compared with the former method. Ordinary expenses of "Banking business" and "Leasing business" decreased by ¥6 million (\$0 million) and ¥359,345 million (\$3,468 million), respectively, and Ordinary expenses of "Other business" increased by ¥0 million (\$0 million).

## 2. Geographic segment information

Six months ended September 30, 2008	Millions of yen						
	Japan	The Americas	Europe and Middle East	Asia and Oceania	Total	Elimination	Consolidated
Ordinary income							
(1) External customers.....	¥1,453,386	¥120,897	¥132,713	¥110,111	¥1,817,108	¥ —	¥1,817,108
(2) Intersegment.....	63,688	43,385	3,820	14,111	125,006	(125,006)	—
Total.....	1,517,075	164,283	136,533	124,223	1,942,115	(125,006)	1,817,108
Ordinary expenses.....	1,345,952	146,968	137,725	106,754	1,737,401	(111,255)	1,626,145
Ordinary profit.....	¥ 171,122	¥ 17,314	¥ (1,192)	¥ 17,468	¥ 204,714	¥ (13,751)	¥ 190,962

Six months ended September 30, 2008	Millions of U.S. dollars						
	Japan	The Americas	Europe and Middle East	Asia and Oceania	Total	Elimination	Consolidated
Ordinary income							
(1) External customers.....	\$14,025	\$1,166	\$1,281	\$1,063	\$17,535	\$ —	\$17,535
(2) Intersegment.....	614	419	37	136	1,206	(1,206)	—
Total.....	14,639	1,585	1,318	1,199	18,741	(1,206)	17,535
Ordinary expenses.....	12,988	1,418	1,330	1,030	16,766	(1,074)	15,692
Ordinary profit.....	\$ 1,651	\$ 167	\$ (12)	\$ 169	\$ 1,975	\$ (132)	\$ 1,843

Notes: 1. The geographic segmentation is classified based on the degrees of the following factors:

geographic proximity, similarity of economic activities and relationship of business activities among regions.

Ordinary income and ordinary profit are presented as counterparts of sales and operating profit of companies in other industries.

2. The Americas includes the United States, Brazil, Canada and others; Europe and Middle East includes the United Kingdom, Germany, France and others; Asia and Oceania includes Hong Kong, Singapore, Australia and others except Japan.

3. Ordinary income represents total income excluding gains on disposal of fixed assets, collection of written-off claims and other extraordinary gains.

Ordinary expenses represent total expenses excluding losses on disposal of fixed assets, losses on impairment of fixed assets and other extraordinary expenses.

4. As mentioned in Note 1 . 4. (17) (b), non-transfer ownership finance leases were accounted for using the same method as for operating leases formerly. However, "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, issued on March 30, 2007) and "Implementation Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, issued on March 30, 2007) became effective from the fiscal year beginning on and after April 1, 2008. Accordingly, SMFG has applied them from this fiscal year. As a result, Ordinary income and Ordinary expenses of "Japan" decreased by ¥351,221 million (\$3,389 million) and ¥351,845 million (\$3,395 million), respectively, as compared with the former method.

## 3. Ordinary income from overseas operations

Six months ended September 30, 2008	Millions of yen	Millions of U.S. dollars
Consolidated ordinary income from overseas operations (A).....	¥ 363,722	\$ 3,510
Consolidated ordinary income (B).....	1,817,108	17,535
(A) / (B).....	20.0%	20.0%

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 domestic consolidated banking subsidiaries and transactions of overseas consolidated subsidiaries, excluding internal income. These extensive transactions are not categorized by transaction party and the geographic segment information is not presented because such information is not available.

## IX. Per Share Data

September 30, 2008	Yen	U.S. dollars
Net assets per share .....	<b>¥404,976.05</b>	<b>\$3,907.90</b>
<b>Six months ended September 30, 2008</b>		
Net income per share .....	<b>¥10,092.43</b>	<b>\$97.39</b>
Net income per share (diluted) .....	<b>9,964.41</b>	<b>96.15</b>

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

Six months ended September 30, 2008	Millions of yen, except number of shares	Millions of U.S. dollars
Net income per share		
Net income .....	¥83,281	\$804
Amount not attributable to common stockholders .....	5,352	52
Dividends on preferred stock .....	5,352	52
Net income attributable to common stock .....	77,929	752
Average number of common stock during the six months (in thousands) .....	7,721	/
Net income per share (diluted)		
Adjustment for net income .....	2,144	21
Dividends on preferred stock .....	2,254	22
Stock acquisition rights issued by subsidiaries and affiliates .....	(109)	(1)
Increase in number of common stock (in thousands) .....	314	/
Preferred stock .....	314	/
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 following:

September 30, 2008	Millions of yen, except number of shares	Millions of U.S. dollars
Net assets .....	¥5,257,748	\$50,736
Amounts excluded from net assets .....	2,130,760	20,561
Preferred stock .....	310,203	2,993
Dividends on preferred stock .....	5,352	52
Stock acquisition rights .....	56	1
Minority interests .....	1,815,148	17,515
Net assets attributable to common stock at the interim period-end .....	3,126,988	30,175
Number of common stock at the interim period-end used for the calculation of net assets per share (in thousands) .....	7,721	/

## X. Subsequent Events (up to November 27, 2008)

- (1) SMFG resolved at the meeting of the Board of Directors held on November 19, 2008 to authorize the redemption in full of the preferred securities issued by its overseas special purpose subsidiary. The outline of the preferred securities to be redeemed is as follows:
  - (a) Issuer  
Sakura Preferred Capital (Cayman) Limited
  - (b) Type of securities issued  
Non-cumulative perpetual preferred securities
  - (c) Total redemption amount
    - (i) Initial Series: ¥258,750 million (\$2,497 million)
    - (ii) Series B: ¥25,000 million (\$241 million)
  - (d) Scheduled redemption date  
January 26, 2009
  - (e) Reason for redemption  
Optional redemption
- (2) SMFG resolved at the meeting of the Board of Directors held on November 19, 2008 to issue preferred securities through overseas special purpose subsidiaries and establish wholly owned subsidiaries in the Cayman Islands.

The preferred securities to be issued are as follows:

- (a) Issuer  
SMFG Preferred Capital JPY 2 Limited  
An overseas special purpose subsidiary established in the Cayman Islands, the voting rights of which are wholly owned by SMFG
- (b) Type of securities  
Japanese yen denominated Non-cumulative Perpetual Preferred Securities  
The preferred securities are not convertible or exchangeable into common stock of SMFG.
- (c) Total issue amount  
To be determined
- (d) Use of proceeds  
To be ultimately provided to SMBC, a banking subsidiary of SMFG, as perpetual subordinated loans
- (e) Ranking  
The preferred securities rank, as to liquidation preferences, effectively pari passu with preferred stock of SMFG
- (f) Method of offering  
Private placement to qualified institutional investors, etc. in Japan
- (g) Listing  
Unlisted

\* The above description is prepared on the assumptions that SMFG performs necessary filings and obtains the approval required under the relevant laws.

## XI. Parent Company

### 1. Nonconsolidated balance sheets (unaudited)

Sumitomo Mitsui Financial Group, Inc.

September 30, 2008 and 2007, and March 31, 2008	Millions of yen			Millions of U.S. dollars
	September 30	March 31	September 30	
	2008	2007	2008	2008
<b>Assets</b>				
Current assets .....	¥ 15,524	¥ 48,785	¥ 68,956	\$ 150
Cash and due from banks .....	10,153	46,052	53,735	98
Other current assets .....	5,371	2,732	15,220	52
Fixed assets .....	3,976,432	3,952,685	3,952,260	38,371
Tangible fixed assets .....	3	6	4	0
Intangible fixed assets .....	5	14	9	0
Investments and other assets .....	3,976,422	3,952,663	3,952,246	38,371
Investments in subsidiaries and affiliates .....	3,972,567	3,950,934	3,950,642	38,334
Other .....	3,854	1,728	1,603	37
<b>Total assets</b> .....	<b>¥3,991,957</b>	<b>¥4,001,470</b>	<b>¥4,021,217</b>	<b>\$38,521</b>
<b>Liabilities</b>				
Current liabilities .....	¥1,051,424	¥1,061,168	¥1,052,242	\$10,146
Short-term borrowings .....	1,049,030	1,059,030	1,049,030	10,123
Income taxes payable .....	785	—	1,539	7
Reserve for employees bonuses .....	97	82	81	1
Reserve for executive bonuses .....	—	—	74	—
Other current liabilities .....	1,511	2,055	1,517	15
Fixed liabilities .....	162	178	225	1
Reserve for executive retirement benefits .....	162	178	225	1
<b>Total liabilities</b> .....	<b>1,051,587</b>	<b>1,061,347</b>	<b>1,052,468</b>	<b>10,147</b>
<b>Net assets</b>				
Stockholders' equity .....				
Capital stock .....	1,420,877	1,420,877	1,420,877	13,711
Capital surplus .....	930,319	930,429	930,386	8,977
Capital reserve .....	642,355	642,355	642,355	6,199
Other capital surplus .....	287,963	288,073	288,031	2,778
Retained earnings .....	672,619	671,876	700,679	6,491
Other retained earnings .....				
Voluntary reserve .....	30,420	30,420	30,420	294
Retained earnings brought forward .....	642,199	641,456	670,259	6,197
Treasury stock .....	(83,445)	(83,060)	(83,194)	(805)
<b>Total stockholders' equity</b> .....	<b>2,940,370</b>	<b>2,940,122</b>	<b>2,968,749</b>	<b>28,374</b>
<b>Total net assets</b> .....	<b>2,940,370</b>	<b>2,940,122</b>	<b>2,968,749</b>	<b>28,374</b>
<b>Total liabilities and net assets</b> .....	<b>¥3,991,957</b>	<b>¥4,001,470</b>	<b>¥4,021,217</b>	<b>\$38,521</b>

## 2. Nonconsolidated statements of income (unaudited)

Sumitomo Mitsui Financial Group, Inc.

	Millions of yen			Millions of U.S. dollars
	Six months ended September 30	2007	Year ended March 31 2008	Six months ended September 30 2008
Six months ended September 30, 2008 and 2007, and year ended March 31, 2008	2008	2007	2008	2008
<b>Operating income</b> .....	<b>¥49,659</b>	¥23,936	¥111,637	<b>\$479</b>
Dividends on investments in subsidiaries and affiliates.....	<b>38,493</b>	15,022	89,693	<b>371</b>
Fees and commissions received from subsidiaries .....	<b>11,166</b>	8,913	21,944	<b>108</b>
<b>Operating expenses</b> .....	<b>3,466</b>	3,333	6,246	<b>33</b>
General and administrative expenses.....	<b>3,466</b>	3,333	6,246	<b>33</b>
<b>Operating profit</b> .....	<b>46,193</b>	20,602	105,391	<b>446</b>
<b>Nonoperating income</b> .....	<b>142</b>	282	466	<b>1</b>
<b>Nonoperating expenses</b> .....	<b>12,563</b>	9,228	16,794	<b>121</b>
<b>Ordinary profit</b> .....	<b>33,771</b>	11,655	89,063	<b>326</b>
<b>Income before income taxes</b> .....	<b>33,771</b>	11,655	89,063	<b>326</b>
Income taxes:				
Current.....	<b>3,850</b>	1,583	5,470	<b>37</b>
Deferred .....	<b>(2,153)</b>	706	618	<b>(21)</b>
<b>Net income</b> .....	<b>¥32,074</b>	¥ 9,366	¥ 82,975	<b>\$310</b>

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

Sumitomo Mitsui Financial Group, Inc.

	Millions of yen			Millions of U.S. dollars
	Six months ended September 30	2007	Year ended March 31 2008	Six months ended September 30 2008
Six months ended September 30, 2008 and 2007, and the year ended March 31, 2008	2008	2007	2008	2008
<b>Stockholders' equity</b>				
Capital stock				
Balance at end of previous fiscal year .....	<b>¥1,420,877</b>	¥1,420,877	¥1,420,877	<b>\$13,711</b>
Changes in the period:				
Net changes in the period.....	—	—	—	—
Balance at end of period .....	<b>¥1,420,877</b>	¥1,420,877	¥1,420,877	<b>\$13,711</b>
Capital surplus				
Capital reserve				
Balance at end of previous fiscal year.....	<b>¥ 642,355</b>	¥ 642,355	¥ 642,355	<b>\$ 6,199</b>
Changes in the period:				
Net changes in the period .....	—	—	—	—
Balance at end of period .....	<b>¥ 642,355</b>	¥ 642,355	¥ 642,355	<b>\$ 6,199</b>
Other capital surplus				
Balance at end of previous fiscal year.....	<b>¥ 288,031</b>	¥ 288,113	¥ 288,113	<b>\$ 2,779</b>
Changes in the period:				
Disposal of treasury stock .....	<b>(67)</b>	(39)	(82)	<b>(1)</b>
Net changes in the period .....	<b>(67)</b>	(39)	(82)	<b>(1)</b>
Balance at end of period .....	<b>¥ 287,963</b>	¥ 288,073	¥ 288,031	<b>\$ 2,778</b>
Total capital surplus				
Balance at end of previous fiscal year.....	<b>¥ 930,386</b>	¥ 930,469	¥ 930,469	<b>\$ 8,978</b>
Changes in the period:				
Disposal of treasury stock .....	<b>(67)</b>	(39)	(82)	<b>(1)</b>
Net changes in the period .....	<b>(67)</b>	(39)	(82)	<b>(1)</b>
Balance at end of period .....	<b>¥ 930,319</b>	¥ 930,429	¥ 930,386	<b>\$ 8,977</b>



(Continued)

	Millions of yen			Millions of U.S. dollars
	Six months ended September 30	Year ended March 31	Six months ended September 30	
	2008	2007	2008	2008
<b>Stockholders' equity</b>				
Retained earnings				
Other retained earnings				
Voluntary reserve				
Balance at end of previous fiscal year.....	¥ 30,420	¥ 30,420	¥ 30,420	\$ 294
Changes in the period:				
Net changes in the period .....	—	—	—	—
Balance at end of period .....	¥ 30,420	¥ 30,420	¥ 30,420	\$ 294
Retained earnings brought forward				
Balance at end of previous fiscal year .....	¥ 670,259	¥ 698,709	¥ 698,709	\$ 6,468
Changes in the period:				
Cash dividends .....	(60,135)	(66,619)	(111,425)	(580)
Net income .....	32,074	9,366	82,975	309
Net changes in the period .....	(28,060)	(57,253)	(28,450)	(271)
Balance at end of period .....	¥ 642,199	¥ 641,456	¥ 670,259	\$ 6,197
Total retained earnings				
Balance at end of previous fiscal year.....	¥ 700,679	¥ 729,129	¥ 729,129	\$ 6,762
Changes in the period:				
Cash dividends .....	(60,135)	(66,619)	(111,425)	(580)
Net income.....	32,074	9,366	82,975	309
Net changes in the period .....	(28,060)	(57,253)	(28,450)	(271)
Balance at end of period .....	¥ 672,619	¥ 671,876	¥ 700,679	\$ 6,491
Treasury stock				
Balance at end of previous fiscal year.....	¥ (83,194)	¥ (82,578)	¥ (82,578)	\$ (803)
Changes in the period:				
Purchase of treasury stock.....	(423)	(641)	(901)	(4)
Disposal of treasury stock .....	172	158	285	2
Net changes in the period .....	(251)	(482)	(616)	(2)
Balance at end of period .....	¥ (83,445)	¥ (83,060)	¥ (83,194)	\$ (805)
Total stockholders' equity				
Balance at end of previous fiscal year.....	¥2,968,749	¥2,997,898	¥2,997,898	\$28,648
Changes in the period:				
Cash dividends .....	(60,135)	(66,619)	(111,425)	(580)
Net income.....	32,074	9,366	82,975	309
Purchase of treasury stock.....	(423)	(641)	(901)	(4)
Disposal of treasury stock .....	105	119	202	1
Net changes in the period .....	(28,378)	(57,775)	(29,149)	(274)
Balance at end of period .....	¥2,940,370	¥2,940,122	¥2,968,749	\$28,374
<b>Total net assets</b>				
Balance at end of previous fiscal year.....	¥2,968,749	¥2,997,898	¥2,997,898	\$28,648
Changes in the period:				
Cash dividends .....	(60,135)	(66,619)	(111,425)	(580)
Net income.....	32,074	9,366	82,975	309
Purchase of treasury stock.....	(423)	(641)	(901)	(4)
Disposal of treasury stock .....	105	119	202	1
Net changes in the period .....	(28,378)	(57,775)	(29,149)	(274)
Balance at end of period .....	¥2,940,370	¥2,940,122	¥2,968,749	\$28,374

# Supplemental Information

## Nonconsolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Banking Corporation

	Millions of yen			Millions of U.S. dollars
	September 30		March 31	September 30
	2008	2007	2008	2008
September 30, 2008 and 2007, and March 31, 2008				
<b>Assets</b>				
Cash and due from banks .....	¥ 3,399,286	¥ 2,261,602	¥ 2,526,553	\$ 32,802
Deposits with banks .....	2,113,567	3,428,213	2,421,977	20,395
Call loans and bills bought .....	477,032	1,252,758	374,083	4,603
Receivables under resale agreements .....	52,689	340,745	328,544	509
Receivables under securities borrowing transactions .....	394,967	1,014,715	1,900,294	3,811
Commercial paper and other debt purchased .....	464,819	468,404	447,538	4,485
Trading assets .....	3,160,927	2,957,227	3,638,676	30,502
Money held in trust .....	8,983	2,627	7,329	87
Securities .....	20,982,446	19,860,123	22,758,241	202,475
Loans and bills discounted .....	58,541,953	55,025,706	56,957,813	564,913
Foreign exchanges .....	1,047,501	876,042	836,917	10,108
Other assets .....	1,995,678	1,496,635	2,196,999	19,258
Tangible fixed assets .....	683,073	671,833	676,072	6,592
Intangible fixed assets .....	118,430	92,013	106,469	1,143
Deferred tax assets .....	858,453	775,698	823,251	8,284
Customers' liabilities for acceptances and guarantees .....	4,513,532	4,470,981	4,665,062	43,554
Reserve for possible loan losses .....	(638,978)	(688,148)	(620,004)	(6,166)
Reserve for possible losses on investments .....	(14,521)	—	(12,801)	(140)
<b>Total assets</b> .....	<b>¥98,159,845</b>	<b>¥94,307,182</b>	<b>¥100,033,020</b>	<b>\$947,215</b>
<b>Liabilities and net assets</b>				
<b>Liabilities</b>				
Deposits .....	¥70,143,714	¥68,841,461	¥ 69,382,834	\$676,867
Call money and bills sold .....	2,136,313	2,210,169	2,656,142	20,615
Payables under repurchase agreements .....	979,331	121,012	1,825,481	9,450
Payables under securities lending transactions .....	4,024,211	2,727,484	5,732,042	38,832
Trading liabilities .....	1,759,392	1,683,577	2,307,304	16,978
Borrowed money .....	4,060,600	4,222,916	3,798,333	39,184
Foreign exchanges .....	319,072	339,119	301,958	3,079
Bonds .....	3,408,919	3,591,901	3,539,110	32,895
Due to trust account .....	106,932	45,893	80,796	1,032
Other liabilities .....	3,217,389	2,121,978	2,178,263	31,047
Reserve for employee bonuses .....	10,968	8,654	8,857	106
Reserve for executive bonuses .....	—	—	496	—
Reserve for executive retirement benefits .....	4,711	4,527	4,800	45
Reserve for point service program .....	2,238	1,615	1,870	21
Reserve for reimbursement of deposits .....	7,023	10,839	9,587	68
Reserve under special laws .....	0	18	0	0
Deferred tax liabilities for land revaluation .....	46,599	48,728	46,827	450
Acceptances and guarantees .....	4,513,532	4,470,981	4,665,062	43,554
<b>Total liabilities</b> .....	<b>94,740,953</b>	<b>90,450,881</b>	<b>96,539,771</b>	<b>914,223</b>
<b>Net assets</b>				
Capital stock .....	664,986	664,986	664,986	6,417
Capital surplus .....	1,367,548	1,367,548	1,367,548	13,197
Retained earnings .....	959,742	825,090	894,839	9,261
<b>Total stockholders' equity</b> .....	<b>2,992,277</b>	<b>2,857,625</b>	<b>2,927,374</b>	<b>28,875</b>
Net unrealized gains on other securities .....	474,219	1,057,093	558,103	4,576
Net deferred losses on hedges .....	(69,272)	(82,394)	(13,787)	(668)
Land revaluation excess .....	21,667	23,976	21,558	209
<b>Total valuation and translation adjustments</b> .....	<b>426,614</b>	<b>998,675</b>	<b>565,874</b>	<b>4,117</b>
<b>Total net assets</b> .....	<b>3,418,892</b>	<b>3,856,300</b>	<b>3,493,249</b>	<b>32,992</b>
<b>Total liabilities and net assets</b> .....	<b>¥98,159,845</b>	<b>¥94,307,182</b>	<b>¥100,033,020</b>	<b>\$947,215</b>

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 ¥103.63 to US\$1, the exchange rate prevailing at September 30, 2008.

# Nonconsolidated Statements of Income (Unaudited)

Sumitomo Mitsui Banking Corporation

	Millions of yen			Millions of
	Six months ended		Year ended	U.S. dollars
	Six months ended September 30	2007	March 31	Six months ended September 30
Six months ended September 30, 2008 and 2007, and year ended March 31, 2008	2008	2007	2008	2008
<b>Income</b>				
Interest income.....	¥ 937,566	¥ 940,051	¥1,866,277	\$ 9,047
Trust fees.....	1,244	2,239	3,710	12
Fees and commissions.....	211,260	221,285	452,527	2,039
Trading profits.....	3,889	103,277	440,985	37
Other operating income.....	140,303	28,602	121,812	1,354
Other income.....	9,766	13,131	59,364	94
<b>Total income.....</b>	<b>1,304,029</b>	<b>1,308,588</b>	<b>2,944,677</b>	<b>12,583</b>
<b>Expenses</b>				
Interest expenses.....	424,641	462,514	895,469	4,098
Fees and commissions.....	64,178	64,128	120,165	619
Trading losses.....	18,596	—	—	179
Other operating expenses.....	51,808	50,325	384,906	500
General and administrative expenses.....	367,244	325,372	659,992	3,544
Provision for reserve for possible loan losses.....	89,224	50,553	—	861
Other expenses.....	167,454	200,483	376,689	1,616
<b>Total expenses.....</b>	<b>1,183,149</b>	<b>1,153,378</b>	<b>2,437,222</b>	<b>11,417</b>
<b>Income before income taxes.....</b>	<b>120,879</b>	<b>155,209</b>	<b>507,454</b>	<b>1,166</b>
Income taxes:				
Current.....	7,152	7,210	16,031	69
Deferred.....	33,332	84,200	285,680	321
<b>Net income.....</b>	<b>¥ 80,394</b>	<b>¥ 63,798</b>	<b>¥ 205,742</b>	<b>\$ 776</b>

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 ¥103.63 to US\$1, the exchange rate prevailing at September 30, 2008.

# 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	2008				2007			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Interest income .....	¥814,902	¥344,163	¥(42,344)	¥1,116,721	¥761,166	¥354,866	¥(33,456)	¥1,082,577
Interest expenses.....	266,244	208,430	(36,483)	438,190	261,560	246,916	(25,478)	482,998
Net interest income .....	548,658	135,733	(5,860)	678,530	499,606	107,949	(7,977)	599,578
Trust fees.....	1,268	—	—	1,268	2,262	—	—	2,262
Fees and commissions (income) ....	299,085	47,354	(536)	345,903	312,264	34,967	(560)	346,671
Fees and commissions (expenses) .....	56,878	5,250	(225)	61,903	48,845	4,760	(374)	53,232
Net fees and commissions.....	242,206	42,103	(311)	283,999	263,419	30,206	(186)	293,439
Trading profits .....	18,360	5,546	(10,448)	13,458	116,315	7,974	(5,927)	118,362
Trading losses.....	22,471	1,778	(10,448)	13,800	1,538	4,389	(5,927)	—
Net trading income.....	(4,110)	3,767	—	(342)	114,777	3,584	—	118,362
Other operating income .....	315,349	11,836	(27)	327,158	475,105	11,252	2,328	488,686
Other operating expenses.....	201,305	21,262	(98)	222,468	475,565	4,253	(44)	479,774
Net other operating income .....	114,044	(9,425)	70	104,690	(459)	6,999	2,372	8,912

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 2008, ¥15 million; first half of fiscal 2007, ¥4 million) related to the management of money held in trust.

3. Intersegment transactions are reported in the "Elimination" column.

## Fees and Commissions

Millions of yen

Six months ended September 30	2008				2007			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Fees and commissions (income).....	¥299,085	¥47,354	¥(536)	¥345,903	¥312,264	¥34,967	¥(560)	¥346,671
Deposits and loans .....	11,223	34,484	—	45,708	11,859	21,802	—	33,662
Remittances and transfers .....	62,104	4,833	(0)	66,937	61,840	4,630	(0)	66,470
Securities-related business .....	17,245	0	—	17,245	17,981	67	—	18,048
Agency .....	7,616	—	—	7,616	8,426	178	—	8,604
Safe deposits.....	3,701	2	—	3,704	3,815	2	—	3,817
Guarantees .....	21,980	2,791	(150)	24,620	20,475	2,295	(182)	22,587
Credit card.....	71,584	—	—	71,584	62,282	—	—	62,282
Fees and commissions (expenses) .....	¥ 56,878	¥ 5,250	¥(225)	¥ 61,903	¥ 48,845	¥ 4,760	¥(374)	¥ 53,232
Remittances and transfers .....	13,470	1,746	(71)	15,144	13,115	2,031	(66)	15,081

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 the "Elimination" column.

## Trading Income

Six months ended September 30	Millions of yen							
	2008				2007			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading profits.....	<b>¥18,360</b>	<b>¥5,546</b>	<b>¥(10,448)</b>	<b>¥13,458</b>	¥116,315	¥7,974	¥(5,927)	¥118,362
Gains on trading securities.....	<b>9,857</b>	<b>96</b>	<b>—</b>	<b>9,953</b>	11,671	362	—	12,034
Gains on securities related to trading transactions.....	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	291	153	—	445
Gains on trading-related financial derivatives.....	<b>4,998</b>	<b>5,450</b>	<b>(10,448)</b>	<b>—</b>	100,834	7,457	(5,927)	102,364
Others.....	<b>3,504</b>	<b>—</b>	<b>—</b>	<b>3,504</b>	3,518	—	—	3,518
Trading losses.....	<b>¥22,471</b>	<b>¥1,778</b>	<b>¥(10,448)</b>	<b>¥13,800</b>	¥ 1,538	¥4,389	¥(5,927)	¥ —
Losses on trading securities.....	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	—	—	—	—
Losses on securities related to trading transactions.....	<b>646</b>	<b>—</b>	<b>—</b>	<b>646</b>	—	—	—	—
Losses on trading-related financial derivatives.....	<b>21,824</b>	<b>1,778</b>	<b>(10,448)</b>	<b>13,154</b>	1,538	4,389	(5,927)	—
Others.....	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	—	—	—	—

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 the "Elimination" column.

# Assets and Liabilities (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

## Deposits and Negotiable Certificates of Deposit

September 30	Millions of yen	
	2008	2007
Domestic operations:		
Liquid deposits .....	<b>¥39,760,729</b>	¥40,621,067
Fixed-term deposits .....	<b>22,392,965</b>	21,586,609
Others.....	<b>4,131,089</b>	3,488,899
Subtotal .....	<b>66,284,785</b>	65,696,577
Negotiable certificates of deposit .....	<b>2,412,912</b>	1,876,344
Total.....	<b>¥68,697,697</b>	¥67,572,921
Overseas operations:		
Liquid deposits .....	<b>¥ 5,829,922</b>	¥ 5,945,635
Fixed-term deposits .....	<b>1,462,005</b>	1,276,328
Others.....	<b>6,384</b>	7,224
Subtotal .....	<b>7,298,313</b>	7,229,188
Negotiable certificates of deposit .....	<b>841,765</b>	651,948
Total.....	<b>¥ 8,140,078</b>	¥ 7,881,137
Grand total .....	<b>¥76,837,776</b>	¥75,454,058

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

September 30	Millions of yen			
	2008		2007	
Domestic operations:				
Manufacturing.....	<b>¥ 5,763,094</b>	<b>11.09%</b>	¥ 5,633,382	10.92%
Agriculture, forestry, fisheries and mining.....	<b>111,428</b>	<b>0.21</b>	138,498	0.27
Construction .....	<b>1,220,961</b>	<b>2.35</b>	1,415,969	2.75
Transportation, communications and public enterprises .....	<b>3,212,055</b>	<b>6.18</b>	2,943,046	5.71
Wholesale and retail.....	<b>5,167,969</b>	<b>9.94</b>	5,421,149	10.52
Finance and insurance .....	<b>4,466,908</b>	<b>8.59</b>	4,471,361	8.68
Real estate.....	<b>7,624,749</b>	<b>14.67</b>	8,017,198	15.56
Services .....	<b>5,714,636</b>	<b>10.99</b>	5,943,468	11.54
Municipalities .....	<b>781,875</b>	<b>1.50</b>	633,009	1.23
Others.....	<b>17,923,729</b>	<b>34.48</b>	16,908,131	32.82
Subtotal .....	<b>¥51,987,409</b>	<b>100.00%</b>	¥51,525,216	100.00%
Overseas operations:				
Public sector.....	<b>¥ 31,509</b>	<b>0.27%</b>	¥ 42,466	0.50%
Financial institutions .....	<b>959,845</b>	<b>8.35</b>	538,477	6.21
Commerce and industry.....	<b>9,383,700</b>	<b>81.67</b>	7,263,622	83.79
Others.....	<b>1,115,292</b>	<b>9.71</b>	823,782	9.50
Subtotal .....	<b>¥11,490,348</b>	<b>100.00%</b>	¥ 8,668,349	100.00%
Total .....	<b>¥63,477,758</b>	<b>—</b>	¥60,193,566	—

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
	2008	2007	2008
Bankrupt loans .....	¥ 235,546	¥ 59,904	¥ 73,472
Non-accrual loans .....	771,896	533,325	607,226
Past due loans (3 months or more) .....	41,703	31,769	26,625
Restructured loans .....	366,295	441,944	385,336
Total .....	¥1,415,443	¥1,066,944	¥1,092,661
Amount of direct reduction .....	¥ 543,651	¥ 434,461	¥ 433,447

### 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

September 30	Millions of yen	
	2008	2007
Domestic operations:		
Japanese government bonds.....	¥ 8,500,140	¥ 7,222,502
Japanese local government bonds.....	395,022	528,068
Japanese corporate bonds .....	3,829,093	3,822,223
Japanese stocks.....	3,390,517	4,237,674
Others.....	3,809,689	3,269,327
Subtotal .....	¥19,924,463	¥19,079,797
Overseas operations:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds.....	—	—
Japanese corporate bonds .....	—	—
Japanese stocks.....	—	—
Others.....	1,640,658	1,246,256
Subtotal .....	¥ 1,640,658	¥ 1,246,256
Total of domestic and overseas operations:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds.....	—	—
Japanese corporate bonds .....	—	—
Japanese stocks.....	230,766	273,789
Others.....	—	—
Subtotal .....	¥ 230,766	¥ 273,789
Total .....	¥21,795,888	¥20,599,844

- 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	2008				2007			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading assets: .....	<b>¥3,182,924</b>	<b>¥697,310</b>	<b>¥(29,501)</b>	<b>¥3,850,732</b>	¥2,973,016	¥543,743	¥(25,365)	¥3,491,395
Trading securities .....	<b>130,085</b>	<b>12,489</b>	—	<b>142,575</b>	73,826	45,704	—	119,531
Derivatives of trading securities .....	<b>256</b>	—	—	<b>256</b>	2,698	—	—	2,698
Securities related to trading transactions .....	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions .....	<b>12,098</b>	—	—	<b>12,098</b>	7,488	—	—	7,488
Trading-related financial derivatives .....	<b>1,982,241</b>	<b>684,820</b>	<b>(29,501)</b>	<b>2,637,559</b>	1,851,866	498,039	(25,365)	2,324,539
Other trading assets .....	<b>1,058,241</b>	—	—	<b>1,058,241</b>	1,037,137	—	—	1,037,137
Trading liabilities: .....	<b>¥1,751,927</b>	<b>¥579,410</b>	<b>¥(29,501)</b>	<b>¥2,301,836</b>	¥1,682,167	¥508,295	¥(25,365)	¥2,165,097
Trading securities sold for short sales .....	<b>16,639</b>	<b>6,025</b>	—	<b>22,665</b>	8,186	7,038	—	15,225
Derivatives of trading securities .....	<b>138</b>	—	—	<b>138</b>	2,751	—	—	2,751
Securities related to trading transactions .....	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions .....	<b>12,236</b>	—	—	<b>12,236</b>	7,548	—	—	7,548
Trading-related financial derivatives .....	<b>1,722,913</b>	<b>573,385</b>	<b>(29,501)</b>	<b>2,266,797</b>	1,663,681	501,256	(25,365)	2,139,572
Other trading liabilities .....	—	—	—	—	—	—	—	—

Note: 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.

# Capital (Nonconsolidated)

Sumitomo Mitsui Financial Group, Inc.

## Capital Stock (as of September 30, 2008)

¥1,420,877 million

### Number of Shares Issued

September 30, 2008	Number of shares issued
Common stock.....	7,890,804.77
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 (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>7,994,205.77</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, 2008	Number of shares	Percentage of shares outstanding
Japan Trustee Services Bank, Ltd. (Trust Account) .....	496,661.00	6.29%
The Master Trust Bank of Japan, Ltd. (Trust Account).....	383,702.00	4.86
Japan Trustee Services Bank, Ltd. (Trust Account 4G).....	305,394.00	3.87
Nippon Life Insurance Company.....	154,666.82	1.96
State Street Bank and Trust Company 505225*.....	122,446.00	1.55
The Chase Manhattan Bank N.A. London SL Omnibus Account* .....	105,639.00	1.33
Hero and Company**.....	103,760.00	1.31
Sumitomo Mitsui Banking Corporation.....	100,481.00	1.27
Mellon Bank N.A. as agent for its client Mellon Omnibus US Pension***.....	94,823.00	1.20
OD05 Omnibus China Treaty 808150**.....	90,399.00	1.14
Total .....	<u>1,957,971.82</u>	<u>24.81</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, 2008	Number of shares	Percentage of shares outstanding
The Goldman Sachs Group, Inc. (Standing agent: Goldman Sachs Japan Co., Ltd.).....	4,175	100.00%

#### c. Preferred Stock (2nd series Type 4)

September 30, 2008	Number of shares	Percentage of shares outstanding
The Goldman Sachs Group, Inc. (Standing agent: Goldman Sachs Japan Co., Ltd.).....	4,175	100.00%

#### d. Preferred Stock (3rd series Type 4)

September 30, 2008	Number of shares	Percentage of shares outstanding
The Goldman Sachs Group, Inc. (Standing agent: Goldman Sachs Japan Co., Ltd.).....	4,175	100.00%

#### e. Preferred Stock (4th series Type 4)

September 30, 2008	Number of shares	Percentage of shares outstanding
The Goldman Sachs Group, Inc. (Standing agent: Goldman Sachs Japan Co., Ltd.).....	4,175	100.00%

**f. Preferred Stock (9th series Type 4)**

September 30, 2008	Number of shares	Percentage of shares outstanding
GSSM Holding II Corp. (Standing agent: Goldman Sachs Japan Co., Ltd.).....	4,175	100.00%

**g. Preferred Stock (10th series Type 4)**

September 30, 2008	Number of shares	Percentage of shares outstanding
GSSM Holding II Corp. (Standing agent: Goldman Sachs Japan Co., Ltd.).....	4,175	100.00%

**h. Preferred Stock (11th series Type 4)**

September 30, 2008	Number of shares	Percentage of shares outstanding
GSSM Holding II Corp. (Standing agent: Goldman Sachs Japan Co., Ltd.).....	4,175	100.00%

**i. Preferred Stock (12th series Type 4)**

September 30, 2008	Number of shares	Percentage of shares outstanding
GSSM Holding II Corp. (Standing agent: Goldman Sachs Japan Co., Ltd.).....	4,175	100.00%

**j. Preferred Stock (1st series Type 6)**

September 30, 2008	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
<b>Total .....</b>	<b>70,001</b>	<b>100.00%</b>

Notes: 1. Pursuant to Article 67 of the Enforcement Ordinance of the Company Law, the exercise of voting rights of common shares held by our subsidiary SMBC is not entitled.  
 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, 2008, we did not include them in the list of principal shareholders shown above. The contents of the reports are summarized as follows:

Submitter	Filing date	Number of shares*	Percentage of shares outstanding
Alliance Bernstein L.P. ....	Sept. 19, 2008	336,354	4.26%

\* Includes shares held by co-shareholders.

# Income Analysis (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

## Gross Banking Profit, Classified by Domestic and International Operations

Six months ended September 30	Millions of yen					
	2008			2007		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Interest income .....	¥598,193	¥345,171	¥937,566	¥581,769	¥361,754	¥940,051
			[5,798]			[3,471]
Interest expenses .....	138,201	292,222	424,625	121,028	344,952	462,509
			[5,798]			[3,471]
Net interest income .....	459,991	52,949	512,941	460,740	16,801	477,542
Trust fees .....	1,244	—	1,244	2,239	—	2,239
Fees and commissions (income) .....	159,194	52,065	211,260	177,838	43,446	221,285
Fees and commissions (expenses) .....	54,006	10,172	64,178	54,325	9,803	64,128
Net fees and commissions .....	105,187	41,893	147,081	123,513	33,643	157,156
Trading profits .....	3,889	—	3,889	4,674	98,602	103,277
Trading losses .....	—	18,596	18,596	—	—	—
Net trading income .....	3,889	(18,596)	(14,707)	4,674	98,602	103,277
Other operating income .....	11,490	128,976	140,303	20,034	10,949	28,602
Other operating expenses .....	15,760	36,211	51,808	9,982	42,724	50,325
Net other operating income .....	(4,269)	92,764	88,494	10,051	(31,775)	(21,723)
Gross banking profit .....	566,042	169,010	735,053	601,219	117,272	718,492
Gross banking profit rate (%) .....	1.66%	1.70%	1.72%	1.84%	1.45%	1.80%

- 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 2008, ¥15 million; first half of fiscal 2007, ¥4 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 2008 are lower than the total amounts of "Domestic operations" and "International operations" by ¥163 million each. The relevant amount for the first half of fiscal 2007 is ¥2,381 million. This is attributable to record gains or losses on financial derivatives on a net basis.
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

Six months ended September 30	Millions of yen					
	2008			2007		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets .....	¥67,678,059	¥598,193	1.76%	¥65,082,647	¥581,769	1.78%
	[2,491,335]	[5,798]		[1,810,070]	[3,471]	
Loans and bills discounted .....	47,702,930	480,173	2.00	46,293,116	460,283	1.98
Securities .....	16,733,333	101,327	1.20	15,052,853	103,775	1.37
Call loans .....	113,387	465	0.81	436,482	1,518	0.69
Receivables under resale agreements .....	109	0	0.60	15,598	42	0.54
Receivables under securities borrowing transactions .....	317,965	1,778	1.11	1,197,510	4,082	0.67
Bills bought .....	49,117	669	2.71	29,582	271	1.83
Deposits with banks .....	6,180	6	0.19	13,042	28	0.43
Interest-bearing liabilities .....	¥69,396,925	¥138,201	0.39%	¥66,759,383	¥121,028	0.36%
Deposits .....	57,317,365	70,326	0.24	57,476,843	61,444	0.21
Negotiable certificates of deposit .....	2,751,183	8,677	0.62	2,413,593	6,713	0.55
Call money .....	2,881,840	7,121	0.49	1,792,847	4,309	0.47
Payables under repurchase agreements .....	203,193	608	0.59	53,062	144	0.54
Payables under securities lending transactions .....	2,139,543	5,933	0.55	997,962	2,559	0.51
Borrowed money .....	1,965,475	10,277	1.04	1,768,040	9,493	1.07
Bonds .....	2,028,984	13,474	1.32	2,136,166	12,340	1.15

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (first half of fiscal 2008, ¥749,508 million; first half of fiscal 2007, ¥724,113 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (first half of fiscal 2008, ¥7,810 million; first half of fiscal 2007, ¥2,564 million) and corresponding interest (first half of fiscal 2008, ¥15 million; first half of fiscal 2007, ¥4 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	2008			2007		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets .....	<b>¥19,745,167</b>	<b>¥345,171</b>	<b>3.48%</b>	¥16,041,143	¥361,754	4.49%
Loans and bills discounted.....	<b>10,072,928</b>	<b>202,997</b>	<b>4.01</b>	7,245,446	191,377	5.26
Securities.....	<b>5,317,036</b>	<b>75,820</b>	<b>2.84</b>	3,200,443	60,238	3.75
Call loans.....	<b>322,170</b>	<b>4,533</b>	<b>2.80</b>	464,031	11,611	4.99
Receivables under resale agreements.....	<b>189,412</b>	<b>923</b>	<b>0.97</b>	214,882	2,170	2.01
Receivables under securities borrowing transactions.....	—	—	—	—	—	—
Bills bought.....	—	—	—	—	—	—
Deposits with banks.....	<b>2,523,377</b>	<b>26,403</b>	<b>2.08</b>	3,730,704	58,851	3.14
Interest-bearing liabilities.....	<b>¥19,737,026</b>	<b>¥292,222</b>	<b>2.95%</b>	¥15,866,836	¥344,952	4.33%
	<b>[2,491,335]</b>	<b>[5,798]</b>		<b>[1,810,070]</b>	<b>[3,471]</b>	
Deposits .....	<b>9,302,284</b>	<b>100,314</b>	<b>2.15</b>	8,991,413	177,550	3.93
Negotiable certificates of deposit .....	<b>728,996</b>	<b>16,310</b>	<b>4.46</b>	631,319	17,602	5.56
Call money.....	<b>658,602</b>	<b>8,339</b>	<b>2.52</b>	331,135	7,545	4.54
Payables under repurchase agreements.....	<b>478,549</b>	<b>4,340</b>	<b>1.80</b>	82,598	2,003	4.83
Payables under securities lending transactions.....	<b>2,556,165</b>	<b>38,606</b>	<b>3.01</b>	638,429	15,834	4.94
Borrowed money .....	<b>1,891,412</b>	<b>50,779</b>	<b>5.35</b>	1,647,804	43,584	5.27
Bonds.....	<b>1,419,852</b>	<b>23,217</b>	<b>3.26</b>	1,492,665	26,520	3.54

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (first half of fiscal 2008, ¥87,259 million; first half of fiscal 2007, ¥77,252 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	2008			2007		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets .....	<b>¥84,931,891</b>	<b>¥937,566</b>	<b>2.20%</b>	¥79,313,721	¥940,051	2.36%
Loans and bills discounted.....	<b>57,775,858</b>	<b>683,171</b>	<b>2.35</b>	53,538,562	651,660	2.42
Securities.....	<b>22,050,370</b>	<b>177,147</b>	<b>1.60</b>	18,253,297	164,013	1.79
Call loans.....	<b>435,558</b>	<b>4,999</b>	<b>2.28</b>	900,513	13,130	2.90
Receivables under resale agreements.....	<b>189,521</b>	<b>924</b>	<b>0.97</b>	230,481	2,213	1.91
Receivables under securities borrowing transactions.....	<b>317,965</b>	<b>1,778</b>	<b>1.11</b>	1,197,510	4,082	0.67
Bills bought.....	<b>49,117</b>	<b>669</b>	<b>2.71</b>	29,582	271	1.83
Deposits with banks.....	<b>2,529,557</b>	<b>26,409</b>	<b>2.08</b>	3,743,747	58,880	3.13
Interest-bearing liabilities.....	<b>¥86,642,616</b>	<b>¥424,625</b>	<b>0.97%</b>	¥80,816,149	¥462,509	1.14%
Deposits .....	<b>66,619,650</b>	<b>170,640</b>	<b>0.51</b>	66,468,256	238,995	0.71
Negotiable certificates of deposit .....	<b>3,480,180</b>	<b>24,987</b>	<b>1.43</b>	3,044,913	24,316	1.59
Call money.....	<b>3,540,442</b>	<b>15,461</b>	<b>0.87</b>	2,123,983	11,855	1.11
Payables under repurchase agreements.....	<b>681,743</b>	<b>4,949</b>	<b>1.44</b>	135,661	2,148	3.15
Payables under securities lending transactions.....	<b>4,695,708</b>	<b>44,539</b>	<b>1.89</b>	1,636,391	18,394	2.24
Borrowed money .....	<b>3,856,887</b>	<b>61,056</b>	<b>3.15</b>	3,415,844	53,078	3.09
Bonds.....	<b>3,448,836</b>	<b>36,692</b>	<b>2.12</b>	3,628,831	38,860	2.13

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (first half of fiscal 2008, ¥836,768 million; first half of fiscal 2007, ¥801,365 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (first half of fiscal 2008, ¥7,810 million; first half of fiscal 2007, ¥2,564 million) and corresponding interest (first half of fiscal 2008, ¥15 million; first half of fiscal 2007, ¥4 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

Six months ended September 30	Millions of yen					
	2008			2007		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥22,940	¥ (6,516)	¥16,424	¥(11,787)	¥101,902	¥90,115
Loans and bills discounted.....	14,140	5,749	19,890	(3,492)	74,944	71,451
Securities.....	10,176	(12,623)	(2,447)	(13,167)	28,145	14,977
Call loans.....	(1,124)	71	(1,053)	25	939	965
Receivables under resale agreements.....	(42)	0	(42)	(0)	42	42
Receivables under securities borrowing transactions.....	(2,998)	694	(2,304)	(262)	2,737	2,475
Bills bought.....	229	168	397	(14)	265	250
Deposits with banks.....	(10)	(11)	(22)	(43)	11	(31)
Interest expenses.....	¥ 4,916	¥12,257	¥17,173	¥ (1,237)	¥ 82,125	¥80,888
Deposits.....	(170)	9,051	8,881	(18)	44,374	44,356
Negotiable certificates of deposit.....	1,003	959	1,963	(271)	5,154	4,883
Call money.....	2,687	124	2,812	(117)	3,240	3,123
Payables under repurchase agreements.....	448	15	464	(85)	96	10
Payables under securities lending transactions.....	3,149	223	3,373	288	1,636	1,925
Bills sold.....	—	—	—	(220)	—	(220)
Borrowed money.....	1,032	(248)	783	3,441	(1,192)	2,248
Bonds.....	(619)	1,753	1,134	(722)	1,584	862

### International Operations

Six months ended September 30	Millions of yen					
	2008			2007		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥64,751	¥ (81,333)	¥(16,582)	¥46,682	¥24,993	¥71,676
Loans and bills discounted.....	56,981	(45,361)	11,619	35,785	8,227	44,012
Securities.....	30,182	(14,600)	15,581	(14,781)	8,696	(6,084)
Call loans.....	(2,911)	(4,166)	(7,077)	843	344	1,187
Receivables under resale agreements.....	(232)	(1,014)	(1,246)	1,061	(1,119)	(57)
Deposits with banks.....	(15,902)	(16,545)	(32,448)	24,223	657	24,880
Interest expenses.....	¥57,301	¥(110,031)	¥(52,730)	¥46,739	¥ 432	¥47,171
Deposits.....	3,352	(80,588)	(77,236)	23,241	(1,135)	22,105
Negotiable certificates of deposit.....	2,185	(3,478)	(1,292)	3,119	778	3,897
Call money.....	4,146	(3,352)	793	1,632	97	1,729
Payables under repurchase agreements.....	3,591	(1,254)	2,336	(5,558)	(167)	(5,726)
Payables under securities lending transactions.....	28,964	(6,191)	22,772	(19,365)	2,799	(16,565)
Borrowed money.....	6,531	662	7,194	9,807	3,380	13,188
Bonds.....	(1,254)	(2,048)	(3,303)	880	868	1,749

### Total of Domestic and International Operations

Six months ended September 30	Millions of yen					
	2008			2007		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥62,019	¥(64,504)	¥ (2,485)	¥(11,067)	¥173,155	¥162,087
Loans and bills discounted.....	50,104	(18,593)	31,510	9,826	105,637	115,464
Securities.....	30,504	(17,370)	13,134	(25,189)	34,082	8,893
Call loans.....	(5,758)	(2,372)	(8,131)	712	1,440	2,153
Receivables under resale agreements.....	(341)	(946)	(1,288)	969	(984)	(15)
Receivables under securities borrowing transactions.....	(2,998)	694	(2,304)	(262)	2,737	2,475
Bills bought.....	229	168	397	(14)	265	250
Deposits with banks.....	(15,944)	(16,526)	(32,470)	23,575	1,273	24,849
Interest expenses.....	¥28,554	¥(66,438)	¥(37,884)	¥ (6,666)	¥135,021	¥128,355
Deposits.....	387	(68,742)	(68,354)	2,991	63,470	66,461
Negotiable certificates of deposit.....	3,125	(2,454)	670	(1,420)	10,202	8,781
Call money.....	6,185	(2,579)	3,605	(390)	5,243	4,853
Payables under repurchase agreements.....	3,964	(1,163)	2,800	(5,167)	(547)	(5,715)
Payables under securities lending transactions.....	29,018	(2,872)	26,145	(8,594)	(6,045)	(14,640)
Bills sold.....	—	—	—	(220)	—	(220)
Borrowed money.....	6,965	1,012	7,978	15,861	(424)	15,437
Bonds.....	(1,916)	(252)	(2,168)	(907)	3,519	2,611

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

## Fees and Commissions

Six months ended September 30	Millions of yen					
	2008			2007		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Fees and commissions (income) .....	<b>¥159,194</b>	<b>¥52,065</b>	<b>¥211,260</b>	¥177,838	¥43,446	¥221,285
Deposits and loans .....	<b>5,390</b>	<b>25,957</b>	<b>31,347</b>	5,234	17,951	23,186
Remittances and transfers .....	<b>48,147</b>	<b>14,478</b>	<b>62,626</b>	48,177	14,368	62,545
Securities-related business .....	<b>7,720</b>	<b>1,568</b>	<b>9,288</b>	5,525	723	6,249
Agency .....	<b>6,139</b>	—	<b>6,139</b>	6,915	—	6,915
Safe deposits .....	<b>3,264</b>	—	<b>3,264</b>	3,365	—	3,365
Guarantees .....	<b>10,445</b>	<b>4,016</b>	<b>14,461</b>	11,709	3,449	15,159
Fees and commissions (expenses) .....	<b>¥ 54,006</b>	<b>¥10,172</b>	<b>¥ 64,178</b>	¥ 54,325	¥ 9,803	¥ 64,128
Remittances and transfers .....	<b>10,157</b>	<b>4,075</b>	<b>14,233</b>	9,913	4,221	14,134

## Trading Income

Six months ended September 30	Millions of yen					
	2008			2007		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Trading profits .....	<b>¥3,889</b>	<b>¥ —</b>	<b>¥ 3,889</b>	¥4,674	¥98,602	¥103,277
Gains on trading securities .....	<b>197</b>	—	<b>197</b>	960	—	960
Gains on securities related to trading transactions .....	—	—	—	—	445	445
Gains on trading-related financial derivatives .....	—	—	—	—	98,157	98,157
Others .....	<b>3,691</b>	—	<b>3,691</b>	3,714	—	3,714
Trading losses .....	<b>¥ —</b>	<b>¥18,596</b>	<b>¥18,596</b>	¥ —	¥ —	¥ —
Losses on trading securities .....	—	—	—	—	—	—
Losses on securities related to trading transactions .....	—	<b>646</b>	<b>646</b>	—	—	—
Losses on trading-related financial derivatives .....	—	<b>17,950</b>	<b>17,950</b>	—	—	—
Others .....	—	—	—	—	—	—

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

## Net Other Operating Income

Six months ended September 30	Millions of yen					
	2008			2007		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Net other operating income .....	<b>¥(4,269)</b>	<b>¥92,764</b>	<b>¥88,494</b>	¥10,051	¥(31,775)	¥(21,723)
Gains (losses) on bonds .....	<b>(7,245)</b>	<b>2,684</b>	<b>(4,560)</b>	5,887	(12,137)	(6,249)
Gains (losses) on financial derivatives .....	<b>1,510</b>	<b>(163)</b>	<b>1,347</b>	(2,381)	2,777	396
Gains (losses) on foreign exchange transactions .....	—	<b>93,726</b>	<b>93,726</b>	—	(21,472)	(21,472)

# Deposits (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

## Deposits and Negotiable Certificates of Deposit

### Period-End Balance

September 30	Millions of yen			
	2008		2007	
Domestic operations:				
Liquid deposits .....	¥37,677,516	62.5%	¥38,468,417	64.8%
Fixed-term deposits .....	18,955,057	31.5	18,385,441	31.0
Others .....	1,198,125	2.0	590,141	1.0
Subtotal .....	57,830,699	96.0	57,444,001	96.8
Negotiable certificates of deposit .....	2,402,148	4.0	1,903,029	3.2
Total .....	¥60,232,847	100.0%	¥59,347,030	100.0%
International operations:				
Liquid deposits .....	¥ 4,987,517	50.3%	¥ 5,126,820	54.0%
Fixed-term deposits .....	1,186,259	12.0	936,387	9.9
Others .....	2,913,560	29.4	2,872,082	30.2
Subtotal .....	9,087,337	91.7	8,935,290	94.1
Negotiable certificates of deposit .....	823,529	8.3	559,140	5.9
Total .....	¥ 9,910,867	100.0%	¥ 9,494,430	100.0%
Grand total .....	¥70,143,714	—	¥68,841,461	—

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

### Average Balance

Six months ended September 30	Millions of yen	
	2008	2007
Domestic operations:		
Liquid deposits .....	¥37,976,699	¥38,513,359
Fixed-term deposits .....	18,846,091	18,332,815
Others .....	494,574	630,668
Subtotal .....	57,317,365	57,476,843
Negotiable certificates of deposit .....	2,751,183	2,413,593
Total .....	¥60,068,549	¥59,890,437
International operations:		
Liquid deposits .....	¥ 4,987,425	¥ 5,277,604
Fixed-term deposits .....	1,098,676	1,039,109
Others .....	3,216,182	2,674,699
Subtotal .....	9,302,284	8,991,413
Negotiable certificates of deposit .....	728,996	631,319
Total .....	¥10,031,280	¥ 9,622,732
Grand total .....	¥70,099,830	¥69,513,169

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

September 30	Millions of yen			
	2008		2007	
Individual .....	¥34,299,041	54.0%	¥33,582,089	54.1%
Corporate .....	29,256,628	46.0	28,537,903	45.9
Total .....	¥63,555,669	100.0%	¥62,119,992	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

September 30	Millions of yen	
	2008	2007
Individual .....	¥2,685,146	¥3,622,630
Corporate .....	197,673	155,045
Total .....	¥2,882,819	¥3,777,675

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

September 30	Millions of yen	
	2008	2007
Less than three months .....	¥ 6,734,146	¥ 6,491,258
Fixed interest rates .....	5,663,698	5,660,564
Floating interest rates .....	1,000	8,600
Others .....	1,069,447	822,094
Three - six months .....	3,750,253	3,593,047
Fixed interest rates .....	3,634,378	3,508,909
Floating interest rates .....	39,550	1,200
Others .....	76,324	82,938
Six months - one year .....	5,300,546	4,899,026
Fixed interest rates .....	5,269,988	4,881,587
Floating interest rates .....	5,200	3,100
Others .....	25,357	14,339
One - two years .....	1,660,230	1,504,669
Fixed interest rates .....	1,644,605	1,478,728
Floating interest rates .....	15,347	15,750
Others .....	277	10,191
Two - three years .....	1,347,396	1,371,446
Fixed interest rates .....	1,277,217	1,351,652
Floating interest rates .....	68,812	13,547
Others .....	1,366	6,246
Three years or more .....	1,348,697	1,462,332
Fixed interest rates .....	820,646	963,026
Floating interest rates .....	514,566	498,728
Others .....	13,484	577
Total .....	¥20,141,271	¥19,321,781
Fixed interest rates .....	18,310,535	17,844,468
Floating interest rates .....	644,476	540,926
Others .....	1,186,259	936,387

Note: The figures above do not include installment savings.

# Loans (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

## Balance of Loans and Bills Discounted

### Period-End Balance

September 30	Millions of yen	
	2008	2007
Domestic operations:		
Loans on notes .....	¥ 1,666,176	¥ 2,173,708
Loans on deeds .....	35,304,971	34,544,331
Overdrafts .....	9,863,538	10,009,181
Bills discounted .....	246,841	319,175
Subtotal .....	¥47,081,526	¥47,046,397
International operations:		
Loans on notes .....	¥ 576,224	¥ 605,369
Loans on deeds .....	10,758,375	7,272,621
Overdrafts .....	123,808	96,740
Bills discounted .....	2,018	4,578
Subtotal .....	¥11,460,426	¥ 7,979,308
Total .....	¥58,541,953	¥55,025,706

### Average Balance

Six months ended September 30	Millions of yen	
	2008	2007
Domestic operations:		
Loans on notes .....	¥ 1,859,582	¥ 2,227,990
Loans on deeds .....	36,011,115	34,489,153
Overdrafts .....	9,582,964	9,288,742
Bills discounted .....	249,268	287,230
Subtotal .....	¥47,702,930	¥46,293,116
International operations:		
Loans on notes .....	¥ 499,134	¥ 589,166
Loans on deeds .....	9,433,987	6,541,938
Overdrafts .....	134,529	106,780
Bills discounted .....	5,276	7,561
Subtotal .....	¥10,072,928	¥ 7,245,446
Total .....	¥57,775,858	¥53,538,562

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

September 30	Millions of yen			
	2008		2007	
Funds for capital investment .....	¥21,083,991	36.0%	¥20,645,950	37.5%
Funds for working capital .....	37,457,962	64.0	34,379,756	62.5
Total .....	¥58,541,953	100.0%	¥55,025,706	100.0%

## Balance of Loans and Bills Discounted, Classified by Collateral

September 30	Millions of yen	
	2008	2007
Securities .....	¥ 458,659	¥ 736,419
Commercial claims .....	1,268,649	1,076,954
Commercial goods .....	—	3,559
Real estate .....	6,792,368	6,750,429
Others .....	699,523	352,385
Subtotal .....	9,219,200	8,919,748
Guaranteed .....	20,619,651	21,678,011
Unsecured .....	28,703,102	24,427,946
Total .....	¥58,541,953	¥55,025,706

## Balance of Loans and Bills Discounted, Classified by Maturity

September 30	Millions of yen	
	2008	2007
One year or less .....	¥ 9,631,922	¥ 8,670,520
One–three years .....	9,038,303	7,771,396
Floating interest rates .....	7,158,074	6,036,533
Fixed interest rates .....	1,880,228	1,734,862
Three–five years .....	8,563,728	8,133,120
Floating interest rates .....	6,664,669	6,380,694
Fixed interest rates .....	1,899,059	1,752,425
Five–seven years .....	3,551,007	3,299,724
Floating interest rates .....	2,790,970	2,621,254
Fixed interest rates .....	760,036	678,469
More than seven years .....	17,769,645	17,045,023
Floating interest rates .....	16,743,332	16,067,418
Fixed interest rates .....	1,026,313	977,605
No designated term .....	9,987,346	10,105,921
Floating interest rates .....	9,987,346	10,105,921
Fixed interest rates .....	—	—
Total .....	¥58,541,953	¥55,025,706

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

September 30	Millions of yen			
	2008		2007	
Domestic operations:				
Manufacturing .....	¥ 5,389,440	11.2%	¥ 5,261,991	11.0%
Agriculture, forestry, fisheries and mining .....	104,658	0.2	131,141	0.3
Construction .....	1,031,071	2.1	1,210,515	2.5
Transportation, communications and public enterprises .....	3,029,450	6.3	2,789,203	5.8
Wholesale and retail .....	4,738,085	9.8	5,000,850	10.4
Finance and insurance .....	6,134,985	12.7	6,140,831	12.8
Real estate .....	6,136,716	12.7	6,639,329	13.8
Services .....	5,318,838	11.0	5,435,176	11.3
Municipalities .....	725,924	1.5	574,422	1.2
Others .....	15,697,622	32.5	14,861,648	30.9
Subtotal .....	¥48,306,794	100.0%	¥48,045,111	100.0%
Overseas operations:				
Public sector .....	¥ 27,433	0.3%	¥ 28,296	0.4%
Financial institutions .....	1,005,682	9.8	351,068	5.0
Commerce and industry .....	8,450,456	82.6	6,236,774	89.4
Others .....	751,587	7.3	364,455	5.2
Subtotal .....	¥10,235,159	100.0%	¥ 6,980,595	100.0%
Total .....	¥58,541,953	—	¥55,025,706	—

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

September 30	Millions of yen	
	2008	2007
Total domestic loans (A) .....	¥48,306,794	¥48,045,111
Loans to individuals, and small and medium-sized enterprises (B) .....	35,648,677	36,338,166
(B) / (A) .....	73.8%	75.6%

Notes: 1. The figures above exclude the 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

September 30	Millions of yen	
	2008	2007
Consumer loans .....	<b>¥14,688,739</b>	¥14,442,717
Housing loans .....	<b>13,759,387</b>	13,507,255
Residential purpose .....	<b>10,168,610</b>	9,890,492
Others .....	<b>929,351</b>	935,461

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

Six months ended September 30, 2008	Millions of yen				
	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 .....	<b>¥431,831</b> [(912)]	<b>¥434,649</b>	¥ —	<b>¥431,831*</b>	<b>¥434,649</b>
Specific reserve for possible loan losses .....	<b>189,110</b> [(26)]	<b>204,328</b>	<b>71,188</b>	<b>117,921*</b>	<b>204,328</b>
Reserve for possible losses on specific overseas loans .....	<b>0</b>	<b>0</b>	—	<b>0*</b>	<b>0</b>
Total .....	<b>¥620,942</b> [(938)]	<b>¥638,978</b>	<b>¥71,188</b>	<b>¥549,754</b>	<b>¥638,978</b>
Amount of direct reduction .....	<b>¥334,549</b> [(737)]				<b>¥446,096</b>

\* Transfer from reserves by reversal or origination method

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

Six months ended September 30, 2007	Millions of yen				
	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
Amount of direct reduction .....	¥298,062 [252]				¥319,472

\* Transfer from reserves by reversal or origination method

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

## Write-off of Loans

Six months ended September 30	Millions of yen	
	2008	2007
Write-off of loans .....	<b>¥119,444</b>	¥59,177

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

## Specific Overseas Loans

September 30	Millions of yen	
	2008	2007
Argentina .....	<b>¥4</b>	¥3
Total .....	<b>¥4</b>	¥3
Ratio of the total amounts to total assets .....	<b>0.00%</b>	0.00%
Number of countries .....	<b>1</b>	1

## Risk-Monitored Loans

### Consolidated

	Millions of yen		
	September 30		March 31
	2008	2007	2008
Bankrupt loans .....	¥ 234,497	¥ 59,358	¥ 73,176
Non-accrual loans .....	752,264	518,766	589,280
Past due loans (3 months or more) .....	41,703	31,769	26,625
Restructured loans .....	365,374	441,311	384,388
Total .....	¥1,393,840	¥1,051,206	¥1,073,471
Amount of direct reduction .....	¥ 526,714	¥ 416,778	¥ 416,706

### Nonconsolidated

	Millions of yen		
	September 30		March 31
	2008	2007	2008
Bankrupt loans .....	¥ 166,708	¥ 37,531	¥ 48,734
Non-accrual loans .....	580,968	387,442	437,699
Past due loans (3 months or more) .....	37,655	24,825	23,747
Restructured loans .....	244,379	299,124	260,405
Total .....	¥1,029,713	¥748,924	¥770,587
Amount of direct reduction .....	¥ 393,452	¥284,253	¥291,246

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

	Millions of yen		
	September 30		March 31
	2008	2007	2008
Bankrupt and quasi-bankrupt assets .....	¥ 269,084	¥ 109,278	¥ 117,757
Doubtful assets.....	525,760	340,420	402,028
Substandard loans .....	282,035	323,949	284,153
Total of problem assets.....	1,076,881	773,649	803,939
Normal assets .....	65,343,453	61,964,509	63,928,140
Total .....	¥66,420,334	¥62,738,158	¥64,732,080
Amount of direct reduction .....	¥ 446,096	¥ 319,472	¥ 333,811

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 acceptances and guarantees, and securities lent under the loan for consumption or leasing agreements.

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

September 30	Millions of yen	
	2008	2007
Domestic operations:		
Japanese government bonds .....	¥ 7,911,989	¥ 6,501,085
Japanese local government bonds.....	288,935	471,144
Japanese corporate bonds .....	3,412,694	3,547,974
Japanese stocks.....	3,555,386	4,443,291
Others.....	397,737	797,818
Foreign bonds .....	/	/
Foreign stocks.....	/	/
Subtotal .....	¥15,566,743	¥15,761,314
International operations:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds.....	—	—
Japanese corporate bonds .....	—	—
Japanese stocks.....	—	—
Others.....	5,415,702	4,098,809
Foreign bonds .....	4,064,770	2,798,717
Foreign stocks.....	1,350,931	1,300,091
Subtotal .....	¥ 5,415,702	¥ 4,098,809
Total .....	¥20,982,446	¥19,860,123

### Average Balance

Six months ended September 30	Millions of yen	
	2008	2007
Domestic operations:		
Japanese government bonds.....	¥ 9,760,818	¥ 7,068,660
Japanese local government bonds.....	308,937	512,238
Japanese corporate bonds .....	3,413,833	3,720,153
Japanese stocks.....	2,773,028	2,897,546
Others.....	476,715	854,254
Foreign bonds .....	/	/
Foreign stocks.....	/	/
Subtotal .....	¥16,733,333	¥15,052,853
International operations:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds.....	—	—
Japanese corporate bonds .....	—	—
Japanese stocks.....	—	—
Others.....	5,317,036	3,200,443
Foreign bonds .....	4,020,306	1,893,742
Foreign stocks.....	1,296,729	1,306,701
Subtotal .....	¥ 5,317,036	¥ 3,200,443
Total .....	¥22,050,370	¥18,253,297

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

September 30	Millions of yen	
	2008	2007
<b>One year or less</b>		
Japanese government bonds.....	<b>¥1,512,185</b>	¥1,968,015
Japanese local government bonds.....	<b>25,016</b>	99,771
Japanese corporate bonds.....	<b>354,768</b>	420,765
Others.....	<b>420,416</b>	379,588
Foreign bonds.....	<b>403,922</b>	327,392
Foreign stocks.....	<b>146</b>	—
<b>One–three years</b>		
Japanese government bonds.....	<b>1,343,596</b>	332,190
Japanese local government bonds.....	<b>43,209</b>	76,510
Japanese corporate bonds.....	<b>1,004,580</b>	1,097,559
Others.....	<b>1,583,808</b>	792,651
Foreign bonds.....	<b>1,525,542</b>	736,074
Foreign stocks.....	<b>—</b>	914
<b>Three–five years</b>		
Japanese government bonds.....	<b>2,834,640</b>	912,244
Japanese local government bonds.....	<b>142,527</b>	11,626
Japanese corporate bonds.....	<b>1,270,792</b>	875,157
Others.....	<b>1,488,700</b>	803,854
Foreign bonds.....	<b>1,449,418</b>	723,702
Foreign stocks.....	<b>—</b>	—
<b>Five–seven years</b>		
Japanese government bonds.....	<b>399,138</b>	333,802
Japanese local government bonds.....	<b>77,802</b>	200,516
Japanese corporate bonds.....	<b>365,295</b>	638,041
Others.....	<b>293,732</b>	163,514
Foreign bonds.....	<b>246,962</b>	122,426
Foreign stocks.....	<b>1,539</b>	8,360
<b>Seven–10 years</b>		
Japanese government bonds.....	<b>212,076</b>	1,102,639
Japanese local government bonds.....	<b>329</b>	82,315
Japanese corporate bonds.....	<b>375,246</b>	426,005
Others.....	<b>295,807</b>	433,027
Foreign bonds.....	<b>261,780</b>	367,187
Foreign stocks.....	<b>—</b>	—
<b>More than 10 years</b>		
Japanese government bonds.....	<b>1,610,352</b>	1,852,192
Japanese local government bonds.....	<b>50</b>	405
Japanese corporate bonds.....	<b>42,011</b>	90,443
Others.....	<b>363,680</b>	760,442
Foreign bonds.....	<b>177,143</b>	521,934
Foreign stocks.....	<b>186,536</b>	238,506
<b>No designated term</b>		
Japanese government bonds.....	<b>—</b>	—
Japanese local government bonds.....	<b>—</b>	—
Japanese corporate bonds.....	<b>—</b>	—
Japanese stocks.....	<b>3,555,386</b>	4,443,291
Others.....	<b>1,367,293</b>	1,563,549
Foreign bonds.....	<b>—</b>	—
Foreign stocks.....	<b>1,162,709</b>	1,052,310
<b>Total</b>		
Japanese government bonds.....	<b>¥7,911,989</b>	¥6,501,085
Japanese local government bonds.....	<b>288,935</b>	471,144
Japanese corporate bonds.....	<b>3,412,694</b>	3,547,974
Japanese stocks.....	<b>3,555,386</b>	4,443,291
Others.....	<b>5,813,439</b>	4,896,627
Foreign bonds.....	<b>4,064,770</b>	2,798,717
Foreign stocks.....	<b>1,350,931</b>	1,300,091

# Ratios (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

## Income Ratio

Six months ended September 30	Percentage	
	2008	2007
Ordinary profit to total assets .....	<b>0.24%</b>	0.34%
Ordinary profit to net assets .....	<b>7.31</b>	8.30
Net income to total assets .....	<b>0.16</b>	0.14
Net income to net assets .....	<b>4.74</b>	3.25

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

Six months ended September 30	Percentage	
	2008	2007
Domestic operations		
Interest-earning assets (A) .....	<b>1.76%</b>	1.78%
Interest-bearing liabilities (B) .....	<b>1.29</b>	1.21
(A) - (B) .....	<b>0.47</b>	0.57
International operations		
Interest-earning assets (A) .....	<b>3.48%</b>	4.49%
Interest-bearing liabilities (B) .....	<b>3.38</b>	4.83
(A) - (B) .....	<b>0.10</b>	(0.34)
Total		
Interest-earning assets (A) .....	<b>2.20%</b>	2.36%
Interest-bearing liabilities (B) .....	<b>1.79</b>	1.94
(A) - (B) .....	<b>0.41</b>	0.42

## Loan-Deposit Ratio

September 30	Millions of yen	
	2008	2007
Domestic operations		
Loans and bills discounted (A) .....	<b>¥47,081,526</b>	¥47,046,397
Deposits (B) .....	<b>60,232,847</b>	59,347,030
Loan-deposit ratio (%)		
(A) / (B) .....	<b>78.16%</b>	79.27%
Ratio by average balance for the interim period .....	<b>79.41</b>	77.29
International operations		
Loans and bills discounted (A) .....	<b>¥11,460,426</b>	¥ 7,979,308
Deposits (B) .....	<b>9,910,867</b>	9,494,430
Loan-deposit ratio (%)		
(A) / (B) .....	<b>115.63%</b>	84.04%
Ratio by average balance for the interim period .....	<b>100.41</b>	75.29
Total		
Loans and bills discounted (A) .....	<b>¥58,541,953</b>	¥55,025,706
Deposits (B) .....	<b>70,143,714</b>	68,841,461
Loan-deposit ratio (%)		
(A) / (B) .....	<b>83.46%</b>	79.93%
Ratio by average balance for the interim period .....	<b>82.41</b>	77.01

Note: Deposits include negotiable certificates of deposit.

## Securities-Deposit Ratio

September 30	Millions of yen	
	2008	2007
Domestic operations		
Securities (A) .....	<b>¥15,566,743</b>	¥15,761,314
Deposits (B) .....	<b>60,232,847</b>	59,347,030
Securities-deposit ratio (%)		
(A) / (B) .....	<b>25.84%</b>	26.55%
Ratio by average balance for the interim period .....	<b>27.85</b>	25.13
International operations		
Securities (A) .....	<b>¥ 5,415,702</b>	¥ 4,098,809
Deposits (B) .....	<b>9,910,867</b>	9,494,430
Securities-deposit ratio (%)		
(A) / (B) .....	<b>54.64%</b>	43.17%
Ratio by average balance for the interim period .....	<b>53.00</b>	33.25
Total		
Securities (A) .....	<b>¥20,982,446</b>	¥19,860,123
Deposits (B) .....	<b>70,143,714</b>	68,841,461
Securities-deposit ratio (%)		
(A) / (B) .....	<b>29.91%</b>	28.84%
Ratio by average balance for the interim period .....	<b>31.45</b>	26.25

Note: Deposits include negotiable certificates of deposit.



# Capital (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

## Capital Stock (as of September 30, 2008)

¥664,986 million

### Number of Shares Issued

September 30, 2008	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, 2008	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, 2008	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

September 30	Millions of yen	
	2008	2007
Securities .....	¥ 107,198	¥ 11,903
Commercial claims .....	29,992	29,973
Commercial goods .....	58,389	5,737
Real estate .....	59,959	66,850
Others .....	9,057	22,503
Subtotal.....	¥ 264,597	¥ 136,967
Guaranteed .....	508,201	590,439
Unsecured.....	3,740,733	3,743,574
Total .....	<u>¥4,513,532</u>	<u>¥4,470,981</u>

# Trust Assets and Liabilities (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

## Statements of Trust Assets and Liabilities

September 30	Millions of yen	
	2008	2007
<b>Assets:</b>		
Loans and bills discounted.....	¥ 222,540	¥ 4,150
Loans on deeds .....	222,540	4,150
Securities.....	349,145	285,533
Japanese government bonds .....	209,405	190,415
Corporate bonds .....	12,000	12,000
Foreign securities .....	127,439	82,818
Other securities .....	300	300
Securities held in custody accounts .....	3,412	3,274
Monetary claims.....	620,628	660,147
Monetary claims for housing loans.....	78,604	115,393
Other monetary claims .....	542,024	544,754
Tangible fixed assets .....	—	84
Equipment.....	—	84
Intangible fixed assets.....	126	—
Other intangible fixed assets.....	126	—
Other claims .....	2,703	1,332
Call loans .....	225	—
Due from banking account .....	106,932	45,893
Cash and due from banks.....	26,467	27,401
Deposits with banks .....	26,467	27,401
Others.....	1,462	—
Others .....	1,462	—
<b>Total assets.....</b>	<b>¥1,333,644</b>	<b>¥1,027,818</b>
<b>Liabilities:</b>		
Designated money trusts .....	¥ 334,953	¥ 262,943
Specified money trusts.....	130,520	88,254
Money in trusts other than money trusts .....	220,150	45
Security trusts.....	3,428	3,274
Monetary claims trusts .....	553,396	560,068
Composite trusts .....	89,732	113,230
Others.....	1,462	—
<b>Total liabilities .....</b>	<b>¥1,333,644</b>	<b>¥1,027,818</b>

- Notes: 1. Amounts less than one million yen have been omitted.  
 2. SMBC has no co-operative trusts under other trust banks' 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

September 30	Millions of yen	
	2008	2007
Money trusts .....	¥465,474	¥351,198
Pension trusts .....	—	—
Asset formation benefit trusts .....	—	—
Loan trusts .....	—	—
<b>Total .....</b>	<b>¥465,474</b>	<b>¥351,198</b>

## 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

September 30	Millions of yen	
	2008	2007
Money trusts:		
Less than one year.....	¥ 9,721	¥ 2,958
One–two years.....	108,667	29,719
Two–five years .....	65,575	48,511
Five years or more .....	276,467	265,134
No designated term .....	—	—
Total.....	¥460,432	¥346,324
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

September 30	Millions of yen	
	2008	2007
Money trusts:		
Loans and bills discounted.....	¥ 2,540	¥ 4,150
Securities.....	349,145	285,533
Subtotal.....	351,685	289,683
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 .....	2,540	4,150
Total of securities.....	349,145	285,533
Total .....	¥351,685	¥289,683

## Balance of Loans and Bills Discounted

September 30	Millions of yen	
	2008	2007
Loans on deeds.....	¥2,540	¥4,150
Loans on notes.....	—	—
Bills discounted .....	—	—
Total .....	¥2,540	¥4,150

### Balance of Loans and Bills Discounted, Classified by Maturity

September 30	Millions of yen	
	2008	2007
One year or less .....	¥ 840	¥1,150
One–three years .....	500	800
Three–five years.....	—	1,000
Five–seven years .....	—	—
More than seven years .....	1,200	1,200
Total .....	<b>¥2,540</b>	<b>¥4,150</b>

### Balance of Loans and Bills Discounted, Classified by Collateral

September 30	Millions of yen	
	2008	2007
Securities .....	¥ —	¥ —
Commercial claims .....	—	—
Real estate .....	—	—
Factory .....	—	—
Fund.....	—	—
Ships and vessels.....	—	—
Others .....	—	—
Subtotal.....	—	—
Guaranteed .....	—	300
Unsecured.....	2,540	3,850
Total .....	<b>¥2,540</b>	<b>¥4,150</b>

### Balance of Loans and Bills Discounted, Classified by Purpose

September 30	Millions of yen			
	2008		2007	
Funds for capital investment .....	¥ —	—%	¥1,000	24.10%
Funds for working capital.....	2,540	100.00	3,150	75.90
Total .....	<b>¥2,540</b>	<b>100.00%</b>	<b>¥4,150</b>	<b>100.00%</b>

### Breakdown of Loan Portfolio, Classified by Industry

September 30	Millions of yen			
	2008		2007	
Manufacturing .....	¥ —	—%	¥1,000	24.10%
Agriculture, forestry, fisheries and mining .....	—	—	—	—
Construction.....	—	—	—	—
Transportation, communications and public enterprises.....	840	33.07	1,450	34.94
Wholesale and retail.....	—	—	—	—
Finance and insurance.....	1,200	47.24	1,200	28.91
Real estate .....	—	—	—	—
Services .....	500	19.69	500	12.05
Municipalities.....	—	—	—	—
Others .....	—	—	—	—
Total .....	<b>¥2,540</b>	<b>100.00%</b>	<b>¥4,150</b>	<b>100.00%</b>

## Loans to Individuals/Small and Medium-Sized Enterprises

### Balance of Loans

September 30	Millions of yen	
	2008	2007
Total to individuals, and small and medium-sized enterprises (A).....	<b>¥ 840</b>	¥1,450
Total loans (B).....	<b>2,540</b>	4,150
(A) / (B).....	<b>33.07%</b>	34.93%

### Number of Loans Lent

September 30	Number of loans	
	2008	2007
Total to individuals, and small and medium-sized enterprises (C).....	<b>2</b>	3
Total loans (D).....	<b>4</b>	6
(C) / (D).....	<b>50.00%</b>	50.00%

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

September 30	Millions of yen			
	2008		2007	
Japanese government bonds .....	<b>¥209,405</b>	<b>59.98%</b>	¥190,415	66.69%
Japanese local government bonds .....	—	—	—	—
Short-term Japanese corporate bonds.....	—	—	—	—
Japanese corporate bonds.....	<b>12,000</b>	<b>3.43</b>	12,000	4.20
Japanese stocks .....	—	—	—	—
Others .....	<b>127,739</b>	<b>36.59</b>	83,118	29.11
Total .....	<b>¥349,145</b>	<b>100.00%</b>	¥285,533	100.00%

# 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”).

In addition to the method stipulated in the Notification to calculate the 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. In calculating the amount corresponding to operational risk, SMFG has used the advanced measurement approaches. Please note that the basic indicator approach was employed for the prior fiscal year ended March 31, 2007.

“Capital Ratio Information” 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 this 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 the capital ratio as of March 31, 2007, certain procedures were performed by KPMG AZSA & Co. pursuant to “Treatment of Inspection of the Capital Ratio Calculation Framework Based on Agreed-Upon Procedures” (JICPA Industry 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 capital ratio are based on procedures agreed upon by SMFG and the external auditor and are not a validation of appropriateness of the capital ratio itself or opinion on the internal controls related to the capital ratio calculation.

		Millions of yen		
		September 30		March 31
		2008	2007	2008
Tier I capital:	Capital stock .....	¥ 1,420,877	¥ 1,420,877	¥ 1,420,877
	Capital surplus .....	57,759	57,869	57,826
	Retained earnings .....	1,761,220	1,491,378	1,740,610
	Treasury stock .....	(124,240)	(123,855)	(123,989)
	Cash dividends to be paid .....	(60,105)	(44,806)	(60,135)
	Foreign currency translation adjustments .....	(57,108)	(8,428)	(27,323)
	Stock acquisition rights .....	56	27	43
	Minority interests .....	1,814,874	1,414,273	1,643,903
	Goodwill and others .....	(191,969)	(96,685)	(178,645)
	Gain on sale on securitization transactions .....	(42,602)	(41,372)	(44,045)
	Deductions of deferred tax assets .....	(87,444)	—	(47,657)
	Total Tier I capital (A) .....	<b>4,491,317</b>	4,069,277	4,381,464
Tier II capital:	Unrealized gains on other securities			
	after 55% discount .....	263,958	693,073	334,313
	Land revaluation excess after 55% discount .....	37,209	39,163	37,220
	General reserve for possible loan losses .....	64,131	48,889	59,517
	Excess amount of provision .....	13,070	193,061	67,758
	Subordinated debt .....	2,368,389	2,507,177	2,523,062
	Total Tier II capital .....	<b>2,746,760</b>	3,481,365	3,021,872
	Tier II capital included as qualifying capital (B) .....	<b>2,746,760</b>	3,481,365	3,021,872
Deductions*:	(C) .....	<b>730,976</b>	738,262	737,792
Total qualifying capital:	(D) = (A) + (B) - (C) .....	<b>¥ 6,507,101</b>	¥ 6,812,380	¥ 6,665,543
Risk-adjusted assets:	On-balance sheet items .....	<b>¥50,088,982</b>	¥49,351,076	¥49,095,397
	Off-balance sheet items .....	<b>9,917,595</b>	10,487,217	10,239,755
	Market risk items .....	<b>291,765</b>	378,136	430,220
	Operational risk .....	<b>3,134,164</b>	4,034,689	3,351,976
	Total risk-adjusted assets (E) .....	<b>¥63,432,507</b>	¥64,251,120	¥63,117,349
Tier I risk-adjusted capital ratio:	(A) / (E) x 100 .....	<b>7.08%</b>	6.33%	6.94%
Total risk-adjusted capital ratio:	(D) / (E) x 100 .....	<b>10.25%</b>	10.60%	10.56%
Required capital:	(E) x 8% .....	<b>¥ 5,074,600</b>	¥ 5,140,089	¥ 5,049,387

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

## ■ Capital Requirements

September 30	Billions of yen	
	2008	2007
<b>Capital requirements for credit risk:</b>		
Internal ratings-based approach.....	<b>¥5,485.7</b>	¥5,383.9
Corporate exposures:.....	<b>3,579.4</b>	3,335.1
Corporate exposures (excluding specialized lending).....	<b>3,093.9</b>	2,926.5
Sovereign exposures .....	<b>37.6</b>	61.2
Bank exposures.....	<b>197.6</b>	143.4
Specialized lending .....	<b>250.2</b>	204.0
Retail exposures:.....	<b>851.2</b>	784.2
Residential mortgage exposures .....	<b>338.3</b>	333.4
Qualifying revolving retail exposures .....	<b>133.4</b>	90.7
Other retail exposures .....	<b>379.5</b>	360.2
Equity exposures:.....	<b>365.9</b>	438.0
Grandfathered equity exposures .....	<b>231.8</b>	314.0
PD/LGD approach .....	<b>63.9</b>	48.9
Market-based approach .....	<b>70.1</b>	75.0
Simple risk weight method .....	<b>57.7</b>	64.8
Internal models method.....	<b>12.4</b>	10.2
Credit risk-weighted assets under Article 145 of the Notification.....	<b>231.1</b>	317.7
Securitization exposures.....	<b>144.0</b>	163.8
Other exposures.....	<b>314.1</b>	345.1
Standardized approach.....	<b>682.6</b>	586.0
Total capital requirements for credit risk.....	<b>6,168.2</b>	5,969.9
<b>Capital requirements for market risk:</b>		
Standardized measurement method .....	<b>5.4</b>	5.0
Interest rate risk.....	<b>3.7</b>	3.1
Equity position risk .....	<b>0.5</b>	1.0
Foreign exchange risk .....	<b>1.1</b>	0.9
Commodities risk .....	<b>—</b>	—
Options .....	<b>0.0</b>	—
Internal models method .....	<b>18.0</b>	25.2
Total capital requirements for market risk .....	<b>23.3</b>	30.3
<b>Capital requirements for operational risk .....</b>	<b>250.7</b>	322.8
<b>Total amount of capital requirements.....</b>	<b>¥6,442.3</b>	¥6,322.9

Notes: 1. Capital requirements for credit risk are capital equivalents 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 include such exposure based on the standardized approach.

4. “Other exposures” includes estimated lease residual values, purchased receivables (including exposure to qualified corporate enterprises and others), and other assets.

## ■ Internal Ratings-Based (IRB) Approach

### Exposures by Asset Class

#### (1) Corporate Exposures

##### A. Corporate, Sovereign and Bank Exposures

##### (A) Obligor Grading System

Obligor Grade		Definition	Borrower Category
Domestic Corporate	Domestic Corporate		
J1	G1	Very high certainty of debt repayment	Normal Borrowers
J2	G2	High certainty of debt repayment	
J3	G3	Satisfactory certainty of debt repayment	
J4	G4	Debt repayment is likely but this could change in cases of significant changes in economic trends or business environment	
J5	G5	No problem with debt repayment over the short term, but not satisfactory over the mid to long term and the situation could change in cases of significant changes in economic trends or business environment	Borrowers Requiring Caution
J6	G6	Currently no problem with debt repayment, but there are unstable business and financial factors that could lead to debt repayment problems	
J7	G7	Close monitoring is required due to problems in meeting loan terms and conditions, sluggish/unstable business, or financial problems	
J7R	G7R	Of which substandard borrowers	Substandard Borrowers
J8	G8	Currently not bankrupt, but experiencing business difficulties, making insufficient progress in restructuring, and highly likely to go bankrupt	Potentially Bankrupt Borrowers
J9	G9	Though not yet legally or formally bankrupt, has serious business difficulties and rehabilitation is unlikely; thus, effectively bankrupt	Effectively Bankrupt Borrowers
J10	G10	Legally or formally bankrupt	Bankrupt Borrowers

##### (B) Portfolio

##### a. Domestic Corporate, Sovereign and Bank Exposures

	Billions of yen			Weighted average PD	Weighted average LGD	Weighted average risk weight
	Exposure amount					
September 30, 2008	Total	On-balance sheet assets	Off-balance sheet assets			
J1-J3 .....	<b>¥19,928.2</b>	<b>¥14,413.1</b>	<b>¥5,515.1</b>	<b>0.10%</b>	<b>44.04%</b>	<b>23.98%</b>
J4-J6 .....	<b>12,740.1</b>	<b>9,984.3</b>	<b>2,755.8</b>	<b>1.39</b>	<b>41.64</b>	<b>74.00</b>
J7 (excluding J7R).....	<b>1,805.1</b>	<b>1,602.2</b>	<b>202.9</b>	<b>11.65</b>	<b>42.08</b>	<b>173.11</b>
Japanese government and local municipal corporations .....	<b>13,648.0</b>	<b>13,194.2</b>	<b>453.8</b>	<b>0.00</b>	<b>43.66</b>	<b>0.62</b>
Other.....	<b>5,599.5</b>	<b>4,998.3</b>	<b>601.2</b>	<b>1.67</b>	<b>43.43</b>	<b>77.38</b>
Default (J7R, J8-J10).....	<b>1,147.7</b>	<b>1,082.8</b>	<b>64.8</b>	<b>100.00</b>	<b>42.94</b>	<b>—</b>
Total .....	<b>¥54,868.6</b>	<b>¥45,274.9</b>	<b>¥9,593.7</b>	<b>—</b>	<b>—</b>	<b>—</b>

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			
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	—
<b>Total .....</b>	<b>¥53,442.4</b>	<b>¥44,266.6</b>	<b>¥9,175.8</b>	<b>—</b>	<b>—</b>	<b>—</b>

Notes: 1. "LGD" stands for loss given default.

2. "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.

### b. Overseas Corporate, Sovereign and Bank Exposures

September 30, 2008	Billions of yen					
	Exposure amount			Weighted average PD	Weighted average LGD	Weighted average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets			
G1-G3 .....	<b>¥21,100.1</b>	<b>¥13,745.0</b>	<b>¥7,355.2</b>	<b>0.18%</b>	<b>42.32%</b>	<b>28.96%</b>
G4-G6 .....	<b>1,062.8</b>	<b>847.0</b>	<b>215.8</b>	<b>1.71</b>	<b>44.48</b>	<b>104.07</b>
G7 (excluding G7R) .....	<b>259.4</b>	<b>152.4</b>	<b>107.0</b>	<b>21.61</b>	<b>44.85</b>	<b>235.75</b>
Other .....	<b>87.7</b>	<b>27.7</b>	<b>60.0</b>	<b>0.96</b>	<b>44.98</b>	<b>69.98</b>
Default (G7R, G8-G10) .....	<b>155.7</b>	<b>137.9</b>	<b>17.8</b>	<b>100.00</b>	<b>45.00</b>	<b>—</b>
<b>Total .....</b>	<b>¥22,665.7</b>	<b>¥14,909.9</b>	<b>¥7,755.8</b>	<b>—</b>	<b>—</b>	<b>—</b>

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			
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	—
<b>Total .....</b>	<b>¥19,661.2</b>	<b>¥11,921.1</b>	<b>¥7,740.1</b>	<b>—</b>	<b>—</b>	<b>—</b>

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

September 30	Risk weight	Billions of yen					
		2008			2007		
		Project finance	Object finance	IPRE	Project finance	Object finance	IPRE
Strong:							
Residual term less than 2.5 years .....	50%	¥ 120.9	¥ 19.6	¥ 565.0	¥109.1	¥ 3.6	¥ 410.7
Residual term 2.5 years or more .....	70%	<b>892.1</b>	<b>146.7</b>	<b>672.6</b>	589.5	76.8	662.9
Good:							
Residual term less than 2.5 years .....	70%	<b>36.1</b>	<b>1.1</b>	<b>36.0</b>	38.6	1.7	47.6
Residual term 2.5 years or more .....	90%	<b>200.0</b>	<b>7.5</b>	<b>97.6</b>	197.9	18.1	126.9
Satisfactory .....	115%	<b>19.6</b>	<b>9.8</b>	<b>35.2</b>	30.4	7.7	29.9
Weak .....	250%	<b>9.4</b>	<b>22.1</b>	<b>25.3</b>	11.5	7.7	6.7
Default .....	—	<b>4.1</b>	<b>6.2</b>	<b>—</b>	5.8	3.1	—
<b>Total .....</b>		<b>¥1,282.2</b>	<b>¥213.0</b>	<b>¥1,431.8</b>	¥982.9	¥118.6	¥1,284.7

## b. HVCRE

September 30	Risk weight	Billions of yen	
		2008	2007
Strong:			
Residual term less than 2.5 years.....	70%	¥ 4.0	¥ 3.8
Residual term 2.5 years or more.....	95%	—	0.8
Good:			
Residual term less than 2.5 years.....	95%	75.2	93.5
Residual term 2.5 years or more.....	120%	89.8	86.7
Satisfactory.....	140%	229.7	163.1
Weak.....	250%	0.8	4.3
Default.....	—	3.2	—
Total.....		¥402.8	¥352.3

## (2) Retail Exposures

### A. Residential Mortgage Exposures

#### Portfolio

September 30, 2008	Billions of yen			Weighted average PD	Weighted average LGD	Weighted average risk weight
	Exposure amount					
	Total	On-balance sheet assets	Off-balance sheet assets			
Mortgage loans						
PD segment:						
Not delinquent						
Use model .....	¥ 9,238.1	¥ 9,151.8	¥86.4	0.39%	38.96%	24.59%
Other .....	820.9	820.9	—	0.80	59.77	70.09
Delinquent .....	60.0	53.6	6.5	36.26	42.52	241.08
Default.....	123.4	122.7	0.7	100.00	43.25	35.51
Total.....	¥10,242.5	¥10,148.9	¥93.5	—	—	—

September 30, 2007	Billions of yen			Weighted average PD	Weighted average LGD	Weighted average risk weight
	Exposure amount					
	Total	On-balance sheet assets	Off-balance sheet assets			
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	—	—	—

Notes: 1. "Other" includes loans guaranteed by employers.

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. The EL default weighted average is included in the LGD weighted average for default. Please note that the LGD weighted average for default as of September 30, 2007 was 48.11% and as of September 30, 2008 was 46.09%.

## B. Qualifying Revolving Retail Exposures (QRRE)

### Portfolio

	Billions of yen								
	Exposure amount								
	Total	On-balance sheet assets		Off-balance sheet assets	Undrawn amount	Average CCF	Weighted average PD	Weighted average LGD	Weighted average risk weight
Balance		Increase							
<b>September 30, 2008</b>									
Card loans									
PD segment:									
Not delinquent .....	¥ 434.9	¥ 380.3	¥ 54.7	¥—	¥ 154.7	35.32%	2.11%	83.48%	53.64%
Delinquent .....	87.7	86.2	1.5	—	13.8	10.87	31.02	91.41	272.31
Credit card balances									
PD segment:									
Not delinquent .....	984.8	656.7	328.0	—	3,930.6	8.35	1.12	80.00	26.46
Delinquent .....	7.7	6.4	1.3	—	—	—	78.57	82.64	126.51
Default .....	25.9	22.6	3.3	—	—	—	100.00	82.40	86.72
Total .....	¥1,541.0	¥1,152.2	¥388.8	¥—	¥4,099.1	—	—	—	—

	Billions of yen								
	Exposure amount								
	Total	On-balance sheet assets		Off-balance sheet assets	Undrawn amount	Average CCF	Weighted average PD	Weighted average LGD	Weighted average risk weight
Balance		Increase							
September 30, 2007									
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	—	—	—	—

Notes: 1. The 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 the CCF (credit conversion factor).

2. "Average CCF" is the "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."

4. The EL default weighted average is included in the LGD weighted average for default. Please note that the LGD weighted average for default as of September 30, 2007 was 86.46% and as of September 30, 2008 was 89.34%.

**C. Other Retail Exposures  
Portfolio**

	Billions of yen			Weighted average PD	Weighted average LGD	Weighted average risk weight
	Exposure amount					
	Total	On-balance sheet assets	Off-balance sheet assets			
<b>September 30, 2008</b>						
Business loans						
PD segment:						
Not delinquent						
Use model .....	<b>¥1,392.9</b>	<b>¥1,372.9</b>	<b>¥20.0</b>	<b>1.14%</b>	<b>59.43%</b>	<b>57.07%</b>
Other .....	<b>235.6</b>	<b>235.1</b>	<b>0.5</b>	<b>1.18</b>	<b>50.24</b>	<b>50.10</b>
Delinquent .....	<b>429.5</b>	<b>426.2</b>	<b>3.3</b>	<b>11.03</b>	<b>64.19</b>	<b>103.16</b>
Consumer loans						
PD segment:						
Not delinquent						
Use model .....	<b>325.9</b>	<b>279.8</b>	<b>46.1</b>	<b>1.44</b>	<b>47.83</b>	<b>53.19</b>
Other .....	<b>228.2</b>	<b>226.2</b>	<b>2.0</b>	<b>1.82</b>	<b>63.21</b>	<b>79.14</b>
Delinquent .....	<b>38.7</b>	<b>38.3</b>	<b>0.4</b>	<b>24.91</b>	<b>46.16</b>	<b>110.67</b>
Default .....	<b>249.5</b>	<b>245.7</b>	<b>3.9</b>	<b>100.00</b>	<b>64.64</b>	<b>69.04</b>
<b>Total.....</b>	<b>¥2,900.3</b>	<b>¥2,824.2</b>	<b>¥76.1</b>	<b>—</b>	<b>—</b>	<b>—</b>

	Billions of yen			Weighted average PD	Weighted average LGD	Weighted average risk weight
	Exposure amount					
	Total	On-balance sheet assets	Off-balance sheet assets			
September 30, 2007						
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
<b>Total.....</b>	<b>¥3,110.4</b>	<b>¥3,064.0</b>	<b>¥46.4</b>	<b>—</b>	<b>—</b>	<b>—</b>

- Notes: 1. "Business loans" includes apartment construction loans and standardized SME loans.  
2. "Other" includes loans guaranteed by employers.  
3. "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.  
4. The EL default weighted average is included in the LGD weighted average for default. Please note that the LGD weighted average for default as of September 30, 2007 was 63.78% and as of September 30, 2008 was 70.16%.



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

#### A. Equity Exposures

##### Portfolio

##### a. Equity Exposure Amounts

September 30	Billions of yen	
	2008	2007
Market-based approach .....	¥ 236.1	¥ 256.7
Simple risk weight method .....	182.9	208.7
Listed equities (300%) .....	51.8	70.4
Unlisted equities (400%) .....	131.2	138.2
Internal models method .....	53.2	48.0
PD/LGD approach .....	640.1	391.1
Grandfathered equity exposures .....	2,734.0	3,703.1
Total .....	¥3,610.2	¥4,350.9

Notes: 1. The above exposures are "equity exposures" stipulated in the Notification and differ from "stocks" described in the consolidated financial statements.

2. The "Grandfathered equity exposures" amount was calculated in accordance with Supplementary Provision No. 15 of the Notification.

##### b. PD/LGD Approach

September 30	Billions of yen					
	2008			2007		
	Exposure amount	Weighted average PD	Weighted average risk weight	Exposure amount	Weighted average PD	Weighted average risk weight
J1-J3 .....	¥513.9	0.05%	112.59%	¥343.7	0.05%	103.74%
J4-J6 .....	15.8	0.70	197.76	11.2	0.55	187.78
J7 (excluding J7R) .....	6.2	9.81	440.67	36.0	9.88	441.62
Other .....	104.1	0.06	101.51	0.2	0.58	137.58
Default (J7R, J8-J10) .....	0.0	100.00	—	—	—	—
Total .....	¥640.1	—	—	¥391.1	—	—

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

September 30	Billions of yen	
	2008	2007
Exposures under Article 145 of the Notification .....	¥986.4	¥1,659.6

### (4) Analysis of Actual Losses

#### A. Year-on-Year Comparison of Actual Losses

SMFG recorded total credit costs (the total of the general provisions, nonperforming loan write-offs, and gains on collection of written-off claims) of ¥302.1 billion on a consolidated basis for the first half of fiscal 2008, a year-on-year increase of ¥159.0 billion.

SMBC recorded ¥224.1 billion in total credit costs on a nonconsolidated basis for the first half of fiscal 2008, a year-on-year increase of ¥109.9 billion. In terms of exposure category, the credit cost for corporate exposures increased ¥92.9 billion year on year, to ¥154.8 billion. This increase was due to deterioration in the business environment for borrowers owing to the slowdown in the Japanese and overseas economies. The credit cost for sovereign and bank exposures rose ¥12.3 billion year on year, to ¥12.4 billion. Factors accounting for this increase included the incurring of credit cost in connection with certain claims on overseas financial institutions caused by the turmoil in financial markets. The credit cost for other retail exposures rose ¥15.2 billion year on year, to ¥38.8 billion, principally due to higher default rates.

## Total Credit Costs

	Billions of yen					
	First half of fiscal 2008 (A)	First half of fiscal 2007 (B)	First half of fiscal 2006	Increase (decrease) (A) - (B)	Fiscal 2007	Fiscal 2006
SMFG (consolidated) total.....	<b>¥302.1</b>	¥143.1	¥58.0	¥159.0	¥248.6	¥145.0
SMBC (consolidated) total .....	<b>282.8</b>	131.5	47.9	151.3	221.6	122.9
SMBC (nonconsolidated) total .....	<b>224.1</b>	114.2	33.2	109.9	147.8	89.5
Corporate exposures .....	<b>154.8</b>	61.9	(7.5)	92.9	143.2	58.7
Sovereign and bank exposures .....	<b>12.4</b>	0.1	0.7	12.3	0.5	(0.7)
Residential mortgage exposures .....	<b>0.1</b>	(0.0)	0.3	0.2	0.1	0.5
QRRE.....	<b>0.0</b>	0.0	(0.1)	0.0	0.0	(0.1)
Other retail exposures .....	<b>38.8</b>	23.6	19.2	15.2	59.8	43.9

- 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 amounts indicate gains generated by the reversal of provisions, etc.  
4. Credit costs for residential mortgages and QRRE guaranteed by consolidated subsidiaries are not included in the total credit costs of SMBC (nonconsolidated).

## B. Comparison of Estimated and Actual Losses

	Billions of yen							
	2008			2007				
	Estimated loss amounts		Actual loss amounts	Estimated loss amounts		Actual loss amounts	Actual loss amounts	
	After deduction of reserves	(First half of fiscal 2008)	After deduction of reserves	(First half of fiscal 2007)	After deduction of reserves	(First half of fiscal 2007)	After deduction of reserves	(Fiscal 2007)
SMFG (consolidated) total.....	¥ —	¥ —	<b>¥302.1</b>	¥ —	¥ —	¥143.1	¥248.6	
SMBC (consolidated) total .....	—	—	<b>282.8</b>	—	—	131.5	221.6	
SMBC (nonconsolidated) total .....	<b>761.7</b>	<b>185.4</b>	<b>224.1</b>	741.1	164.8	114.2	147.8	
Corporate exposures .....	<b>620.1</b>	<b>92.1</b>	<b>154.8</b>	637.4	111.5	61.9	143.2	
Sovereign and bank exposures .....	<b>9.2</b>	<b>7.5</b>	<b>12.4</b>	10.8	9.0	0.1	0.5	
Residential mortgage exposures .....	<b>4.0</b>	<b>3.6</b>	<b>0.1</b>	4.5	4.0	(0.0)	0.1	
QRRE.....	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	0.1	0.1	0.0	0.0	
Other retail exposures .....	<b>128.3</b>	<b>65.9</b>	<b>38.8</b>	88.3	53.3	23.6	59.8	

- Notes: 1. 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. The "Estimated loss amounts" are the estimate losses (EL) at the beginning of the term.  
3. Representing the estimated loss amount "After deduction of reserves" for possible losses on substandard loans or below.

## ■ Standardized Approach

### Exposure Balance by Risk Weight Segment

September 30	Billions of yen			
	2008		2007	
	Assigned country risk score		Assigned country risk score	
0%.....	<b>¥ 1,360.7</b>	<b>¥ 68.8</b>	¥ 1,297.9	¥ 76.3
10%.....	<b>557.9</b>	—	553.8	—
20%.....	<b>768.6</b>	<b>360.4</b>	643.1	313.2
35%.....	<b>1,385.8</b>	—	1,296.5	—
50%.....	<b>162.8</b>	<b>2.4</b>	141.3	0.8
75%.....	<b>1,705.3</b>	—	1,874.2	—
100%.....	<b>6,536.5</b>	<b>0.1</b>	5,260.7	0.1
150%.....	<b>32.8</b>	—	24.1	—
Total.....	<b>¥12,510.3</b>	<b>¥431.7</b>	¥11,091.7	¥390.4

- Notes: 1. The above amounts are exposures after credit risk mitigation (but before deduction of direct write-offs). Please note that for off-balance sheet assets the amount of exposure has been included.  
2. Securitization exposures have not been included.

## ■ Credit Risk Mitigation Techniques

### Exposure Balance after CRM

September 30	Billions of yen			
	2008		2007	
	Eligible financial collateral	Eligible real estate collateral	Eligible financial collateral	Eligible real estate collateral
Foundation IRB approach .....	<b>¥3,033.9</b>	<b>¥3,046.2</b>	¥2,091.7	¥2,765.6
Corporate exposures .....	<b>787.5</b>	<b>3,044.6</b>	795.5	2,764.1
Sovereign exposures .....	<b>397.9</b>	<b>1.4</b>	0.1	1.4
Bank exposures .....	<b>1,848.5</b>	<b>0.1</b>	1,296.0	0.1
Standardized approach .....	<b>212.7</b>	<b>—</b>	138.2	—
Total .....	<b>¥3,246.6</b>	<b>¥3,046.2</b>	¥2,229.9	¥2,765.6

September 30	Billions of yen			
	2008		2007	
	Guarantee	Credit derivative	Guarantee	Credit derivative
Foundation IRB approach .....	<b>¥5,460.3</b>	<b>¥258.5</b>	¥4,112.7	¥293.5
Corporate exposures .....	<b>4,686.1</b>	<b>258.5</b>	3,417.8	293.5
Sovereign exposures .....	<b>252.9</b>	<b>—</b>	63.0	—
Bank exposures .....	<b>286.9</b>	<b>—</b>	376.8	—
Residential mortgage exposures .....	<b>234.2</b>	<b>—</b>	254.5	—
QRRE .....	<b>—</b>	<b>—</b>	—	—
Other retail exposures .....	<b>0.2</b>	<b>—</b>	0.6	—
Standardized approach .....	<b>134.9</b>	<b>—</b>	84.2	—
Total .....	<b>¥5,595.2</b>	<b>¥258.5</b>	¥4,197.0	¥293.5

## ■ Derivative Transactions and Long Settlement Transactions

### Credit Equivalent Amounts

#### (1) Derivative Transactions and Long Settlement Transactions

##### A. Calculation Method

Current exposure method

##### B. Credit Equivalent Amounts

September 30	Billions of yen	
	2008	2007
Gross replacement cost .....	<b>¥4,024.1</b>	¥3,124.4
Gross add-on amount .....	<b>3,993.0</b>	3,989.5
Gross credit equivalent amount .....	<b>8,017.1</b>	7,113.9
Foreign exchange related transactions .....	<b>3,951.2</b>	3,150.1
Interest rate related transactions .....	<b>3,657.7</b>	3,648.8
Gold related transactions .....	<b>—</b>	—
Equities related transactions .....	<b>1.7</b>	2.1
Precious metals (excluding gold) related transactions .....	<b>—</b>	—
Other commodity related transactions .....	<b>293.4</b>	248.1
Credit default swaps .....	<b>113.1</b>	64.8
Reduction in credit equivalent amount due to netting .....	<b>3,722.0</b>	3,556.1
Net credit equivalent amount .....	<b>4,295.1</b>	3,557.7
Collateral amount .....	<b>233.4</b>	138.7
Qualifying financial collateral .....	<b>132.4</b>	50.1
Qualifying real estate collateral .....	<b>101.0</b>	88.6
Net credit equivalent amount (after taking into account credit risk mitigation effect of collateral) .....	<b>¥4,295.1</b>	¥3,557.7

Note: The 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

September 30	Billions of yen			
	2008		2007	
	Notional principal amount	Of which for CRM	Notional principal amount	Of which for CRM
Protection purchased.....	<b>¥1,109.2</b>	<b>¥258.5</b>	¥1,538.0	¥293.5
Protection provided.....	<b>951.3</b>	—	1,266.5	—

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

## ■ Securitization Exposures

### Portfolio

#### (1) Securitization Transactions as Originator

##### A. As Originator (excluding as Sponsor)

##### (A) Underlying Assets

	Billions of yen						
	September 30, 2008			First half of fiscal 2008			
	Underlying asset amount						
	Total	Asset transfer type	Synthetic type	Securitized amount	Default amount	Loss amount	Gains/losses on sales
Claims on corporates.....	<b>¥ 241.0</b>	<b>¥ 154.7</b>	<b>¥ 86.3</b>	<b>¥230.0</b>	<b>¥11.2</b>	<b>¥0.5</b>	<b>¥ —</b>
Mortgage loans.....	<b>1,731.0</b>	<b>1,731.0</b>	—	—	—	—	<b>2.0</b>
Retail loans (excluding mortgage loans) .....	<b>167.5</b>	<b>9.3</b>	<b>158.2</b>	<b>1.3</b>	<b>35.5</b>	<b>6.3</b>	—
Other claims .....	<b>229.1</b>	<b>94.9</b>	<b>134.2</b>	—	<b>0.3</b>	<b>0.6</b>	—
Total.....	<b>¥2,368.5</b>	<b>¥1,989.9</b>	<b>¥378.7</b>	<b>¥231.3</b>	<b>¥47.0</b>	<b>¥7.3</b>	<b>¥2.0</b>

	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	Gains/losses on sales
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

Notes: 1. The above amounts include the amount of underlying assets securitized during the term without entailing securitization exposure.

2. The “Default amount” is the total of underlying assets which are past due three months or more and defaulted underlying assets.

3. “Other claims” includes claims on PFI (Private Finance Initiative) businesses and lease fees.

4. Following Articles 230 and 248 of the Notification, there were no amounts that represent exposure to products subject to early call provisions to investors.

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

#### (B) Securitization Exposures

##### a. Underlying Assets by Asset Type

September 30	Billions of yen					
	2008			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 .....	<b>¥122.2</b>	<b>¥ 2.9</b>	<b>¥ —</b>	¥231.6	¥16.7	¥ —
Mortgage loans .....	<b>174.4</b>	<b>34.6</b>	<b>42.6</b>	157.7	32.5	41.4
Retail loans (excluding mortgage loans) .....	<b>62.1</b>	<b>14.1</b>	—	96.7	12.7	—
Other claims.....	<b>75.9</b>	<b>11.1</b>	—	89.3	7.1	—
Total .....	<b>¥434.6</b>	<b>¥62.8</b>	<b>¥42.6</b>	¥575.3	¥69.0	¥41.4

## b. Risk Weights

	Billions of yen			
	2008		2007	
	Term-end balance	Required capital	Term-end balance	Required capital
September 30				
20% or less .....	<b>¥234.1</b>	<b>¥ 0.9</b>	¥278.9	¥ 2.2
100% or less .....	—	—	—	—
650% or less .....	<b>2.0</b>	<b>0.7</b>	2.0	0.7
1250% or less .....	—	—	—	—
Capital deduction .....	<b>198.6</b>	<b>62.8</b>	294.4	69.0
Total .....	<b>¥434.6</b>	<b>¥64.4</b>	¥575.3	¥71.9

## B. As Sponsor

### (A) Underlying Assets

	Billions of yen					
	September 30, 2008			First half of fiscal 2008		
	Underlying asset amount					
	Total	Asset transfer type	Synthetic type	Securitized amount	Default amount	Loss amount
Claims on corporates.....	<b>¥842.1</b>	<b>¥842.1</b>	<b>¥—</b>	<b>¥3,731.9</b>	<b>¥78.7</b>	<b>¥77.1</b>
Mortgage loans.....	<b>3.6</b>	<b>3.6</b>	—	—	<b>0.4</b>	<b>0.4</b>
Retail loans (excluding mortgage loans) .....	<b>70.1</b>	<b>70.1</b>	—	<b>167.4</b>	<b>2.7</b>	<b>3.5</b>
Other claims .....	<b>71.9</b>	<b>71.9</b>	—	<b>30.6</b>	<b>0.9</b>	<b>0.7</b>
Total.....	<b>¥987.7</b>	<b>¥987.7</b>	<b>¥—</b>	<b>¥3,929.9</b>	<b>¥82.6</b>	<b>¥81.7</b>

	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

Notes: 1. The above amounts include the amount of underlying assets securitized during the term without entailing securitization exposure.

2. The "Default amount" is the amount of defaulted underlying assets and those past due three months or more.

3. The "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 the 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 the 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. Following Articles 230 and 248 of the Notification, there were no amounts that represent exposure to products subject to early call provisions to investors.

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

## (B) Securitization Exposures

### a. Underlying Assets by Asset Type

	Billions of yen					
	2008			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
September 30						
Claims on corporates .....	<b>¥693.7</b>	<b>¥0.1</b>	<b>¥—</b>	¥719.6	¥2.6	¥—
Mortgage loans .....	<b>3.6</b>	—	—	4.2	—	—
Retail loans (excluding mortgage loans) .....	<b>67.0</b>	—	—	52.1	—	—
Other claims .....	<b>68.2</b>	—	—	94.8	—	—
Total .....	<b>¥832.5</b>	<b>¥0.1</b>	<b>¥—</b>	¥870.7	¥2.6	¥—

Note: "Other claims" includes lease fees.

### b. Risk Weights

	Billions of yen			
	2008		2007	
	Term-end balance	Required capital	Term-end balance	Required capital
September 30				
20% or less .....	<b>¥736.9</b>	<b>¥4.6</b>	¥739.8	¥ 5.0
100% or less .....	<b>95.5</b>	<b>2.6</b>	128.4	4.0
650% or less .....	—	—	—	—
1250% or less .....	—	—	—	—
Capital deduction .....	<b>0.1</b>	<b>0.1</b>	2.6	2.6
Total .....	<b>¥832.5</b>	<b>¥7.2</b>	¥870.7	¥11.6

## (2) Securitization Transactions in which the Group Is the Investor

### A. Securitization Exposures

#### (A) Underlying Assets by Asset Type

	Billions of yen					
	2008			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
September 30						
Claims on corporates.....	<b>¥321.7</b>	<b>¥66.2</b>	<b>¥—</b>	¥308.0	¥70.7	¥—
Mortgage loans.....	—	—	—	37.2	—	—
Retail loans (excluding mortgage loans) .....	<b>11.0</b>	—	—	17.2	—	—
Other claims .....	<b>26.4</b>	<b>2.0</b>	—	58.1	4.5	—
Total.....	<b>¥359.2</b>	<b>¥68.2</b>	<b>¥—</b>	¥420.6	¥75.2	¥—

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			
	2008		2007	
	Term-end balance	Required capital	Term-end balance	Required capital
September 30				
20% or less .....	<b>¥210.3</b>	<b>¥ 1.7</b>	¥318.7	¥ 2.4
100% or less .....	<b>29.0</b>	<b>1.4</b>	16.3	1.0
650% or less .....	<b>10.8</b>	<b>1.1</b>	10.4	1.6
Less than 1250% .....	—	—	—	—
Capital deduction.....	<b>109.0</b>	<b>68.2</b>	75.2	75.2
Total.....	<b>¥359.2</b>	<b>¥72.4</b>	¥420.6	¥80.2

## ■ Equity Exposures in Banking Book

### 1. Consolidated Balance Sheet Amounts and Fair Values

September 30	Billions of yen			
	2008		2007	
	Balance sheet amount	Fair value	Balance sheet amount	Fair value
Listed equity exposures .....	<b>¥2,911.6</b>	<b>¥2,911.6</b>	¥3,626.2	¥3,626.2
Stocks of subsidiaries and affiliates and equity exposures other than above.....	<b>647.7</b>	—	519.2	—
Total.....	<b>¥3,559.3</b>	<b>¥ —</b>	¥4,145.4	¥ —

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

	Billions of yen	
	First half of fiscal 2008	First half of fiscal 2007
Gains (losses).....	<b>¥(19.8)</b>	¥(47.4)
Gains on sale.....	<b>7.6</b>	14.3
Losses on sale .....	<b>1.7</b>	1.4
Devaluation .....	<b>25.8</b>	60.4

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

September 30	Billions of yen	
	2008	2007
Unrealized gains (losses) recognized on consolidated balance sheet but not on consolidated statements of income.....	<b>¥789.4</b>	¥1,738.0

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

September 30	Billions of yen	
	2008	2007
Unrealized gains (losses) not recognized on consolidated balance sheet or consolidated statements of income.....	<b>¥(62.0)</b>	¥(23.3)

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



## ■ 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, 2008	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Other	Total
Domestic operations (excluding offshore banking accounts)					
Manufacturing .....	¥ 8,652.8	¥ 148.7	¥ 537.5	¥ 2,270.3	¥ 11,609.3
Agriculture, forestry, fishery and mining .....	224.1	0.1	12.8	35.7	272.6
Construction .....	1,532.6	42.0	12.4	120.9	1,707.8
Transport, information, communications and utilities .....	4,311.8	97.3	159.7	725.0	5,293.8
Wholesale and retail .....	6,655.5	60.1	604.3	519.3	7,839.2
Financial and insurance .....	9,849.2	879.7	1,344.4	275.4	12,348.8
Real estate .....	8,196.5	340.3	41.6	193.8	8,772.1
Services .....	6,628.5	110.8	81.7	451.2	7,272.2
Local municipal corporations .....	1,844.7	519.5	5.1	9.2	2,378.5
Other industries .....	19,217.6	11,340.5	98.6	4,376.1	35,032.7
Subtotal .....	¥67,113.2	¥13,538.9	¥2,898.0	¥ 8,976.9	¥ 92,527.0
Overseas operations and offshore banking accounts					
Sovereigns .....	¥ 480.2	¥ 586.3	¥ 9.9	¥ —	¥ 1,076.4
Financial institutions .....	4,261.6	292.9	1,013.8	0.0	5,568.4
C&I companies .....	12,640.2	222.3	345.7	—	13,208.2
Others .....	2,061.9	292.7	24.6	1,663.7	4,042.9
Subtotal .....	¥19,443.9	¥ 1,394.3	¥1,394.1	¥ 1,663.7	¥ 23,895.9
Total .....	¥86,557.1	¥14,933.2	¥4,292.1	¥10,640.5	¥116,423.0

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

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. "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. Exposure Balance by Type of Asset and Residual Term

September 30, 2008	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Other	Total
To 1 year .....	¥25,782.4	¥ 2,577.0	¥ 618.5	¥ 368.2	¥ 29,346.1
More than 1 year to 3 years .....	14,252.3	3,494.0	1,688.4	879.6	20,314.2
More than 3 years to 5 years .....	12,406.1	5,198.2	929.0	1,127.8	19,661.2
More than 5 years to 7 years .....	4,733.9	1,013.1	467.5	275.5	6,490.1
More than 7 years .....	22,082.6	2,650.9	588.7	237.0	25,559.1
No fixed maturity .....	7,299.8	—	—	7,752.4	15,052.3
Total .....	¥86,557.1	¥14,933.2	¥4,292.1	¥10,640.5	¥116,423.0

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

- 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

September 30	Billions of yen	
	2008	2007
Domestic operations (excluding offshore banking accounts) .....	¥2,151.2	¥1,627.8
Overseas operations and offshore banking accounts .....	136.8	131.7
Asia .....	30.4	51.4
North America .....	91.4	66.7
Other regions .....	15.1	13.6
Total .....	¥2,288.0	¥1,759.5

- Notes: 1. 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.  
2. The above amounts include partial direct write-offs (direct reductions).  
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, and the term-end balances are calculated based on the obligor's domicile country.

## (2) By Industry

September 30	Billions of yen	
	2008	2007
Domestic operations (excluding offshore banking accounts)		
Manufacturing .....	¥ 206.7	¥ 138.7
Agriculture, forestry, fishery and mining .....	16.3	6.1
Construction .....	169.4	110.9
Transport, information, communications and utilities .....	101.9	114.8
Wholesale and retail .....	308.9	238.0
Financial and insurance .....	89.0	23.8
Real estate .....	552.5	345.6
Services .....	376.3	323.5
Other industries .....	330.4	326.4
Subtotal .....	¥2,151.2	¥1,627.8
Overseas operations and offshore banking accounts		
Financial institutions .....	¥ 39.8	¥ 5.6
C&I companies .....	97.0	126.1
Others .....	—	—
Subtotal .....	¥ 136.8	¥ 131.7
Total .....	¥2,288.0	¥1,759.5

Notes: 1. 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.

2. The above amounts include partial direct write-offs (direct reductions).

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. 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				Increase (decrease) (A) - (B)
	September 30, 2008 (A)	March 31, 2008 (B)	September 30, 2007	March 31, 2007	
General reserve for possible loan losses .....	¥ 614.0	¥ 593.7	¥ 706.5	¥ 683.6	¥ 20.3
Loan loss reserve for specific overseas countries .....	0.0	0.0	0.0	1.9	0.0
Specific reserve for possible loan losses .....	925.3	819.6	741.5	693.7	105.7
Domestic operations (excluding offshore banking accounts) .....	870.0	738.5	713.1	661.0	131.5
Overseas operations and offshore banking accounts .....	55.2	81.1	28.4	32.7	(25.8)
Asia .....	15.0	10.1	13.2	14.1	4.9
North America .....	30.1	68.1	10.9	12.9	(38.0)
Other regions .....	10.2	2.9	4.3	5.7	7.3
Total .....	¥1,539.3	¥1,413.3	¥1,448.0	¥1,379.2	¥126.0

Notes: 1. “Specific reserve for possible loan losses” includes partial direct write-offs (direct reductions).

2. “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) By Industry

	Billions of yen				
	September 30, 2008 (A)	March 31, 2008 (B)	September 30, 2007	March 31, 2007	Increase (decrease) (A) - (B)
General reserve for possible loan losses.....	¥ 614.0	¥ 593.7	¥ 706.5	¥ 683.6	¥ 20.3
Loan loss reserve for specific overseas countries .....	0.0	0.0	0.0	1.9	0.0
Specific reserve for possible loan losses.....	925.3	819.6	741.5	693.7	105.7
Domestic operations					
(excluding offshore banking accounts) .....	870.0	738.5	713.1	661.0	131.5
Manufacturing.....	97.8	76.3	65.0	43.6	21.5
Agriculture, forestry, fishery and mining .....	1.1	1.3	1.0	0.4	(0.1)
Construction.....	80.2	71.3	49.5	37.5	8.9
Transport, information, communications and utilities .....	52.7	49.2	61.6	48.7	3.5
Wholesale and retail.....	159.4	142.7	112.0	82.7	16.7
Financial and insurance.....	28.7	19.2	9.1	8.7	9.5
Real estate.....	156.3	110.9	130.3	157.7	45.4
Services.....	154.5	135.2	130.9	154.6	19.4
Other industries .....	139.3	132.4	153.7	127.1	6.9
Overseas operations and offshore banking accounts.....	55.2	81.1	28.4	32.7	(25.8)
Financial institutions.....	2.8	0.9	0.6	0.9	1.9
C&I companies .....	52.4	80.2	27.8	31.8	(27.7)
Others .....	—	—	—	—	—
Total.....	¥1,539.3	¥1,413.3	¥1,448.0	¥1,379.2	¥126.0

Notes: 1. "Specific reserve for possible loan losses" includes partial direct write-offs (direct reductions).

2. "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.

## 5. Loan Write-Offs by Industry

	Billions of yen	
	First half of fiscal 2008	First half of fiscal 2007
Domestic operations (excluding offshore banking accounts)		
Manufacturing .....	¥ 14.3	¥18.3
Agriculture, forestry, fishery and mining.....	0.3	0.1
Construction.....	25.2	7.8
Transport, information, communications and utilities .....	6.3	6.0
Wholesale and retail.....	24.0	25.6
Financial and insurance .....	9.7	(0.3)
Real estate .....	22.6	(4.3)
Services .....	20.0	7.8
Other industries .....	21.9	5.9
Subtotal.....	¥144.3	¥66.9
Overseas operations and offshore banking accounts		
Financial institutions.....	¥ 2.0	¥ 0.0
C&I companies.....	7.3	(1.9)
Others.....	—	—
Subtotal.....	¥ 9.3	¥ (1.9)
Total.....	¥153.6	¥65.0

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.

## ■ Market Risk

### 1. VaR Results (Trading Book)

	Billions of yen	
	First half of fiscal 2008	First half of fiscal 2007
September 30.....	<b>¥2.1</b>	¥2.2
Maximum.....	<b>¥2.8</b>	¥4.3
Minimum.....	<b>1.5</b>	2.1
Average.....	<b>2.1</b>	2.9

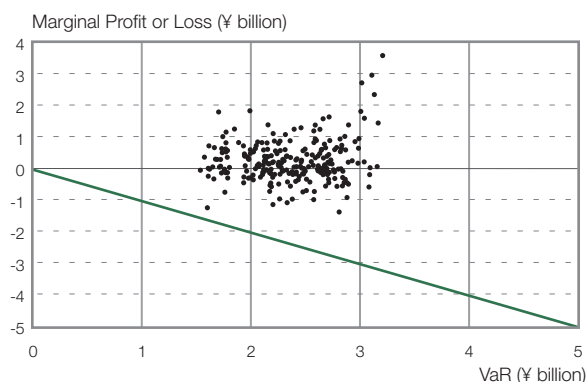
Notes: 1. The VaR results for a one-day holding period with a one-sided confidence interval of 99.0%, computed daily using the historical simulation method based on data collected over a four-year period.

2. Figures for the trading book exclude specific risks.

3. Includes principal consolidated subsidiaries.

### 2. Back-Testing Result (Trading Book)

The results of back-testing for the one-year period from October 2007 to September 2008 are shown below. As during the same period of the previous year, 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.

## ■ Interest Rate Risk in Banking Book

### 1. VaR Results

	Billions of yen	
	First half of fiscal 2008	First half of fiscal 2007
September 30.....	<b>¥29.0</b>	¥27.6
Maximum.....	<b>¥34.5</b>	¥59.3
Minimum.....	<b>26.9</b>	20.9
Average.....	<b>31.2</b>	35.8

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

2. Includes principal consolidated subsidiaries.

## 2. 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, 2008, the outlier ratio of SMBC was 3.4%, which is substantially below the maximum ratio of 20%.

September 30	Billions of yen	
	2008 Decline in economic value	2007 Decline in economic value
Impact of yen interest rate.....	¥112.6	¥170.6
Impact of US dollar interest rate.....	94.2	86.7
Impact of Euro interest rate.....	36.6	6.9
Total.....	¥251.9	¥284.4
Total / (Tier I + Tier II).....	3.4%	3.7%

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).

### ■ Operational Risk

#### Required Capital by Measurement Method

	Billions of yen	
	September 30, 2008	March 31, 2008
Advanced Measurement Approaches.....	¥201.8	¥224.5
Basic Indicator Approach.....	48.9	43.7
Total.....	¥250.7	¥268.2

# Capital Ratio Information

Sumitomo Mitsui Banking Corporation and Subsidiaries

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

		Millions of yen		
		September 30		March 31
		2008	2007	2008
Tier I capital:	Capital stock .....	¥ 664,986	¥ 664,986	¥ 664,986
	Capital surplus.....	1,603,512	1,603,512	1,603,512
	Retained earnings.....	937,845	753,192	861,508
	Cash dividends to be paid .....	(78,558)	(74,613)	(15,383)
	Foreign currency translation adjustments .....	(56,178)	(15,571)	(28,468)
	Stock acquisition rights.....	56	27	43
	Minority interests .....	1,664,060	1,394,544	1,462,222
	Goodwill and others.....	(1)	(3)	(2)
	Gain on sale on securitization transactions .....	(42,602)	(41,372)	(44,045)
	<b>Total Tier I capital (A).....</b>	<b>4,693,121</b>	<b>4,284,702</b>	<b>4,504,375</b>
Tier II capital:	Unrealized gains on other securities after 55% discount...	267,589	689,175	338,561
	Land revaluation excess after 55% discount .....	37,209	39,163	37,220
	General reserve for possible loan losses .....	50,165	40,867	44,969
	Excess amount of provision .....	35,825	212,471	89,794
	Subordinated debt.....	2,368,389	2,507,177	2,523,062
	<b>Total Tier II capital.....</b>	<b>2,759,179</b>	<b>3,488,855</b>	<b>3,033,608</b>
	Tier II capital included as qualifying capital (B).....	2,759,179	3,488,855	3,033,608
Deductions:	(C) .....	364,253	383,831	339,552
Total qualifying capital:	(D) = (A) + (B) - (C) .....	¥ 7,088,047	¥ 7,389,727	¥ 7,198,431
Risk-adjusted assets:	On-balance sheet items.....	¥46,603,804	¥46,718,754	¥45,445,432
	Off-balance sheet items.....	9,842,851	10,508,263	10,194,881
	Market risk items .....	274,120	362,303	402,197
	Operational risk .....	2,798,115	3,691,228	2,971,224
	<b>Total risk-adjusted assets (E).....</b>	<b>¥59,518,891</b>	<b>¥61,280,548</b>	<b>¥59,013,736</b>
Tier I risk-adjusted capital ratio:	(A) / (E) x 100.....	7.88%	6.99%	7.63%
Total risk-adjusted capital ratio:	(D) / (E) x 100.....	11.90%	12.05%	12.19%
Required capital:	(E) x 8%.....	¥ 4,761,511	¥ 4,902,443	¥ 4,721,098



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

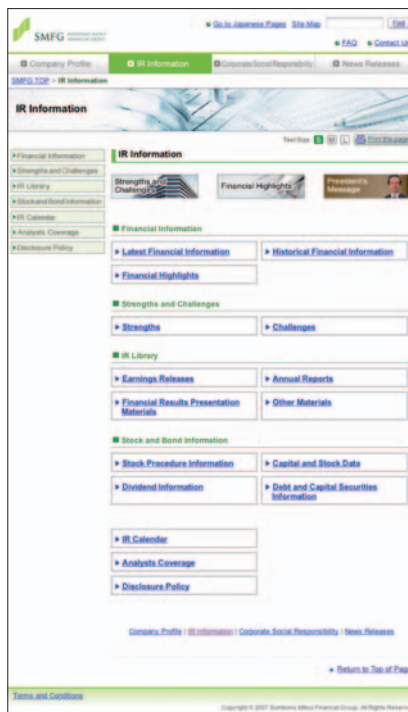
		Millions of yen		
		September 30		March 31
		2008	2007	2008
Tier I capital:	Capital stock .....	¥ 664,986	¥ 664,986	¥ 664,986
	Capital reserve.....	665,033	665,033	665,033
	Other capital surplus.....	702,514	702,514	702,514
	Other retained earnings .....	960,713	824,151	894,560
	Other .....	975,468	921,300	953,936
	Cash dividends to be paid .....	(78,558)	(74,613)	(15,383)
	Gain on sale on securitization transactions .....	(42,602)	(41,372)	(44,045)
	Amount equivalent to 50% of expected losses in excess of provision .....	(4,731)	—	—
	Deductions of deferred tax assets.....	(89,888)	—	(58,930)
	Total Tier I capital (A).....	3,752,936	3,662,001	3,762,673
Tier II capital:	Unrealized gains on other securities after 55% discount...	271,551	683,006	339,932
	Land revaluation excess after 55% discount .....	30,720	32,717	30,774
	General reserve for possible loan losses .....	—	—	—
	Excess amount of provision .....	—	120,404	8,282
	Subordinated debt.....	2,715,287	2,651,913	2,683,172
	Total Tier II capital .....	3,017,559	3,488,042	3,062,160
	Tier II capital included as qualifying capital (B).....	3,017,559	3,488,042	3,062,160
Deductions:	(C) .....	270,538	335,470	272,393
Total qualifying capital:	(D) = (A) + (B) - (C) .....	¥ 6,499,957	¥ 6,814,573	¥ 6,552,440
Risk-adjusted assets:	On-balance sheet items.....	¥41,656,319	¥41,649,750	¥40,580,140
	Off-balance sheet items.....	8,243,472	8,894,519	8,619,697
	Market risk items .....	199,528	257,311	257,905
	Operational risk .....	1,864,574	3,042,353	2,241,099
	Total risk-adjusted assets (E).....	¥51,963,894	¥53,843,935	¥51,698,842
Tier I risk-adjusted capital ratio:	(A) / (E) x 100.....	7.22%	6.80%	7.27%
Total risk-adjusted capital ratio:	(D) / (E) x 100.....	12.50%	12.65%	12.67%
Required capital:	(E) x 8% .....	¥ 4,157,111	¥ 4,307,514	¥ 4,135,907

# Guide to the SMFG Website

The SMFG Website offers a wide range of timely information on the activities of Group companies, including news releases, investor relations (IR) documents, and CSR information.

[www.smfg.co.jp/english/](http://www.smfg.co.jp/english/)

## IR Information



This section of the Website includes messages from top management, financial statements, and other IR documents useful to investors.

## Corporate Social Responsibility



## LEAD THE VALUE Special Contents



Offers an introduction to the SMFG corporate philosophy and slogan, the brand, and other related topics



Offers information on SMFG's CSR initiatives, including its CSR Report

[www.smfg.co.jp/english](http://www.smfg.co.jp/english)



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