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 yen	Millions of U.S. dollars
Loans and bills discounted	**¥2,108,937**	**$20,351**
Credit lines	**762,145**	**7,354**
Liquidity lines	**494,198**	**4,769**

Six months ended September 30, 2008	Millions of yen	Millions of 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 derecognized 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	**¥4,049.76**	**$39.08**
Net income per share	**100.92**	**0.97**
Net income per share (diluted)	**99.64**	**0.96**

(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

1. Securities include ¥499,814 million ($4,823 million) of stocks of unconsolidated subsidiaries and affiliates and ¥5,820 million ($56 million) of investments.
2. 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.
3. 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.
4. 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."
5. 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)."
6. 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.
7. Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24. SMFG's banking subsidiaries have rights to sell or pledge bank acceptances bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions. The total face value was ¥787,594 million ($7,600 million).
8. 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).
9. Commitment line contracts on overdrafts and loans are agreements to lend to customers, up to a prescribed amount, as long as there is no violation of any condition established in the contracts. The amount of unused commitments at September 30, 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

1. "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).
2. "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).
3. The difference between the recoverable amount and the book value of the following assets is recognized as "Losses on impairment of fixed assets" and included in "Other expenses" in this interim period.

Six months ended September 30, 2008

Area	Purpose of use	Type	Millions of yen	Millions of U.S. dollars
Tokyo metropolitan 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

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

*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

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

3. Information on dividends

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

Type of shares	Millions of yen Amount of dividends	Yen 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 Amount of dividends	Yen 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	Millions of 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 yen	Millions of 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 yen	Millions of 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 yen	Millions of 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 yen	Millions of 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

	Millions of yen			Millions of U.S. dollars		
September 30, 2008	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

September 30, 2008	Millions of yen: Acquisition cost	Millions of yen: Consolidated balance sheet amount	Millions of yen: Net unrealized gains (losses)	Millions of U.S. dollars: Acquisition cost	Millions of U.S. dollars: Consolidated balance sheet amount	Millions of U.S. dollars: Net unrealized gains (losses)
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)**
Total	**¥14,903,322**	**¥15,522,862**	**¥619,540**	**$143,813**	**$149,791**	**$5,978**

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

September 30, 2008	Millions of yen: Consolidated balance sheet amount	Millions of U.S. dollars: Consolidated balance sheet amount
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

September 30, 2008	Millions of yen	Millions of U.S. dollars
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

September 30, 2008	Millions of yen	Millions of U.S. dollars
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

September 30, 2008	Millions of yen Contract amount	Millions of yen Market value	Millions of yen Valuation gains (losses)	Millions of U.S. dollars Contract amount	Millions of U.S. dollars Market value	Millions of U.S. dollars Valuation gains (losses)
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

September 30, 2008	Millions of yen Contract amount	Millions of yen Market value	Millions of yen Valuation gains (losses)	Millions of U.S. dollars Contract amount	Millions of U.S. dollars Market value	Millions of U.S. dollars Valuation gains (losses)
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:
(a) Derivative transactions to which the deferred hedge accounting method is applied;
(b) 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
(c) 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

September 30, 2008	Millions of yen Contract amount	Millions of yen Market value	Millions of yen Valuation gains (losses)	Millions of U.S. dollars Contract amount	Millions of U.S. dollars Market value	Millions of U.S. dollars Valuation gains (losses)
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

September 30, 2008	Millions of yen Contract amount	Millions of yen Market value	Millions of yen Valuation gains (losses)	Millions of U.S. dollars Contract amount	Millions of U.S. dollars Market value	Millions of U.S. dollars Valuation gains (losses)
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

September 30, 2008	Millions of yen Contract amount	Market value	Valuation gains (losses)	Millions of U.S. dollars Contract amount	Market value	Valuation gains (losses)
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

September 30, 2008	Millions of yen Contract amount	Market value	Valuation gains (losses)	Millions of U.S. dollars Contract amount	Market value	Valuation gains (losses)
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

Six months ended September 30, 2008	Millions of yen Banking business	Leasing business	Other business	Total	Elimination	Consolidated
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

Six months ended September 30, 2008	Millions of U.S. dollars Banking business	Leasing business	Other business	Total	Elimination	Consolidated
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	Japan	The Americas	Europe and Middle East	Asia and Oceania	Total	Elimination	Consolidated
	Millions of yen						
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	Japan	The Americas	Europe and Middle East	Asia and Oceania	Total	Elimination	Consolidated
	Millions of U.S. dollars						
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 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 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	**¥404,976.05**	**$3,907.90**

Six months ended September 30, 2008	Yen	U.S. dollars
Net income per share	**¥10,092.43**	**$97.39**
Net income per share (diluted)	**9,964.41**	**96.15**

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.

	Millions of yen			Millions of U.S. dollars
	September 30		March 31	September 30
September 30, 2008 and 2007, and March 31, 2008	**2008**	2007	2008	**2008**
Assets				
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**
Total assets	**¥3,991,957**	¥4,001,470	¥4,021,217	**$38,521**
Liabilities				
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**
Total liabilities	**1,051,587**	1,061,347	1,052,468	**10,147**
Net assets				
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)**
Total stockholders' equity	**2,940,370**	2,940,122	2,968,749	**28,374**
Total net assets	**2,940,370**	2,940,122	2,968,749	**28,374**
Total liabilities and net assets	**¥3,991,957**	¥4,001,470	¥4,021,217	**$38,521**

2. Nonconsolidated statements of income (unaudited)

Sumitomo Mitsui Financial Group, Inc.

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

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

Sumitomo Mitsui Financial Group, Inc.

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

(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**
Stockholders' equity				
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**
Total net assets				
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**