



SMFG SUMITOMO MITSUI  
FINANCIAL GROUP

ANNUAL REPORT  
2009

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YEAR ENDED MARCH 31, 2009

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.

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.



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

**Company Name:** Sumitomo Mitsui Financial Group, Inc.

**Business Description:**

Management of banking subsidiaries (under the stipulations of Japan's Banking Law) and of non-bank subsidiaries, as well as performance of ancillary functions

**Establishment:** December 2, 2002

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

**Chairman of the Board:** Masayuki Oku  
(Concurrent President at Sumitomo Mitsui Banking Corporation)

**President:** Teisuke Kitayama

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

**Capital:** ¥1,420.9 billion (as of March 31, 2009)

**Stock Exchange Listings:**

Tokyo Stock Exchange (First Section)

Osaka Securities Exchange (First Section)

Nagoya Stock Exchange (First Section)

**Sumitomo Mitsui Financial Group, Inc.**

Public Relations Department

1-2, Yurakucho 1-chome, Chiyoda-ku,

Tokyo 100-0006, Japan

TEL: +81-3-5512-3411

**Sumitomo Mitsui Banking Corporation**

Public Relations Department

1-2, Yurakucho 1-chome, Chiyoda-ku,

Tokyo 100-0006, Japan

TEL: +81-3-3501-1111

September 2009



## Message from the Management

We would like to thank you for your continued support and patronage. In this annual report, we review the initiatives implemented in fiscal 2008, ended March 31, 2009, and explain our management policies for fiscal 2009.

### Principal Initiatives in Fiscal 2008

Having designated fiscal 2008 as the year for “taking a step forward to accomplish medium- and long-term growth, while coping with uncertainty in business environment,” we continued to focus on two initiatives: “strengthening targeted growth business areas” and “fortifying platform for supporting sustainable growth.”

In the period under review, uncertainty in the business environment intensified as the global economic downturn, caused by the financial crisis sparked by the September 2008 failure of Lehman Brothers, deepened. Against this backdrop, SMBC increased its nonconsolidated banking profit by ¥3.7 billion, chiefly through an increase in net interest income in international operations and an improvement in losses on bonds. However, to our great regret, SMFG reported a consolidated net loss of ¥373.5 billion in fiscal 2008 mainly because impairment losses on stocks and the increase in credit cost were higher than we had anticipated. Other factors include measures — such as an additional loan loss provision in preparation for further economic deterioration and a more conservative recognition of deferred tax assets — to quickly adapt to these changes in our business environment and promote a steady recovery of our earnings from fiscal 2009. Meanwhile, SMFG’s consolidated Tier I ratio at the end of March 2009 was above 8% — 8.22%, up 1.28% from the previous year — due primarily

to the issuance of preferred securities and a decrease in risk-adjusted assets resulting from the implementation of the Advanced Internal Ratings Based (AIRB) approach under the Basel II framework, the new BIS capital standards.

We also steadily implemented initiatives for future growth, including establishing an intermediate holding company for our credit card business, entering into capital and business alliances with overseas commercial banks, and continuously upgrading our risk management systems.

### Fiscal 2009 Management Policies

The business environment is expected to remain uncertain while various initiatives and efforts to structure a new regulatory framework are being implemented globally to stabilize the financial system. Under these circumstances, we have designated fiscal 2009 as a year for “establishing the next foundation for future growth, while continuing to strengthen businesses consistent with our philosophy of ‘following the basics.’” In the core operations of Group companies, we will maintain stringent control of expenses, credit cost, and risk-adjusted assets, while “realizing a solid financial base as a global player” and “strengthening targeted growth business areas” for medium- to long-term growth.

#### (1) Control expenses, credit cost and risk-adjusted assets

Our aim is to consistently sustain an overhead ratio of less than 50% for SMBC on a nonconsolidated basis. To this end, we are prioritizing expenditures based on scale, timing, effect and other factors, in order to better allocate our limited resources to growth business areas and increase business efficiency.

To control credit cost, we are further enhancing our ability to identify and quantify risk in order to spot and rectify potential problems and conduct business with a thorough focus on the bottom-line profit. We have been making steady progress in complying with Basel II capital standards. We started using the Advanced Measurement Approach (AMA) to measure operational risk from the end of March 2008. We continuously strive to establish a more sophisticated risk management framework as shown in the implementation of the AIRB approach to measure credit



**Teisuke Kitayama**

*President*

Sumitomo Mitsui  
Financial Group, Inc.

risk from the end of March 2009. Furthermore, SMBC has been reinforcing its overseas credit risk management framework, including upgrading the status of the Credit Management Dept. within the International Banking Unit in April 2009. It also established in April 2009 the Risk Management Unit to more holistically manage risks (market, liquidity, credit and operational) borne by financial institutions.

In controlling risk-adjusted assets, we are dedicated to maintaining SMFG's consolidated Tier I ratio at around 8%, one of our medium- and long-term financial goals. We are stepping up initiatives to ensure a return that reflects the associated risks in the current uncertain business environment, while fulfilling our mission as a financial institution to supply funds to our creditworthy customers smoothly and efficiently by working even harder on performing financial intermediary services in an appropriate yet proactive manner.

We aim to establish the next foundation for our future growth by constantly strengthening operations in line with the fundamental principles of commercial banking under the keyword "follow the basics." Moreover, we will further reinforce our platform to support sustainable growth through a variety of measures, including continuously ensuring that the domestic and overseas compliance systems operate effectively with regard to relevant laws and regulations. We are also upgrading the system for gathering and utilizing customer opinions and requests in order to enhance customer satisfaction and product and service quality.

## (2) Realize a solid financial base as a global player

Enhancement of our capital base, both in terms of quality and quantity, is required to maintain competitiveness and realize sustainable growth in a new global financial order that will emerge in the future. In May 2009, we issued over ¥800 billion in new shares. We are very grateful for the support of shareholders and investors for this successful offering. Although this capital increase diluted the value of existing shares, in addition to a more smooth and efficient supply of funds for customers, our core mission as a commercial bank, the reinforced capital base will support our efforts to increase our competitiveness and realize sustainable

growth, thereby increasing shareholder value over the medium and long term.

We will also continue to examine the listing of SMFG stock on the New York Stock Exchange to strengthen our corporate base for globalizing operations and other purposes.

## (3) Strengthening targeted growth business areas

### ● Solution providing for corporations, Investment banking, trust business

SMFG is dedicated to meeting the financing needs of corporate clients and formulating optimal solutions to their management issues.

For our corporate customers, we are continually taking measures to strengthen our financial intermediary functions, thereby enhancing our ability to fulfill our social responsibility as a financial institution to provide customers with sufficient funds. We are proactively responding to the financing needs of SMEs in particular through a variety of loan products offered by SMBC. *Business Select Loan* is a loan that requires no collateral or third-party guarantee used by more than 40,000 companies — SMBC was the first to develop this type of loan — and new loan products such as *Wide Support Loan* and *Asset Value* allow SMEs to use various assets to secure loans. We also support SMEs by extending loans backed by credit guarantee corporations,

**Masayuki Oku**

President

Sumitomo Mitsui  
Banking Corporation



including the emergency credit guarantee system.

Another priority is offering quality solutions to management issues of corporate customers. Specifically, SMBC established the Business Promotion & Solution Dept. in April 2009, and consolidated branch business promotion and support functions in order to provide corporate clients with more in-depth assistance. In addition, we will enhance our ability to offer solutions for issues related to corporate, private and/or global banking by restructuring the three specialized departments — the Corporate Advisory Div., the Private Advisory Dept. and the Global Advisory Dept. — to further strengthen collaboration and sharing of value, knowledge, information and profits (V-KIP) among these departments. This approach of concentrating resources and know-how is being applied in investment banking likewise to improve the quality of products and services.

We are also taking measures to supply solutions that draw on the resources of all Group companies to formulate solutions. Sumitomo Mitsui Finance and Leasing (SMFL) is developing an aircraft operating lease business, which was added to the strategic joint business in leasing with Sumitomo Corporation in December 2008, as well as a variety of other leasing services that offer financial and sales solutions for both users and supplier. JSOL Corporation (formerly Japan Research Institute Solutions) forged a capital and business alliance with the NTT Data Group in September 2008. JSOL will further expand its services of creating and operating IT systems as well as IT system security consulting by accessing the development resources and methods, and the employee training expertise, of this group.

#### ● Financial consulting for individuals

We are continually upgrading our financial consulting services for individuals to meet a diverse spectrum of needs. The objective is to realize “total consulting services” which offer customers a wide range of one-stop financial services. Specifically, SMBC is fortifying its product/service lineup to include investment trusts, pension-type insurances, discretionary asset management services offered by SMBC Friend Securities and other products. In August 2009, SMBC expanded to all branches the sale of level-premium insurances. We are also training employees to improve their skills in consulting.

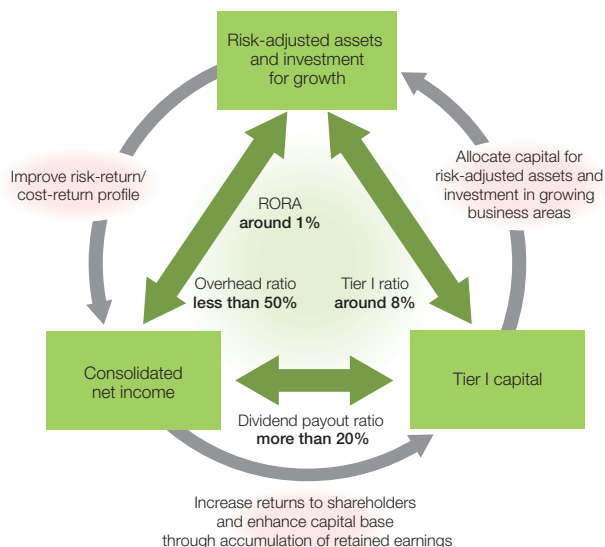
#### ● Payment & settlement services, Consumer finance

In the credit card business, we have established a two-company system within the Group by merging Central Finance Co., Ltd., OMC Card, Inc., and QUOQ Inc. in April 2009 to form Cedyne Financial Corporation to operate along with Sumitomo Mitsui Card Co., Ltd. Our aim is to become “the number one credit card business entity in Japan,” and we will continue to pursue economies of scale while leveraging the strengths of each company to maximize top-line synergy. Further, in May 2009, SMBC and ORIX Corporation reached an agreement concerning the joint business development of ORIX Credit Corporation, which became a consolidated subsidiary of SMBC in July. The alliance will enable us to capture a larger share of the Japanese consumer finance market, and make our consumer finance operations more efficient and responsive to the financing needs of creditworthy consumers.

#### ● Focused business areas in global markets

In global markets, we will continue to bolster our competitive edge products, including project finance. In addition, we view Asia as one of the regions with excellent prospects for strong economic growth. In China, SMBC established a wholly owned subsidiary, Sumitomo Mitsui Banking Corporation (China) Limited, in April 2009 in a move to better respond to our customers' needs in this country. Furthermore, the Asia Pacific Division that SMBC formed in April 2008 has enabled us to get closer to our customers in this region and meet their needs more flexibly. Alliances are another means of business expansion in Asia. SMBC has formed alliances with Kookmin Bank in Korea, First Commercial Bank in Taiwan, The Bank of East Asia in Hong Kong and other Asian banks. With Barclays PLC, a major British financial institution, we are exploring venues of cooperation in wealth management, operations in South Africa and other business fields.

◎ Management Policies for Sustainable Growth



● Acquisition of Nikko Cordial Securities Inc. and other businesses

In May 2009, we reached an agreement with Nikko Citi Holdings Inc. and other related entities to purchase all operations of Nikko Cordial Securities Inc. (excluding selected assets and liabilities) and some businesses of Nikko Citigroup Limited, such as domestic debt and equity underwriting and other assets, pursuant to the approval of relevant authorities. This acquisition gives us the opportunity to create a new leading financial services group and increase our growth potentially by combining the high-quality customer services of Nikko Cordial Securities with the stability and reliability of commercial banking services of SMBC.

We expect nonconsolidated net income of ¥180 billion at SMBC and consolidated net income of ¥220 billion at SMFG for fiscal 2009, and intend to pay a dividend of ¥90 per share of common stock, the same level as in fiscal 2008. “More than 20% of consolidated net income” is our payout ratio goal, and we aim to increase returns to shareholders as our performance recovers in the coming years.

We will continue to focus our energy on maintaining the optimum balance among earnings, capital and risk-adjusted assets; in other words, the balance among enhancing capital base through accumulation of retained earnings, allocating capital for risk-adjusted assets and investment in growth business areas, and improving our risk-return profile, to achieve consistent growth in corporate value. Based on these management policies, we are striving to meet stakeholder expectations through the initiatives outlined in this message. As we proceed with this endeavor, we look forward to your continued support and understanding.

August 2009

**Teisuke Kitayama**

President

Sumitomo Mitsui  
Financial Group, Inc.

**Masayuki Oku**







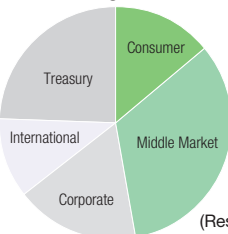
President

Sumitomo Mitsui  
Banking Corporation

## Supplementary Information I Initiatives in Growth Business Areas

### ◎ Basic Policies

To steadily move forward toward achieving medium- to long-term growth, we are reinforcing our initiatives in growth business areas through both organic and inorganic approaches.

Payment & settlement service, Consumer finance	 <b>SMFG</b> SUMITOMO MITSUI FINANCIAL GROUP (Consolidated, Mar. 31, 09)	Financial consulting for individuals						
Focused business areas in global markets	<table border="1"> <tr><td>Total assets</td><td>¥ 120 trillion</td></tr> <tr><td>Tier I ratio</td><td>8.22%</td></tr> <tr><td>Market capitalization*1</td><td>¥3.96 trillion</td></tr> </table>	Total assets	¥ 120 trillion	Tier I ratio	8.22%	Market capitalization*1	¥3.96 trillion	Solution providing for corporations/ Investment banking, trust business
Total assets	¥ 120 trillion							
Tier I ratio	8.22%							
Market capitalization*1	¥3.96 trillion							
<ul style="list-style-type: none"> <li>● Barclays PLC</li> <li>● Vietnam Eximbank</li> <li>● First Commercial Bank (Taiwan)</li> <li>● Industrial and Commercial Bank of China</li> <li>● Kookmin Bank (Korea)</li> <li>● Bank of East Asia (Hong Kong)</li> </ul>	 <b>SMBC</b> SUMITOMO MITSUI BANKING CORPORATION (Nonconsolidated, Mar. 31, 09)	 <b>Nikko Cordial Securities Inc.</b> New Nikko Securities*3,4						
	<table border="1"> <tr><td>Total assets</td><td>¥ 107 trillion</td></tr> <tr><td>Loans</td><td>¥ 60 trillion</td></tr> <tr><td>Deposits</td><td>¥ 69 trillion</td></tr> </table>	Total assets	¥ 107 trillion	Loans	¥ 60 trillion	Deposits	¥ 69 trillion	 <b>Daiwa Securities SMBC</b>  <b>Sumitomo Mitsui Finance and Leasing</b>  <b>The Japan Research Institute, Limited</b>
Total assets	¥ 107 trillion							
Loans	¥ 60 trillion							
Deposits	¥ 69 trillion							
	<b>Banking Profit*2</b>  (Results in fiscal 08)							

\*1 As of Jun. 30, 09

\*2 Before provision for general reserve for possible loan losses. Managerial accounting basis. The graph excludes the portion of Headquarters.


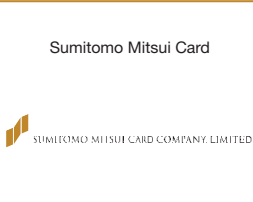




\*3 The Provisional name of a new company that will succeed all operations of Nikko Cordial Securities (excluding selected assets and liabilities) and other businesses

\*4 Businesses are to be acquired on Oct. 1, 09, pursuant to the approval of relevant regulatory authorities.

### ◎ Payment & settlement service, Consumer finance

SMFG established a two-company system in the credit card business by forming Cedyne Financial in Apr. 09, to operate along with Sumitomo Mitsui Card. We are aiming to become "the number one credit card business entity in Japan" by realizing top-line synergy and cost synergy.

**SMFG's organizational structure to promote the credit card business**

Sumitomo Mitsui Financial Group	Number of Cardholders*3 (millions)																										
↓ 100% Intermediate holding company*1  <b>SMFG CARD &amp; CREDIT, INC.</b>	<table border="1"> <tr><td>JCB</td><td>60.0</td></tr> <tr><td><b>SMFG</b></td><td><b>37.9</b></td></tr> <tr><td>Mitsubishi UFJ NICOS</td><td>36.7</td></tr> <tr><td>Credit Saison</td><td>26.0</td></tr> <tr><td>Sumitomo Mitsui Card</td><td>16.4</td></tr> <tr><td>UC Card</td><td>15.6</td></tr> <tr><td>Aeon Credit</td><td>15.5</td></tr> <tr><td>Orico</td><td>11.2</td></tr> <tr><td>Jaccs</td><td>9.9</td></tr> <tr><td>OMC Card</td><td>9.6</td></tr> <tr><td>Central Finance</td><td>8.4</td></tr> <tr><td>...</td><td>...</td></tr> <tr><td>QUOQ</td><td>3.6</td></tr> </table>	JCB	60.0	<b>SMFG</b>	<b>37.9</b>	Mitsubishi UFJ NICOS	36.7	Credit Saison	26.0	Sumitomo Mitsui Card	16.4	UC Card	15.6	Aeon Credit	15.5	Orico	11.2	Jaccs	9.9	OMC Card	9.6	Central Finance	8.4	...	...	QUOQ	3.6
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Central Finance	8.4																										
...	...																										
QUOQ	3.6																										
↓ 66%      ↓ 49%*2 <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; padding: 5px; width: 45%;">   <b>Sumitomo Mitsui Card</b>  <small>SUMITOMO MITSUI CARD COMPANY, LIMITED</small> </div> <div style="border: 1px solid black; padding: 5px; width: 45%;">   <b>Cedyne</b>          Merged in Apr. 09  <div style="display: flex; justify-content: space-around; font-size: small;"> <div> <b>Central Finance</b></div> <div> <b>OMC Card</b></div> <div> <b>QUOQ</b></div> </div> </div> </div>	<table border="1"> <tr> <th colspan="2" style="background-color: #92d050; color: white;">Operating profit target for fiscal 2011 (billions)</th> </tr> <tr> <td style="background-color: #d9e1f2;">Aggregate</td> <td style="text-align: right;">60.0</td> </tr> <tr> <td style="background-color: #d9e1f2;">Sumitomo Mitsui Card</td> <td style="text-align: right;">30.0</td> </tr> <tr> <td style="background-color: #d9e1f2;">Cedyne Financial</td> <td style="text-align: right;">30.0</td> </tr> </table>	Operating profit target for fiscal 2011 (billions)		Aggregate	60.0	Sumitomo Mitsui Card	30.0	Cedyne Financial	30.0																		
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<div style="display: flex; justify-content: center; gap: 20px;"> <div style="background-color: #92d050; color: white; border-radius: 15px; padding: 5px 20px;">Top-line synergy</div> <div style="background-color: #92d050; color: white; border-radius: 15px; padding: 5px 20px;">Cost synergy</div> </div>																											

\*1 Established in Oct. 08

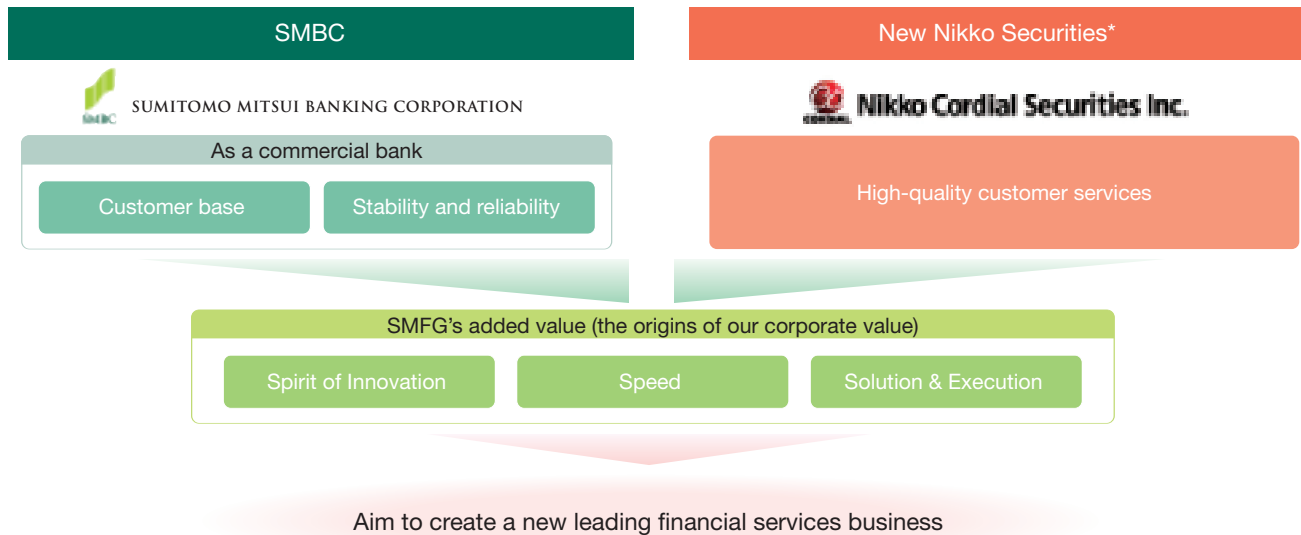
\*2 Total shares held by the Group

\*3 Number of cardholders is as of Mar. 31, 08 (Mar. 31, 07 for JCB and Feb. 29, 08 for Aeon Credit and OMC Card)



◎ Acquisition of Nikko Cordial Securities Inc. and other businesses

SMFG will be able to provide stable and sustainable high-quality services through the broad combined network under “One Flag” as “a leading financial services group focused on its long-term relationships with its customers.”



\* The provisional name of a new company that will succeed all operations of Nikko Cordial Securities Inc. (excluding selected assets and liabilities) and other businesses, including domestic debt and equity underwriting of Nikko Citigroup Limited.

◎ Focused business areas in global markets

We will continue to bolster competitive-edge financial products, while globally expanding strategic alliances with commercial banks with competitive edge in Asia and in other global markets where higher growth is expected.

### Competitive-edge financial products (League table)

Loan syndication	Domestic	Bookrunner*1	
		Fiscal 07: 1st	Fiscal 08: 1st
Project finance	Global	Bookrunner*2	
		Fiscal 07: 18th	Fiscal 08: 5th
Project finance	Global	Mandated arranger*1	
		Fiscal 07: 9th	Fiscal 08: 4th

### Alliances with global financial institutions

**Barclays PLC**

SMBC acquired Barclays' stock through private placement (approx. GBP 500 million in Jul. 08). The two banks continuously explore joint business development opportunities.

### Expansion/establishment of channels & strategic alliances in Asia

\*1 Source: Thomson Reuters \*2 Source: Dealogic

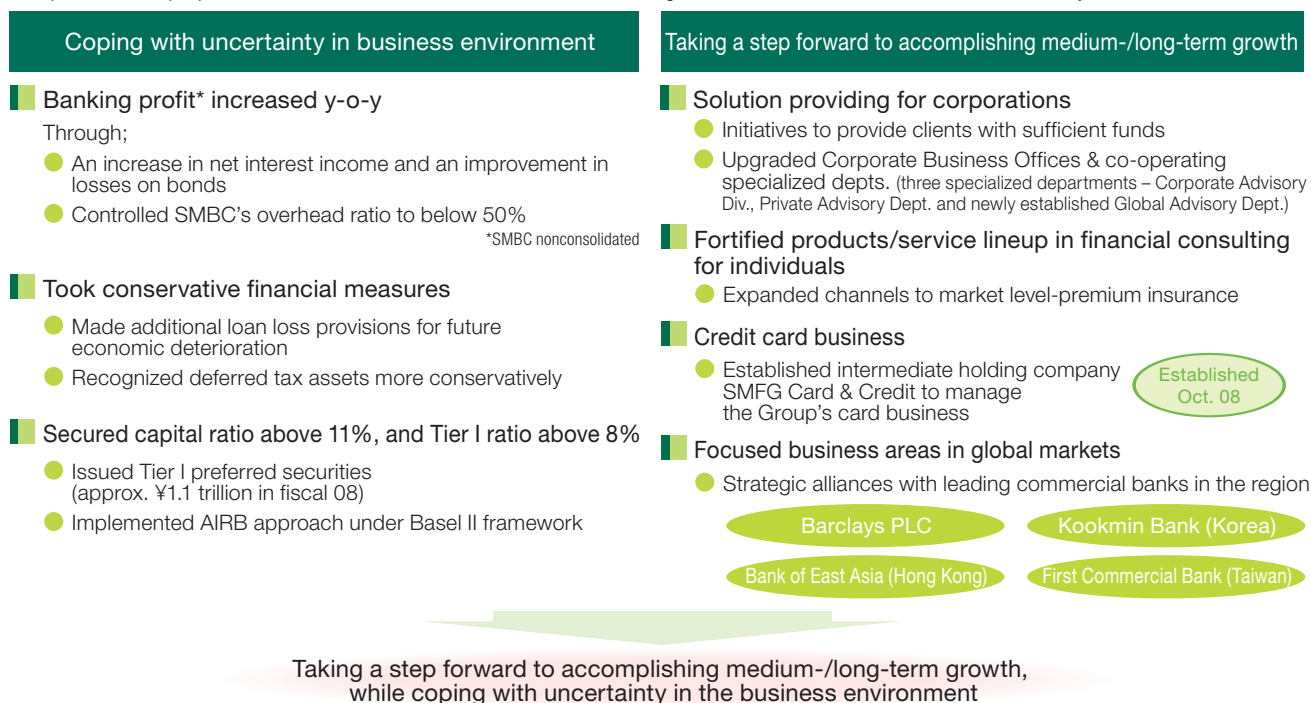
## Supplementary Information II

### Overview of Fiscal 2008 Business Performance/ Management Policy and Strategic Initiatives in Fiscal 2009

#### ◎ Overview of Fiscal 2008 Business Performance

Due to the financial market turmoil, a sharp decline in stock prices, and a slowdown in the global economy since last year, we recorded impairment losses on stocks and an increase in credit cost in fiscal 2008.

In order to quickly adapt to the adverse environment and promote a steady earnings recovery from fiscal 2009, we made additional loan loss provisions in preparation for further economic deterioration and recognized deferred tax assets more conservatively.



#### ◎ Management Policy and Strategic Initiatives in Fiscal 2009

**“Establishing the next foundation for future growth, while continuing to strengthen businesses consistent with our philosophy of ‘following the basics.’”**

We will maintain stringent control on expenses, credit cost, and risk-adjusted assets, while realizing a solid financial base as a global player and fortifying targeted growth business areas for medium- and long-term.

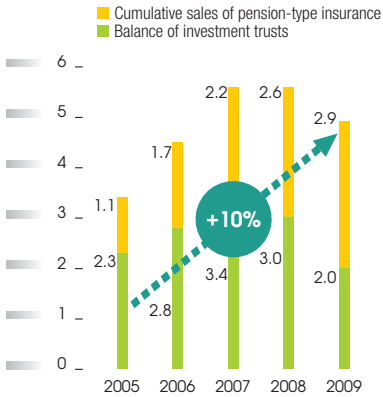


## Performance in Growth Businesses (SMBC Nonconsolidated)

(Note: Figures in the green circles are average compound annual growth rates.)

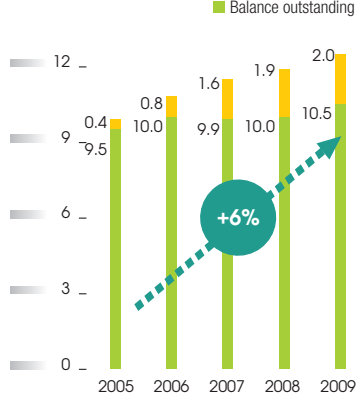
### Customer Assets (Investment Trusts and Pension-Type Insurance)

Unit: ¥ trillion, term-end



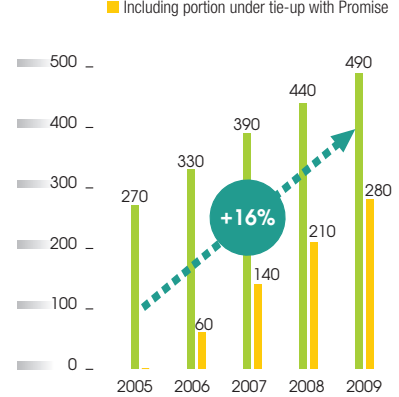
### Housing Loans

Unit: ¥ trillion



### Consumer Finance (Term-end balance)

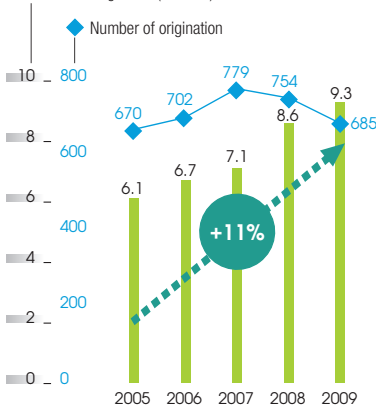
Unit: ¥ billion



Note: During FY2007, about ¥300 billion of these loans were securitized. Managerial accounting basis including corporate bonds.

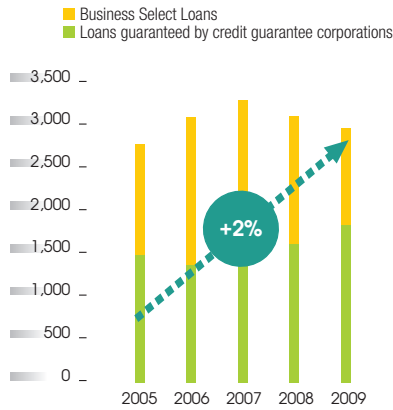
### Loan Syndications

Amount originated (¥ trillion)



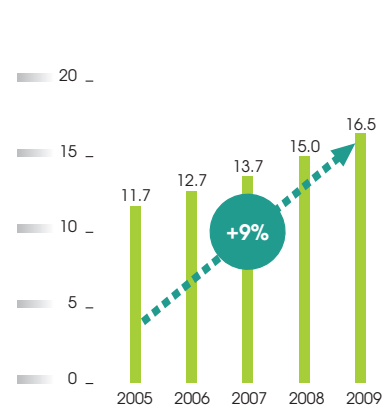
### Loans guaranteed by credit guarantee corporations and Business Select Loans

Unit: ¥ billion, term-end balance



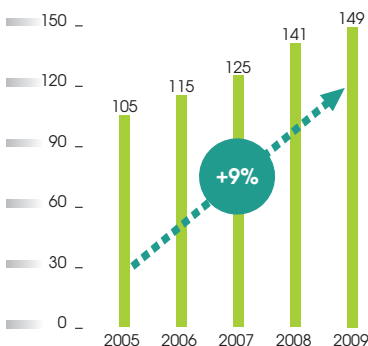
### Global e-Trade Service (Number of Contracts)

Unit: Thousands of contracts



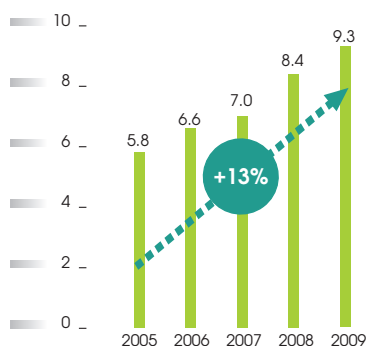
### PC Bank Web21 (Number of Contracts)

Unit: Thousands of contract



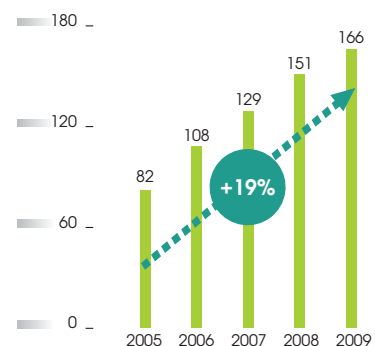
### SMBC Direct Customer Contracts

Unit: Million customers



### Number of Internet Transactions

Unit: Millions



## Consumer Banking

The Group companies of SMFG are collaborating to enhance the financial services they provide to consumers. Some of the key indicators of SMBC's performance in fiscal 2008, reflecting the high esteem customers have for our services, include an outstanding balance of investment trusts under management of ¥2,040.4 billion (March 31, 2009); sales of foreign bonds and structured bonds of ¥148.3 billion; pension-type insurance sales of ¥325.5 billion; sales of single premium full-life insurance of ¥37.5 billion; and mortgage loans outstanding of ¥14,072.2 billion (March 31, 2009).

## Financial Consulting Business



In fiscal 2008, SMBC continued to broaden its product lineup of investment trusts, annuity insurance for individuals, life insurance policies and other financial products.

In investment trusts, we became the first major banking group in Japan to start selling funds that invest primarily in high-yield bonds in Europe. In the individual annuity insurance category,

new products were introduced such as a policy offering a minimum principal guarantee with a minimum holding period of five years, and policies with nursing care provisions.

As part of our "total consulting services," which offer our customers one-stop-shopping for all types of financial services, we began steadily expanding our offering of life insurance products from December 2007. By the end of May 2009, the number of branches selling these policies had increased from the initial 86 to 165. Furthermore, the number of branch personnel selling these policies has increased from about 250 to about 2,000. By offering 18 different insurance policies, including whole-life, term and medical, we can now meet a still broader range of customer needs.

The global financial crisis that began in the United States has produced extreme volatility in the world's stock and other markets. We are taking many measures to keep customers up to date with developments, for example, holding seminars about fund performance reports, issuing monthly and special market reports, and sending materials to customers via direct mailing. Such activities underline our commitment to improving customer service after a purchase of a financial product.



## Loan Business

To enable us to respond to the wide-ranging needs of our customers, we have developed new products, and expanded and improved services.

In April 2008, SMBC became the first bank in Japan to offer a housing loan with a provision that exempts borrowers from a portion of repayments in the event of a natural disaster. Depending on the severity of damage to the property, borrowers' repayments are reduced for a certain period.



In December 2008, we introduced a new type of educational

loan. Customers can apply to the Consumer Finance Promotion Office for the loan using automated loan contract machines installed within SMBC branches, via the Internet, or through other channels, every day (except January 1) until nine in the evening. In most cases, applicants receive a response on the same day. With these benefits, the new loan offers much greater convenience than conventional educational loans.



## Settlement and Consumer Finance Business



SMBC CARD Suica

SMBC expanded services available on the SMBC *First Pack* settlement platform by issuing SMBC CARD *Suica* starting in October 2008 under its business alliance with East Japan Railway Company (JR East). The new card incorporates the JR East *Suica* electronic money and automatic charging services.

In addition, the iD\* credit service, which is based on a strategic alliance between SMFG and NTT DoCoMo, Inc., continues to grow. As of March 31, 2009, about 11.2 million individuals had subscribed to this service and there were about 410,000 terminals installed on the premises of affiliated merchants.

\* iD is a trademark of NTT DoCoMo, Inc.

In the consumer finance business that began in April 2005 through the collaboration of SMBC, Promise Co., Ltd., and At-Loan Co., Ltd., the number of automated contract machines had grown to 712 as of March 31, 2009, and the balance of loans made by SMBC and At-Loan together had increased to about ¥400.0 billion.



## Transaction Channels

In fiscal 2008, SMBC opened four branches in the Tokyo area (Centerminami, Musashikosugi and Kamakura in Kanagawa Prefecture, and Moriya in Ibaraki Prefecture). Also, to strengthen our services for customers located in the Tokai region, which is centered on Aichi Prefecture, we opened new branches in Akaike, Fujigaoka and Yagoto, all close to train and subway stations. In June 2008, we opened "SMBC Park Sakae," which is the first of SMBC's offices to concentrate mainly on providing information. In addition to opening conventional staffed offices, we are installing ATMs at or near stations of the Nagoya municipal subway system, for increased customer convenience.



Kamakura Branch



Yagoto Branch

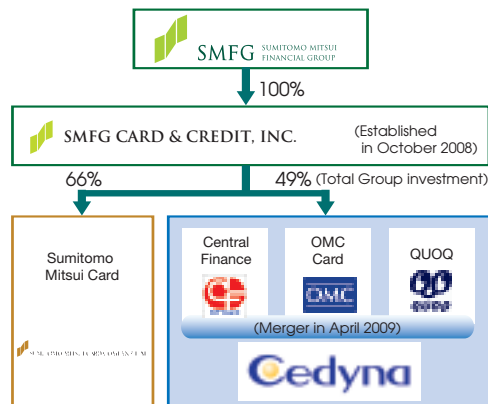
For the *SMBC Direct* online banking service, we are constantly adding services to meet customers' needs and provide greater convenience. In addition, we are introducing highly advanced services and reinforcing security. On April 1, 2008, we reduced our foreign exchange handling fees for foreign currency deposits made online or by cellphone to half the fee at our branches. Such measures make online banking even more attractive as a convenient and low-cost service channel for our customers.

*SMBC Direct* has ranked first for seven consecutive years in the ranking of Internet banking by e-commerce website rating firm Gomez Consulting, Co., Ltd. As of March 31, 2009, approximately 9.3 million customers had registered for this service.

## SMFG Credit Card Business Strategy

On April 1, 2009, three credit card companies – Central Finance Co., Ltd., OMC Card, Inc., and QUOQ Inc. – merged to form the credit card company Cedyne Financial Corporation. Along with Sumitomo Mitsui Card Co., Ltd., the new company is one of Japan's largest credit card companies. With the establishment of this two-company system, SMFG has concentrated its credit card business on Cedyne Financial and Sumitomo Mitsui Card, which each have different strengths.

Going forward, our goal is to capture top-line synergies by combining the expertise, customer bases and networks of group companies. Another objective is to benefit from cost synergies made possible by the enormous scale of the group. Through these initiatives, we are determined to become the leading credit card entity in Japan.



## Topics



### ◆ SMBC Retail Banking College Established

On May 7, 2008, SMBC established SMBC Retail Banking College (RBC) to train personnel responsible for marketing financial services to individual customers.

RBC offers special training programs aimed at substantially increasing the sophistication and quality of our consumer banking services. It has a counter zone that enables trainees to simulate retail customer consulting, an audio visual room that broadcasts role-playing scenarios and enables all trainees attending to confirm the content, and other facilities that speed up their acquisition of working knowledge and skills.



### ◆ Environmental Programs

As part of our environmental commitment, SMBC offers Japanese government bonds (JGBs) for individual investors linked to carbon credits, tree planting and "green" electricity, so that consumer banking customers can help protect the environment when they buy these products. One illustration is the "Fight Global Warming" Campaign, which started in June 2008. SMBC used part of the earnings from sales of JGBs for individuals to buy carbon credits, which were then transferred to the Japanese government. This product generated much recognition, including the 2008 Nikkei Veritas Award for Superiority (one of Nikkei Superior Products and Services Awards).



## ■ Corporate Banking

### Improving Products and Services for Midsized Companies and SMEs

#### ●Initiatives to provide easier access to financing

SMBC believes that smooth and efficient supply of funds to customers is its main social responsibility as a financial institution. This mission is particularly vital today as companies face severe challenges caused by the global financial crisis. This is why we are working even harder to serve as an intermediary for financing in a manner that is both responsible and proactive.

We are committed to helping customers expand their businesses. To accomplish this, we will continue to focus on offering products and services that reflect a thorough understanding of their needs and issues.

#### ●Products and services to meet fund-raising needs

Amid the economic uncertainty, a broad range of fund-raising needs is emerging among companies of all sizes. To meet these needs, SMBC is continually expanding its lineup of loans for corporate clients. In April 2008, we introduced the *Asset Value Truck & Bus Loan*, which uses commercial vehicles as collateral, and the *Certified Company Support Loan*, offered to corporate customers who have received official certifications or awards specified by SMBC from national or local government entities. Companies that have earned certification recognized by SMBC for their management systems are also eligible. In June 2008, we started offering the *Web Report Loan* to customers that use online tax reporting services to transmit electronically to SMBC their tax return data and certificates of tax payment made using the Japanese national tax authorities' "e-Tax" service.

#### ●Environmentally responsible products and services

For midsized companies and SMEs that show a strong commitment to protecting the environment, and have received ISO14001 and other environmental management certifications, SMBC in February 2006 introduced the *SMBC-ECO Loan*, which offers preferential interest rates. Since then, we have added other versions of this loan. In December 2007, we launched the *KES Support Loan* for companies that have obtained KES Environmental Management System Standard certification. This loan is offered in conjunction with the non-profit KES Environmental Organization. In October 2008, the *SMBC-ECO Loan eco value up* made its debut, targeting companies that are certified under the environmental standards of a major corporation. As a first step, this new loan is being offered to companies that have been certified under the Fujitsu Group Environmental Management System (FJEMS). We added the *SMBC Environmental Friendliness Assessment Loan* in October 2008. To be eligible, an applicant company must undergo an environmental evaluation using SMBC's own assessment standards. Loan terms depend on the results of this evaluation.

To support the growth of environmental businesses, SMBC and SMBC Consulting held an environmental business forum in December 2008 at Eco Products 2008. Sponsored by Japan Environmental Management Association for Industry (JEMAI) and Nikkei Inc., this exhibition is one of the largest environmental exhibitions in Japan. SMBC set up a booth along with 43 of its corporate clients. At the forum, we announced the 2008 winners of the "eco japan cup" contest that recognizes start-up eco businesses with much potential. Other events at the forum were a seminar on our environmental businesses and business match-up meetings for pre-registered companies.

All these activities demonstrate our commitment to deepening our support for the environmental business operations of midsized companies and SMEs.

#### ●Information services

Assistance in locating suitable business partners is a field where demand is very strong. To provide even better services, SMBC is reinforcing its organization for matching customers with potential partners and has expanded its "all-in-one matching" program. Conducted by the Head Office, this service matches many corporate clients at once with the purchasing departments of large corporations. We distribute a periodical called *Business partner* at no charge to give in-depth information about these services and describe new initiatives. Another service we are expanding at SMBC is the Trade Consultant Program, launched in February 2008. This has already generated a strong response from customers. Through activities like these, we will continue to expand our range of value-added services that target the diversifying needs of customers.



#### ●Responses tailored to a broad spectrum of corporate needs

SMBC has been enhancing its network of business offices and Business Support Offices in order to offer a broad spectrum of in-depth advice and support especially tailored to meeting a diversity of corporate customer needs and helping customers address the issues they face. We expanded the network by opening five Business Support Offices and a Corporate Business Office in October 2008, and 14 Business Support Offices in April 2009.

### Reinforcing services for globalizing corporations

In Japan, there is much interest in capitalizing on the immense opportunities presented by the emergence of a "5 billion population market" and a "pan-Asian market," as discussed in the White Paper on International Economy and

Trade 2008 (Trade Policy Bureau, METI). One result has been a major shift in the geography of earnings of Japanese companies aiming to increase overseas sales. As these companies pursue global expansion strategies, they must resolve fund-raising issues as well as gain a deeper understanding of foreign business practices and cultures, and legal and political systems.

SMBC established the Global Advisory Department in April 2008 specifically to help devise solutions for cross-border issues of customers with overseas operations. In April 2009, we combined this department with the International Business Promotion Department. This department straddles the three units of SMBC that do business with corporate clients — Middle Market Banking Unit, Corporate Banking Unit, and International Banking Unit — to support seamlessly the foreign operations of client companies. Based in Tokyo, the Global Advisory Department has staff members at overseas SMBC offices, chiefly in Asia. With a staff of about 200 professionals in foreign trade and global business operations, the department maximizes synergies by integrating issue-solving skills in Japan, expertise in collecting and analyzing information, and relationships with customers and business partners worldwide. With this infrastructure, SMBC can put together customized solutions from a global perspective to serve companies in Japan and their overseas subsidiaries.

We hold overseas business-related seminars with themes of particular interest to our customers, and distribute the latest information on overseas markets, enabling companies considering launch of an overseas business to gain insight into markets, regulations, industry trends and other matters involving other countries. Our services are useful for companies with established overseas operations too. They can count on SMBC for valuable assistance in areas such as growth issues and reorganizations.

### Intensifying initiatives in the public and financial sectors

SMBC established the Public & Financial Institutions Banking Department in fiscal 2007. One central role is creating solutions for issues at regional governments, public corporations and financial institutions. Moreover, to upgrade services for regional customers, the department undertakes joint initiatives with regional governments and financial institutions.

A Cooperative Agreement for Promotion of Industry that was entered into in July 2008 with the Miyagi Prefectural Government and The 77 Bank, Ltd., which is based in Miyagi Prefecture, is a prime example. Developing new supply chains for the auto industry in the prefecture is one of the objectives of the agreement. This cooperation also provides a framework for helping customers to start overseas operations or expand their sales channels in overseas markets.

This type of collaboration encompassing a regional government, a regional financial institution and a megabank is a first in Japan. It enables the enormous domestic and

overseas network of SMBC to tap into the deep roots of The 77 Bank in its home region. Building ties with regional governments makes this cooperative structure even more effective at promoting the growth of various industries.



Under the tripartite agreement, two seminars were held during fiscal 2008: Automotive Industry Seminar for New Entries and Overseas Business Seminar and Consultation. Collaboration also includes participation in various local organizations and activities that bring together companies, universities and governments. In all cases, the goal is to increase points of contact with customers.

SMBC also concluded an industrial promotion agreement with the Hokkaido Government in September 2008. Under it, we support the operations of the Hokkaido International Business Center, which the Hokkaido Government formed to support Hokkaido companies with their overseas operations. In March 2009, this center held a China Business Seminar and is now working on more ways to help Hokkaido companies do business overseas.

Collaboration with regional financial institutions is growing, too. In March 2008, we signed comprehensive agreements concerning business succession services with three banks: The First Bank of Toyama, Ltd., The Bank of Nagoya, Ltd., and The Biwako Bank, Ltd. SMBC supports the business succession regimes of these banks and directly assists companies with succession issues.

Moving forward, we will continue to intensify initiatives that will contribute to regional economic growth and supplying of high value-added services to customers throughout Japan.

### Topics

#### ◆ Campaign to Fight Global Warming

SMBC launched the *SMBC-ECO Loan*, Fight Global Warming Campaign in May 2009. During the campaign period, SMBC purchased carbon credits in Japan that are equivalent to five tons of greenhouse gas emissions per borrower. This campaign allows midsize companies and SMEs to contribute to the national program to prevent global warming through emission rights obtained by SMBC. The campaign demonstrates SMBC's dedication to increasing support for environmental businesses.



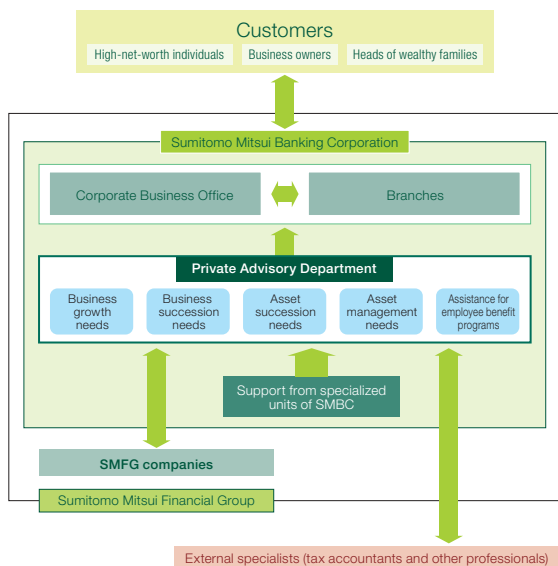
## Services for High-Net-Worth Individuals, Business Owners and Employees

### Private Advisory Department

The Private Advisory Department specializes in products and services that meet the diverse requirements of business owners and high-net-worth individuals. Activities of the department span three areas. The first is preparing carefully tailored proposals for business and asset succession. To create these proposals, we combine our know-how accumulated from long experience in this area with the input of outside specialists. The second is private banking services that include comprehensive financial services for managing customers' monetary assets. The third area is workplace banking services to support the personnel strategies of corporate clients. This service category includes providing assistance from a financial perspective for employee benefit programs and defined-contribution pension plans.

By working with other SMFG companies and alliance partners, the Private Advisory Department uses its "One Bank" approach for the seamless provision of a broad range of products and services. This allows the department to cover many types of needs involving both individual and corporate clients.

In April 2009, the Private Advisory Business Department was established to create a unified platform to support business and asset successions and private banking operations. This department serves companies, business owners and high-net-worth individuals with particularly high levels of assets, and further improves our ability to assist customers with succession, asset management and other needs.



### Support for Business and Asset Succession

SMBC specialists prepare tailored proposals for customers with concerns about business and asset succession. We hold a variety of seminars to supply timely information, and advise business owners on a wide range of matters. Our consulting services cover issues of all types involving both individuals and companies.

### Private Banking

Customers can rely on SMBC for all-inclusive financial advice concerning financial assets. We hold discussions to share and understand each customer's attitude toward his or her financial assets. After agreeing on goals, we create proposals for asset allocation and management.



### Workplace Banking

Recruiting and retaining talented employees is a major issue at all corporate clients. SMBC can help create employee benefit programs, such as housing loans and defined-contribution pension plans. In addition, they have access through their employers to SMBC products and services for achieving financial and other goals in their lives.





## ■ Investment Banking

### Accomplishments in Fiscal 2008

SMBC ranked first for the second consecutive year in the league table for mandated arrangers of Japanese syndicated loans. This was due in part to the arrangement of yen loans for IBM and other foreign companies during the year. Overseas, our project finance activities earned us recognition as the "Global Bank of the Year" from *Project Finance International* magazine. In the settlement services field, SMBC is steadily raising its profile, ranking first in Japan and in the top five in the Asia-Pacific region, a first for a Japanese bank, in a cash management services survey conducted by *Asiamoney* magazine. In addition, to assist customers with measures to combat global warming, SMBC continued to promote environmental businesses, focusing mainly on carbon credit trading.

### Collaboration with Daiwa Securities SMBC

Daiwa Securities SMBC Co., Ltd., again earned a number of honors in Japan and overseas for excellence in serving corporate clients. This company ranked first in fiscal 2008 as a bookrunner for samurai bonds and was named "Yen Bond House of the Year 2008" by *International Financing Review* magazine, and "Best Lead Manager of Yen Bonds in the Euroweek Review of the Year 2008" by *Euroweek* magazine. In May 2009, Daiwa Securities SMBC acquired Close Brothers Corporate Finance Limited, a leading European corporate finance advisory firm. This makes it possible to provide better support for the cross-border M&A activities of Japanese corporate clients.

### Fiscal 2008 Japan Syndicated Loans — Bookrunners\*

Bookrunner	Amount (¥ million)
<b>1. Sumitomo Mitsui Financial Group</b>	<b>8,883,763.6</b>
2. Mizuho Financial Group	8,473,285.2
3. Mitsubishi UFJ Financial Group	7,209,887.1
4. Citi	742,290.6
5. JP Morgan	316,342.4

### Fiscal 2008 Samurai Bonds\*

Bookrunner	Amount (¥ million)
<b>1. Daiwa Securities SMBC</b>	<b>469,033.3</b>
2. Nikko Citigroup	421,700.0
3. Mizuho Financial Group	280,800.0
4. Nomura	208,000.0
5. UBS	144,933.3

\*Source: Thomson Reuters

## Topics

### ◆ Acquisition of Businesses centered on Nikko Cordial Securities

Since its establishment in April 1999, Daiwa Securities SMBC has been a key player in our wholesale securities business. In May 2009, we acquired the entire business of Nikko Cordial Securities Inc. as well as the domestic equity and debt underwriting business of Nikko Citigroup Limited. As the new entity, New Nikko Securities, is the lead managing underwriter for a large number of listed companies and has extensive skills in the distribution of securities, adding these capabilities to the current Daiwa Securities SMBC wholesale securities platform will position us to provide clients with services of an even higher quality.

### ◆ Project Finance

In the PFI Awards 2008 made by *Project Finance International* magazine, SMBC came out ahead of prominent European and U.S. banks as the "Global Bank of the Year." Further demonstrating SMBC's outstanding global reputation was the winning of "Deal of the Year" awards by many SMBC-arranged project finance deals.

### 2008 Deal of the Year Awards — Principal Deals\*

Award category Region / industry	Deal name	Amount syndicated (million)
Americas / Power	Angamos	US\$ 989
Asia Pacific / Infrastructure	Newcastle Coal Loader	A\$ 1,200
Europe / Oil	Lotos	US\$ 1,800
Middle East and Africa / Power	Ras Laffan C	US\$3,300

\*Source: *Project Finance International* magazine

### ◆ Environmental Business

SMBC has been developing many environmental businesses, chiefly through carbon credit trading, since the October 2007 establishment of its Environmental Products Department. In overseas initiatives, we are creating an integrated environmental framework to support projects in developing countries and the acquisition of carbon credits by Japanese companies. We established a consulting company to support the development of clean development mechanisms (CDMs) in an emissions project under our subsidiary Banco Sumitomo Mitsui Brasileiro S.A., and entered into a business alliance with Metropolitan Bank and Trust Company, a leading commercial bank in the Philippines.

## ■ International Banking

SMFG offers value-added services to clients (corporations, financial institutions, governmental organizations and public entities) operating globally by preparing tailor-made solutions that meet various local needs, mainly through SMBC's International Banking Unit. We strive to become a global commercial bank, capable of delivering our strengths in various business opportunities in this vast international market.

### Global Standard Financial Products

SMBC became the first Asian financial institution ever to be named "Global Bank of the Year" by *Project Finance International* magazine in the area of project finance. SMBC also won many "Deal of the Year" awards from numerous financial magazines in the area of trade finance.

SMBC was chosen for the third consecutive year as the best provider of yen cash management services in a survey of financial institutions conducted by *Asiamoney* magazine in the area of global settlement services.

### Capital and Business Alliances with Overseas Financial Institutions

Our alliance strategy in Asia is tailored to the characteristics of each country and region. In 2008, SMBC entered into strategic alliances with Kookmin Bank, the largest bank in Korea, and the Bank of East Asia, a major Hong Kong private-sector bank. By forging partnerships with leading Asian local financial institutions that boast strong local business bases, we aim to strengthen our solution providing capability in the region, such as by expanding our Asian denominated currency service offerings. We plan to expand our Asian business multilaterally.

In a global context, SMBC has made an equity investment in UK's Barclays PLC in order to deliver and complement each institution's strengths.

### Promotion of Cross-Border Transactions

In order to seamlessly provide solutions to Japanese corporations' international business development activities and cross border management issues, SMBC has expanded its Global Advisory Department (established in fiscal 2008) headcount. On another note, SMBC established a department in Osaka (in addition to Tokyo) specifically dedicated to business with non-Japanese companies active in the Kansai and other western Japanese regions.

### Reorganization of Risk Management

SMBC has set up departments dedicated to managing credit, market, liquidity and operational risks in Europe and the Americas, in order to create a comprehensive risk management organizational framework. Furthermore, credit risk

management has been further enhanced by placing specialists and streamlining the organizational framework tailored to each regional characteristic in the world.

Additionally, SMBC has reorganized its credit departments and newly established its Credit Management Department within the International Banking Unit in order to strengthen its credit and crisis management capabilities.

### Core IT System Upgrades

Enhancing internal controls is as vital as expanding international operations in order to support globalizing client needs. Starting in fiscal 2009, SMBC is revamping its Asian accounting systems as part of a worldwide operations system upgrade effort. Simultaneously, SMBC will upgrade customer information and management administration systems.

### Fostering Professionals Capable of Offering Sophisticated Financial Solutions

We are strengthening our training and educational programs in order to meet seamlessly and accurately customers' increasingly diverse and advanced needs. In Asia, enhanced seminars and e-learning programs are offered to locally hired employees by the Asia Pacific Training Department, established in 2007 within SMBC's International Banking Unit, in order to provide the best solution to our customers.

### Strengthening of Compliance System

We recognize that it is imperative to reinforce further compliance in order to operate globally, by reexamining compliance programs in accordance with guidelines established by the Basel Committee on Banking Supervision and by enhancing governance systems of overseas subsidiaries in China and other countries.

On another note, we are further strengthening our anti-money laundering measures in accordance with international standards, by upgrading supervision capabilities through computerization of our overseas network.

## Topics

### ◆ Establishment of Subsidiary in China

SMBC established Sumitomo Mitsui Banking Corporation (China) Limited (head office in Shanghai) in April 2009 as a wholly owned subsidiary, demonstrating the bank's strong commitment to this market. China is an important market and we are committed to better serving our customers in the region by continuing to build our business base there.



### ◆ Expansion of Overseas Network

We continue to enhance our overseas network in order to improve our services to Japanese companies and increase our presence in emerging and other growing markets.

SMBC opened a branch office in Hanoi in December 2008 to support the expansion of our clients' activities in Vietnam. Coupled with the opening of the Ho Chi Minh City Branch in 2006 and the signing of the strategic alliance agreement with the Vietnam Export Import Commercial Joint Stock Bank ("Eximbank") in 2007, we boast a well-founded network and financial services delivery base in Vietnam.

Furthermore, SMBC's New York Branch opened its Mexico City Representative Office in March 2009. As a result, we became capable of seamlessly covering the North and South American regions through the new representative office, North American (New York, Los Angeles, San Francisco Branches and Houston Representative Office, and Sumitomo Mitsui Banking Corporation of Canada) and South American (Banco Sumitomo Mitsui Brasileiro) network. We will continue to build our network in the Americas in order to deliver sophisticated financial solutions quickly.



## ■ Treasury Markets

SMFG, through the Treasury Unit of SMBC, aims to offer increasingly higher value-added services to meet the ever more sophisticated and diverse needs of its customers for transactions in the money, foreign exchange, bond and derivatives markets. To maintain and further strengthen profitability, and while managing risk appropriately, the Treasury Unit focuses on three goals: (a) expanding transaction volume from its customers; (b) strengthening its asset-liability management (ALM) system and trading skills; and (c) bringing sharper focus to portfolio management.

### More Solutions and Services for Customers' Market Transactions

SMBC is dedicated to supplying solutions that precisely match the market transaction needs of its customers. To this end, the Treasury Unit works with branches to create hedging and other proposals for corporate clients that reflect shifting trends in financial markets.

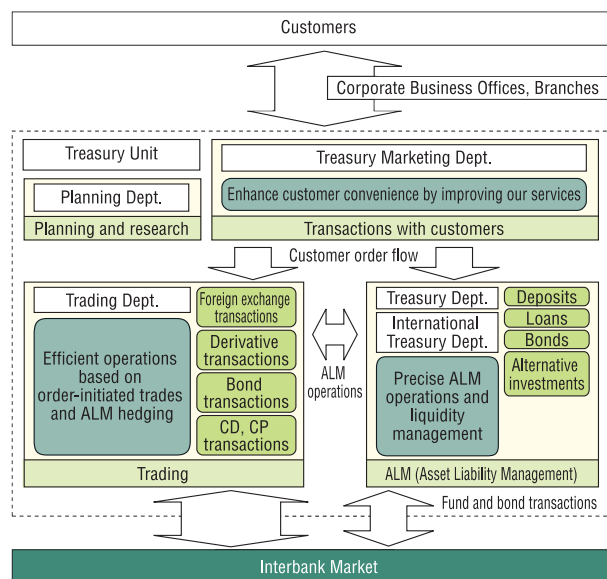
We are constantly improving the functions of *i-Deal*, a system that allows clients to conclude foreign exchange

contracts over the Internet. Looking forward, the Treasury Unit will continue working to fulfill all our customers' market transaction needs by offering full support services of the highest quality in the industry.

### ALM and Trading Operations

Through its ALM and trading operations, and while controlling market and liquidity risks, the Treasury Unit seeks to maximize earnings by targeting opportunities created by trends in many financial markets.

We will continue to conduct suitable trading operations that reflect changes in market conditions with the aim of generating a consistent stream of earnings.



### Topics

#### ◆ Expanding Services to Meet Customer Needs

To further increase convenience for customers, SMBC continues to enhance the functions of its *i-Deal* system that allows clients to conclude foreign exchange contracts over the Internet.

In fiscal 2008, we added a foreign exchange risk simulation function to make this service even more useful for customers.

#### ◆ Sound Market Operations

SMBC executes sound market operations in response to changes in market conditions based on a conservative risk management policy. In addition, we are constantly taking steps to use even more advanced methods for our ALM activities.



# Group Companies (as of March 31, 2009)



## 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 in December 2002 through a stock transfer as a bank holding company, and SMBC became a wholly owned subsidiary of SMFG. In March 2003, SMBC merged with the Wakashio Bank, Ltd. 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:** 21,816  
**Number of branches and other business locations:**  
 In Japan: 1,528\*  
 Branches: 482  
 (Including 38 specialized deposit account branches)  
 Subbranches: 159  
 Agency: 1  
 Offices handling non-banking business: 23  
 Automated service centers: 863  
 Overseas: 43  
 Branches: 20  
 Subbranches: 7  
 Representative offices: 16

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

### Credit Ratings (as of June 30, 2009)

	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, years ended March 31)

	Billions of yen			
	2009	2008	2007	2006
For the Year:				
Ordinary income .....	¥ 2,989.6	¥ 3,411.0	¥ 2,925.6	¥ 2,750.2
Ordinary profit .....	59.2	734.9	716.6	862.0
Net income (loss) .....	(317.3)	351.8	401.7	563.5
At Year-End:				
Net assets .....	¥ 4,518.6	¥ 5,080.7	¥ 5,412.4	¥ 3,598.2
Total assets .....	115,849.3	108,637.7	98,570.6	104,418.5

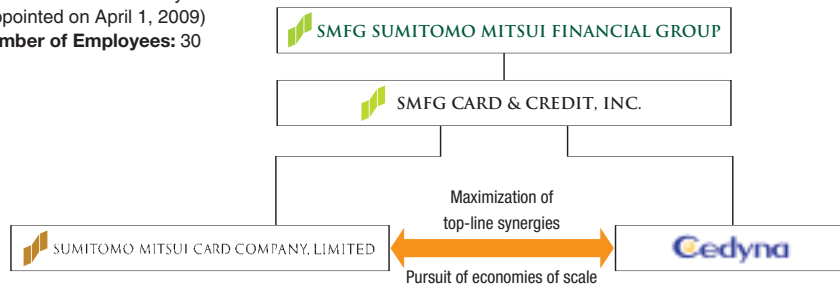


## SMFG CARD & CREDIT, INC.

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 Cedyna 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 Cedyna 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.

\* Cedyna Financial Corporation was formed in April 2009 through the merger of three companies: Central Finance Co., Ltd., OMC Card, Inc., and QUOQ Inc., and has become one of the largest consumer finance companies in Japan.

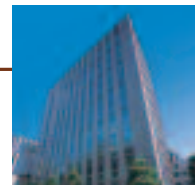
**Company Name:** SMFG Card & Credit, Inc.  
**Business Profile:** Management of subsidiaries and affiliates  
**Establishment:** October 1, 2008  
**Head Office:** 1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan  
**President & CEO:** Kazuya Jono (Appointed on April 1, 2009)  
**Number of Employees:** 30



## 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:** 2,156

### Credit Ratings (as of June 30, 2009)

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

### Financial Information (Years ended March 31)

	Billions of yen			
	2009	2008	2007	2006
For the Year:				
Revenue from credit card operations .....	¥5,858.6	¥5,375.2	¥4,753.8	¥4,181.3
Operating revenue .....	180.1	168.4	157.6	148.2
Operating profit .....	22.2	16.9	14.1	25.8
At Year-End:				
Number of cardholders (in thousands) .....	18,656	16,406	14,951	14,067



Sumitomo Mitsui Finance and Leasing Co., Ltd. (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:** 1,562

**Credit Ratings** (as of June 30, 2009)

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

**Financial Information** (Years ended March 31)

	Billions of yen			
	2009	2008	2007*	2006*
For the Year:				
Revenue from leasing operations...	¥895.8	¥1,054.1	¥599.4	¥614.1
			516.8	498.6
Operating revenue...	947.6	708.4	630.0	619.7
			379.9	375.1
Operating profit.....	36.4	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:** 1,945

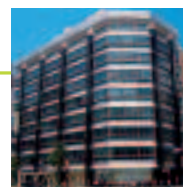
**Financial Information** (Years ended March 31)

	Billions of yen			
	2009	2008	2007*	2006
For the Year:				
Operating revenue...	¥88.0	¥88.1	¥84.6	¥115.8
Operating profit.....	1.0	3.8	3.0	5.2

\*JSOL (formerly JRI Solutions) was spun off as a separate company in July 2006.



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



Providing a full range of securities services, focused mainly on retail customers, SMBC Friend Securities Co., Ltd. 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:** Osamu Endo

(Appointed on June 26, 2009)

**Number of Employees:** 2,093

**Financial Information** (Years ended March 31)

	Billions of yen			
	2009	2008	2007	2006
For the Year:				
Operating revenue...	¥43.2	¥60.5	¥58.7	¥68.5
Operating profit.....	2.3	19.0	21.2	31.0



# Financial Highlights

## Sumitomo Mitsui Financial Group

### Consolidated

Year ended March 31	Millions of yen				
	2009	2008	2007	2006	2005
<b>For the Year:</b>					
Total income .....	¥ 3,556,536	¥ 4,739,040	¥ 3,947,786	¥ 3,803,089	¥ 3,589,871
Total expenses .....	3,527,040	3,810,084	3,140,996	2,759,726	3,698,406
Net income (loss) .....	(373,456)	461,536	441,351	686,841	(234,201)
<b>At Year-End:</b>					
Total net assets .....	¥ 4,611,764	¥ 5,224,076	¥ 5,331,279	¥ 4,454,399	¥ 2,775,728
Total assets .....	119,637,224	111,955,918	100,858,309	107,010,575	99,731,858
Risk-monitored loans .....	1,586,317	1,092,661	1,067,386	1,243,160	2,227,445
Reserve for possible loan losses .....	1,077,852	894,702	889,093	1,035,468	1,273,560
Net unrealized gains (losses) on other securities .....	(33,176)	745,420	1,825,168	1,373,337	696,339
Number of employees .....	48,079	46,429	41,428	40,681	40,683
<b>Selected Ratios:</b>					
Capital ratio .....	11.47%	10.56%	11.31%	12.39%	9.94%
Return on Equity .....	—%	13.23%	13.07%	33.15%	—%
Price Earnings Ratio .....	—x	11.06x	18.74x	13.72x	—x
<b>Per Share (Yen):</b>					
Net assets .....	¥2,790.27	¥424,546.01	¥469,228.59	¥400,168.89	¥164,821.08
Net income (loss) .....	(497.39)	59,298.24	57,085.83	94,733.62	(44,388.07)
Net income — diluted .....	—	56,657.41	51,494.17	75,642.93	—

- Notes: 1. "Net unrealized gains (losses) on other securities" represent the difference between the market prices and acquisition costs (or amortized costs) of "other securities." In principle, the values of stocks are calculated using the average market prices during the final month. For details, please refer to page 25.
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. From the fiscal year ended March 31, 2007, in calculating total net assets and total assets, SMFG has applied "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan ("ASBJ") Statement No. 5) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8).
4. The ASBJ has revised "Guidance on Accounting Standard for Earnings per Share" (ASBJ Guidance No. 4). From the fiscal year ended March 31, 2007, SMFG has applied the revised Guidance and calculated net assets per share by including net deferred gains (losses) on hedges.
5. From the fiscal year ended March 31, 2007 (fiscal 2006), the consolidated capital ratio has been calculated according to the formula specified in the Financial Services Agency ("FSA") Notification No. 20 issued in fiscal 2006, which is based on Article 52-25 of the Banking Act of Japan. The consolidated capital ratio of SMFG is calculated under Basel II. Please note that in fiscal 2005 and prior years, the capital ratio was calculated according to the formula specified in the Ministry of Finance Notification No. 62 issued in fiscal 1998, which was based on Article 52-25 of the Banking Act of Japan.
6. "Net income — diluted" per share for the fiscal years ended March 31, 2009 and 2005 is not reported due to a net loss.
7. SMFG implemented a 100-for-1 stock split of common stock on January 4, 2009. If the stock split had been implemented in the prior years, per share information would be as follows:

Year ended March 31	Yen			
	2008	2007	2006	2005
Net assets .....	¥4,245.46	¥4,692.29	¥4,001.69	¥1,648.21
Net income (loss) .....	592.98	570.86	947.34	(443.88)
Net income — diluted .....	566.57	514.94	756.43	—

◆ Nonconsolidated

Year ended March 31	Millions of yen				
	2009	2008	2007	2006	2005
<b>For the Year:</b>					
Operating income .....	¥ 134,772	¥ 111,637	¥ 376,479	¥ 55,482	¥ 258,866
Dividends on investments in subsidiaries and affiliates .....	117,051	89,693	366,680	46,432	251,735
Operating expenses .....	8,790	6,246	3,641	3,196	2,644
Net income .....	103,468	82,975	363,535	73,408	252,228
<b>At Year-End:</b>					
Total net assets (A) .....	¥2,977,547	¥2,968,749	¥2,997,898	¥3,935,426	¥3,319,615
Total assets (B) .....	4,057,313	4,021,217	3,959,444	4,166,332	3,795,110
Total net assets to total assets (A) / (B) .....	73.39%	73.83%	75.72%	94.46%	87.47%
Capital stock .....	1,420,877	1,420,877	1,420,877	1,420,877	1,352,651
Number of shares issued					
Preferred stock .....	103,401	120,101	120,101	950,101	1,057,188
Common stock .....	789,080,477	7,733,653	7,733,653	7,424,172	6,273,792
Number of employees .....	167	136	131	124	115
<b>Selected Ratios:</b>					
Return on Equity .....	3.52%	2.67%	13.71%	2.38%	15.47%
Price Earnings Ratio .....	28.79x	71.82x	23.10x	190.16x	18.95x
Dividend payout ratio .....	75.96%	131.37%	15.31%	46.64%	7.81%
<b>Per Share (Yen):</b>					
Net assets .....	¥3,389.38	¥339,454.71	¥342,382.75	¥330,206.27	¥257,487.78
<b>Dividends:</b>					
Common stock .....	90	12,000	7,000	3,000	3,000
Preferred stock (Type 1) .....	/	/	—	10,500	10,500
Preferred stock (Type 2) .....	/	/	—	28,500	28,500
Preferred stock (Type 3) .....	/	/	—	13,700	13,700
Preferred stock (1st series Type 4) .....	135,000	135,000	135,000	135,000	135,000
Preferred stock (2nd series Type 4) .....	135,000	135,000	135,000	135,000	135,000
Preferred stock (3rd series Type 4) .....	135,000	135,000	135,000	135,000	135,000
Preferred stock (4th series Type 4) .....	135,000	135,000	135,000	135,000	135,000
Preferred stock (5th series Type 4) .....	/	135,000	135,000	135,000	135,000
Preferred stock (6th series Type 4) .....	/	135,000	135,000	135,000	135,000
Preferred stock (7th series Type 4) .....	/	135,000	135,000	135,000	135,000
Preferred stock (8th series Type 4) .....	/	135,000	135,000	135,000	135,000
Preferred stock (9th series Type 4) .....	135,000	135,000	135,000	135,000	135,000
Preferred stock (10th series Type 4) .....	135,000	135,000	135,000	135,000	135,000
Preferred stock (11th series Type 4) .....	135,000	135,000	135,000	135,000	135,000
Preferred stock (12th series Type 4) .....	135,000	135,000	135,000	135,000	135,000
Preferred stock (13th series Type 4) .....	/	/	/	/	67,500
Preferred stock (1st series Type 6) .....	88,500	88,500	88,500	88,500	728
Net income .....	118.43	9,134.13	46,326.41	6,836.35	38,302.88
Net income — diluted .....	—	9,133.76	41,973.46	6,737.46	25,178.44

- Notes: 1. All SMFG employees are on secondment assignment from SMBC, etc.  
2. From the fiscal year ended March 31, 2007, in calculating total net assets and total assets, SMFG has applied "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8).  
3. The ASBJ has revised "Guidance on Accounting Standard for Earnings per Share" (ASBJ Guidance No. 4). From the fiscal year ended March 31, 2007, SMFG has applied the revised Guidance and calculated net assets per share by including net deferred gains (losses) on hedges.  
4. SMFG implemented a 100-for-1 stock split of common stock on January 4, 2009. If the stock split had been implemented in the prior years, per share information would be as follows:

Year ended March 31	Yen			
	2008	2007	2006	2005
Net assets .....	¥3,394.55	¥3,423.83	¥3,302.06	¥2,574.88
<b>Dividends:</b>				
Common stock .....	120	70	30	30
Net income .....	91.34	463.26	68.36	383.03
Net income — diluted .....	91.34	419.73	67.37	251.78

**◆ Consolidated**

Year ended March 31	Millions of yen				
	2009	2008	2007	2006	2005
<b>For the Year:</b>					
Total income .....	¥ 2,991,839	¥ 3,417,611	¥ 2,971,693	¥ 2,789,433	¥ 2,699,202
Total expenses .....	2,941,009	2,691,606	2,220,971	1,903,374	2,875,897
Net income (loss).....	(317,306)	351,820	401,795	563,584	(278,995)
<b>At Year-End:</b>					
Total net assets .....	¥ 4,518,647	¥ 5,080,747	¥ 5,412,458	¥ 3,598,294	¥ 2,633,912
Total assets .....	115,849,385	108,637,791	98,570,638	104,418,597	97,478,308
Risk-monitored loans.....	1,561,824	1,073,471	1,047,566	1,219,383	2,186,739
Reserve for possible loan losses.....	1,011,845	848,031	860,799	1,006,223	1,239,882
Net unrealized gains (losses) on other securities.....	(59,758)	754,456	1,852,971	1,337,192	678,527
Number of employees .....	37,345	36,085	31,718	32,918	32,868
<b>Selected Ratios:</b>					
Capital ratio .....	13.54%	12.19%	12.95%	10.77%	10.60%
Return on Equity.....	—%	9.56%	12.95%	30.15%	—%
<b>Per Share (Yen):</b>					
Net assets.....	¥41,492.54	¥60,442.81	¥67,823.69	¥41,444.83	¥23,977.62
Net income (loss).....	(5,740.34)	6,132.91	7,072.09	9,864.54	(5,300.46)
Net income — diluted .....	—	6,132.75	7,012.46	9,827.19	—

- Notes: 1. "Net unrealized gains (losses) on other securities" represent the difference between the market prices and acquisition costs (or amortized costs) of "other securities." In principle, the values of stocks are calculated using the average market prices during the final month.
2. "Number of employees" has been reported on the basis of full-time workers. "Number of employees" includes locally hired overseas staff members but excludes contract employees and temporary staff.
3. From the fiscal year ended March 31, 2007, in calculating total net assets and total assets, SMBC has applied "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8).
4. The ASBJ has revised "Guidance on Accounting Standard for Earnings per Share" (ASBJ Guidance No. 4). From the fiscal year ended March 31, 2007, SMBC has applied the revised Guidance and calculated net assets per share by including net deferred gains (losses) on hedges.
5. From the fiscal year ended March 31, 2007 (fiscal 2006), the consolidated capital ratio has been calculated according to the formula specified in the FSA Notification No. 19 issued in fiscal 2006, which is based on Article 14-2 of the Banking Act of Japan. The consolidated capital ratio of SMBC is calculated under Basel II. Please note that in fiscal 2005 and prior years, the capital ratio was calculated according to the formula specified in the Ministry of Finance Notification No. 55 issued in fiscal 1993, which was based on Article 14-2 of the Banking Act of Japan.
6. "Net income — diluted" per share for the fiscal years ended March 31, 2009 and 2005 is not reported due to a net loss.



◆ Nonconsolidated

Year ended March 31	Millions of yen				
	2009	2008	2007	2006	2005
<b>For the Year:</b>					
Total income .....	¥ 2,548,073	¥ 2,944,677	¥ 2,492,577	¥ 2,322,699	¥ 2,290,935
Total expenses .....	2,520,286	2,437,222	1,905,648	1,576,026	2,391,014
Net income (loss).....	(301,116)	205,742	315,740	519,520	(136,854)
<b>(Appendix)</b>					
Gross banking profit (A).....	1,524,856	1,484,783	1,344,490	1,552,033	1,522,861
Banking profit.....	747,647	819,691	782,330	810,593	1,291,972
Banking profit (before provision for general reserve for possible loan losses) .....	823,377	819,691	740,601	965,573	940,495
Expenses (excluding nonrecurring losses) (B) ....	701,479	665,091	603,888	586,459	582,365
<b>At Year-End:</b>					
Total net assets .....	¥ 2,546,493	¥ 3,493,249	¥ 3,992,884	¥ 3,634,776	¥ 2,752,735
Total assets .....	107,478,218	100,033,020	91,537,228	97,443,428	91,129,776
Deposits.....	76,905,708	69,382,834	68,809,338	68,222,167	65,591,627
Loans and bills discounted .....	60,241,266	56,957,813	53,756,440	51,857,559	50,067,586
Securities.....	28,000,515	22,758,241	20,060,873	25,202,541	23,676,696
Risk-monitored loans.....	1,137,058	770,587	721,064	914,173	1,735,863
<b>Problem assets based on the</b>					
Financial Reconstruction Law.....	1,194,170	803,939	738,667	960,095	1,824,622
Reserve for possible loan losses.....	791,885	620,004	677,573	816,437	989,121
Net unrealized gains (losses) on other securities .....	(42,701)	755,749	1,832,891	1,316,206	651,385
Trust assets and liabilities .....	1,262,993	1,175,711	1,174,396	1,305,915	777,177
Loans and bills discounted .....	222,030	223,740	5,350	7,870	9,780
Securities.....	392,812	273,504	267,110	238,205	81,840
Capital stock .....	664,986	664,986	664,986	664,986	664,986
<b>Number of shares issued (in thousands)</b>					
Preferred stock .....	70	70	70	900	900
Common stock.....	56,355	56,355	56,355	55,212	55,212
Number of employees .....	21,816	17,886	16,407	16,050	16,338
<b>Selected Ratios:</b>					
Capital ratio .....	13.85%	12.67%	13.45%	11.35%	11.32%
Return on Equity.....	—%	5.64%	10.13%	26.57%	—%
Dividend payout ratio.....	—%	41.99%	13.89%	63.02%	—%
Overhead ratio (B) / (A) .....	46.0%	44.8%	44.9%	37.8%	38.2%
<b>Per Share (Yen):</b>					
Net assets.....	¥41,404.62	¥58,204.22	¥67,124.90	¥42,105.57	¥26,129.71
<b>Dividends:</b>					
Common stock.....	1,638	1,487	763	5,714	683
Preferred stock (Type 1) .....	/	/	/	10,500	10,500
Preferred stock (Type 2) .....	/	/	/	28,500	28,500
Preferred stock (Type 3).....	/	/	/	13,700	13,700
Preferred stock (1st series Type 6).....	88,500	88,500	88,500	88,500	485
Net income (loss).....	(5,453.06)	3,540.84	5,533.69	9,066.46	(2,718.23)
Net income — diluted .....	—	—	5,487.21	9,050.63	—

- Notes: 1. Please refer to page 152 for the definitions of risk-monitored loans and problem assets based on the Financial Reconstruction Law.
2. "Net unrealized gains (losses) on other securities" represent the difference between the market prices and acquisition costs (or amortized costs) of "other securities." The values of stocks are calculated using the average market prices during the final month. For details, please refer to page 30.
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. From the fiscal year ended March 31, 2007, in calculating total net assets and total assets, SMBC has applied "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8).
5. The ASBJ has revised "Guidance on Accounting Standard for Earnings per Share" (ASBJ Guidance No. 4). From the fiscal year ended March 31, 2007, SMBC has applied the revised Guidance and calculated net assets per share by including net deferred gains (losses) on hedges.
6. From the fiscal year ended March 31, 2007 (fiscal 2006), the nonconsolidated capital ratio has been calculated according to the formula specified in the FSA Notification No. 19 issued in fiscal 2006, which is based on Article 14-2 of the Banking Act of Japan. The nonconsolidated capital ratio of SMBC is calculated under Basel II. Please note that in fiscal 2005 and prior years, the capital ratio was calculated according to the formula specified in the Ministry of Finance Notification No. 55 issued in fiscal 1993, which was based on Article 14-2 of the Banking Act of Japan.
7. "Net income — diluted" per share for the fiscal years ended March 31, 2009 and 2005 is not reported due to a net loss. For the year ended March 31, 2008, it is not reported because no potentially dilutive shares have been issued.



# 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 fiscal year ended March 31, 2009.

### 1. Operating Results

Operating results for fiscal 2008 include the results of 288 consolidated subsidiaries (167 in Japan and 121 overseas) and 79 subsidiaries and affiliates accounted for by the equity method (50 in Japan and 29 overseas).

Gross profit increased ¥49.6 billion year on year, to ¥2,165.8 billion. The principal reasons for this increase were 1) higher net interest income from improvement in net interest margins in overseas operations, and 2) higher net trading income due to trading operations taking advantage of interest-rate trends in Japan and overseas and reduction of sub-prime exposures. After adjusting for general and

administrative expenses, credit cost, net losses on stocks, equity in losses of affiliates, and other items, ordinary profit decreased ¥785.8 billion, to ¥45.3 billion. The chief factors here were poor business conditions at our customers due to adverse economic trends at home and abroad, an increase in credit cost from additional loan loss provisions for further economic deterioration, and a jump in net losses on stocks from the global stock market crash.

After adjusting ordinary profit for extraordinary gains and losses, income taxes, and other items, net loss was ¥373.4 billion, a decrease of ¥834.9 billion from the previous fiscal

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

March 31	2009 (A)	2008 (B)	Increase (decrease) (A) – (B)
Consolidated subsidiaries .....	288	268	20
Subsidiaries and affiliates accounted for by the equity method .....	79	74	5

### Income Summary

Year ended March 31	Millions of yen		
	2009 (A)	2008 (B)	Increase (decrease) (A) – (B)
Consolidated gross profit.....	¥2,165,880	¥2,116,248	¥ 49,632
Net interest income .....	1,338,453	1,210,383	128,070
Trust fees .....	2,122	3,752	(1,630)
Net fees and commissions .....	557,178	611,993	(54,815)
Net trading income .....	211,738	469,571	(257,833)
Net other operating income (expenses) .....	56,386	(179,453)	235,839
General and administrative expenses .....	(1,063,419)	(978,896)	(84,523)
Credit cost (A) .....	(769,484)	(249,922)	(519,562)
Write-off of loans .....	(302,353)	(141,750)	(160,603)
Provision for specific reserve for possible loan losses .....	(297,400)	(172,570)	(124,830)
Provision for general reserve for possible loan losses .....	(104,145)	99,350	(203,495)
Others .....	(65,585)	(34,952)	(30,633)
Net gains (losses) on stocks .....	(183,677)	(7,063)	(176,614)
Equity in earnings (losses) of affiliates .....	(94,876)	(41,760)	(53,116)
Net other income (expenses) .....	(9,111)	(7,444)	(1,667)
Ordinary profit.....	45,311	831,160	(785,849)
Extraordinary gains (losses).....	(15,815)	97,795	(113,610)
Losses on impairment of fixed assets .....	(7,363)	(5,161)	(2,202)
Gains on recoveries of written-off claims (B) .....	1,708	1,355	353
Gains on change in equity .....	—	103,133	(103,133)
Income before income taxes and minority interests .....	29,495	928,955	(899,460)
Income taxes:			
Current .....	(72,238)	(103,900)	31,662
Deferred .....	(262,405)	(282,538)	20,133
Minority interests in net income .....	(68,308)	(80,980)	12,672
Net income (loss) .....	¥ (373,456)	¥ 461,536	¥(834,992)
Total credit cost (A) + (B) .....	¥ (767,775)	¥ (248,566)	¥(519,209)
[Reference]			
Consolidated banking profit (Billions of yen) .....	¥ 728.7	¥ 1,022.9	¥ (294.2)

Notes: 1. Consolidated gross profit = (Interest income – Interest expenses) + Trust fees + (Fees and commissions – Fees and commissions payments) + (Trading income – 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.)

year's net income. The main factors were recording of an extraordinary gain on change in equity following the merger of a leasing subsidiary in the previous fiscal year, and a more conservative recognition of deferred tax assets based on the harsh business conditions the bank is facing.

Deposits (excluding negotiable certificates of deposit) at the end of the fiscal year under review rose ¥2,878.8 billion in comparison with March 31, 2008, to ¥75,569.4 billion, and negotiable certificates of deposit increased ¥4,383.1

billion, to ¥7,461.2 billion.

Meanwhile, loans and bills discounted rose ¥2,990.4 billion year on year, to ¥65,135.3 billion, and the balance of securities increased ¥5,180.6 billion, to ¥28,698.1 billion.

Net assets amounted to ¥4,611.7 billion, and, of this total, stockholders' equity was ¥2,599.1 billion, lower than a year earlier due to a decrease in retained earnings from recording of a net loss.

## Assets, Liabilities and Net Assets

March 31	Millions of yen		
	2009 (A)	2008 (B)	Increase (decrease) (A) – (B)
Assets.....	<b>¥119,637,224</b>	¥111,955,918	¥7,681,306
Securities .....	<b>28,698,164</b>	23,517,501	5,180,663
Loans and bills discounted.....	<b>65,135,319</b>	62,144,874	2,990,445
Liabilities.....	<b>115,025,460</b>	106,731,842	8,293,618
Deposits .....	<b>75,569,497</b>	72,690,624	2,878,873
Negotiable certificates of deposit .....	<b>7,461,284</b>	3,078,149	4,383,135
Net assets .....	<b>4,611,764</b>	5,224,076	(612,312)

## 2. Unrealized Gains (Losses) on Securities

Net unrealized losses on securities as of March 31, 2009 amounted to ¥6.6 billion, a decrease of ¥768.8 billion from the previous fiscal year's net unrealized gains, reflecting a decrease in the value of equities and other factors. Of this

total, net unrealized losses on other securities including "other money held in trust" — which are directly debited to net assets — totaled ¥33.4 billion, a decrease of ¥778.8 billion from the gains of the previous term.

## Unrealized Gains (Losses) on Securities

March 31	Millions of yen						
	2009				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 .....	<b>¥26,741</b>	<b>¥ 9,986</b>	<b>¥ 28,155</b>	<b>¥ 1,414</b>	¥ 16,755	¥ 18,379	¥ 1,623
Other securities .....	<b>(33,176)</b>	<b>(778,596)</b>	<b>356,834</b>	<b>390,011</b>	745,420	1,042,530	297,109
Stocks .....	<b>7,062</b>	<b>(929,166)</b>	<b>287,380</b>	<b>280,317</b>	936,228	999,414	63,186
Bonds.....	<b>(2,826)</b>	<b>130,066</b>	<b>21,534</b>	<b>24,360</b>	(132,892)	18,645	151,537
Others .....	<b>(37,412)</b>	<b>20,503</b>	<b>47,920</b>	<b>85,332</b>	(57,915)	24,469	82,385
Other money held in trust.....	<b>(262)</b>	<b>(233)</b>	—	<b>262</b>	(29)	—	29
Total .....	<b>(6,697)</b>	<b>(768,843)</b>	<b>384,990</b>	<b>391,688</b>	762,146	1,060,909	298,763
Stocks .....	<b>7,062</b>	<b>(929,166)</b>	<b>287,380</b>	<b>280,317</b>	936,228	999,414	63,186
Bonds.....	<b>24,419</b>	<b>140,363</b>	<b>49,690</b>	<b>25,270</b>	(115,944)	37,025	152,969
Others .....	<b>(38,180)</b>	<b>19,957</b>	<b>47,920</b>	<b>86,100</b>	(58,137)	24,469	82,607

- Notes: 1. The figures above include unrealized gains (losses) on negotiable certificates of deposit in "Cash and due from banks" and "Deposits with banks" and beneficiary claims on loan trust in "Monetary claims bought," etc.
2. Unrealized gains (losses) on stocks (including foreign stocks) are mainly calculated using the average market price during the final month of the respective reporting period. The rest of the securities are valued at the market price as of the balance sheet date.
3. "Other securities" and "Other money held in trust" are valued and recorded on the consolidated balance sheet at market prices. The figures in the table above indicate the differences between the acquisition costs (or amortized costs) and the balance sheet amounts.
4. Floating-rate Japanese government bonds which SMFG held as "Other securities" had been carried on the consolidated balance sheet at market values. From the fiscal year ended March 31, 2009, 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 Standards Board of Japan Practical Issues Task Force No. 25). As a result of this accounting change, compared with the former accounting method, "Securities," "Net unrealized gains (losses) on other securities" and "Minority interests" increased by ¥117,757 million, ¥67,741 million and ¥2,508 million, respectively, and "Deferred tax assets" decreased by ¥47,508 million.

### 3. Consolidated Capital Ratio

SMFG's consolidated capital ratio as of March 31, 2009 was 11.47%, 0.91 percentage point higher than at March 31, 2008.

Total capital, which is the numerator in the capital ratio calculation equation, amounted to ¥6,047.8 billion at fiscal year-end, which was ¥617.7 billion lower than at the end of the previous fiscal year. This was due chiefly to lower retained earnings for the fiscal year following the reporting

of a net loss, and greater net unrealized losses on other securities. Risk-adjusted assets, the denominator in the equation, amounted to ¥52,726.5 billion, which was ¥10,390.8 billion lower than at the end of the previous fiscal year, owing chiefly to implementation on March 31, 2009 of the Advanced Internal Ratings-Based Approach for measurement of credit risk-adjusted assets.

#### Consolidated Capital Ratio

March 31	Millions of yen		
	2009 (A)	2008 (B)	Increase (decrease) (A) – (B)
Tier I capital .....	¥ 4,335,085	¥ 4,381,464	¥ (46,379)
Tier II capital included as qualifying capital .....	2,420,968	3,021,872	(600,904)
Deductions .....	(708,241)	(737,792)	29,551
Total capital .....	6,047,812	6,665,543	(617,731)
Risk-adjusted assets .....	52,726,507	63,117,349	(10,390,842)
Consolidated capital ratio .....	11.47%	10.56%	0.91%
Tier I capital ratio .....	8.22%	6.94%	1.28%

### 4. Dividend Policy

In view of the public nature of its business, SMFG has set a fundamental policy of increasing dividends stably and continuously through sustainable growth in corporate value, while enhancing the Group's capital to maintain a sound financial position. By the fiscal year ending March 31, 2010, the final year of its "LEAD THE VALUE" medium-term management plan, SMFG aims for a dividend payout ratio of over 20% on a consolidated net income basis.

Despite this policy, SMFG regrets to announce that it decided to pay a reduced annual dividend of ¥90 per share of common stock for the fiscal year ended March 31, 2009, a year-on-year decrease of ¥30, after taking into account a stock

split implemented in January 2009, and the net loss caused by the turmoil in financial markets, plunging stock prices and rapid deterioration in the global economy since 2008. Annual dividends on preferred stocks were paid in the predetermined amounts for each category of preferred stock.

SMFG will employ its retained earnings to implement strategic initiatives that will increase its corporate value. These measures will be centered, first, on strengthening its position in targeted growth business areas, and, second, on fortifying the Group's business platform for supporting sustainable growth.

### 5. Deferred Tax Assets

During the fiscal year under review, net deferred tax assets, which are deferred tax assets minus deferred tax liabilities, decreased ¥103.1 billion from the end of the previous fiscal

year to ¥830.3 billion, due chiefly to adoption of a more conservative approach to their recognition, including tougher stress-testing regarding future profitability.

#### Deferred Tax Assets

March 31	Millions of yen		
	2009 (A)	2008 (B)	Increase (decrease) (A) – (B)
Net deferred tax assets .....	¥830,370	¥933,481	¥(103,111)
Net deferred tax assets / Tier I capital × 100 .....	19.2%	21.3%	(2.1)%

# Sumitomo Mitsui Banking Corporation (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

The following is a summary of SMBC's nonconsolidated financial results for the fiscal year ended March 31, 2009.

## 1. Operating Results

Gross banking profit in fiscal 2008 increased ¥40 billion from the previous fiscal year, to ¥1,524.8 billion, and expenses (excluding nonrecurring losses) rose ¥36.3 billion, to ¥701.4 billion. As a consequence, banking profit (before provision for general reserve for possible loan losses) expanded ¥3.6 billion, to ¥823.3 billion.

Ordinary profit, calculated by adjusting banking profit (before provision for general reserve for possible loan losses) for nonrecurring items, such as total credit cost and losses on stocks, declined ¥474.6 billion, to ¥36 billion.

After adjustment of ordinary profit for extraordinary losses and income taxes, SMBC posted a net loss of ¥301.1 billion, representing a decline of ¥506.8 billion from the previous fiscal year's net income.

## 2. Income Analysis

### Gross Banking Profit

Gross banking profit increased ¥40 billion over the previous fiscal year, to ¥1,524.8 billion. The principal reasons for this rise were an improvement in net interest income on better net interest margins in overseas operations, and higher net trading income due to trading operations taking advantage of interest-rate trends in Japan and overseas and reduction of sub-prime exposures.

### Expenses

Expenses (excluding nonrecurring losses) increased ¥36.3 billion, to ¥701.4 billion, due chiefly to computer system outlays for growth business areas and capital of investment in premises and facilities to improve customer services.

### Banking Profit

Banking profit (before provision for general reserve for possible loan losses) increased ¥3.6 billion from the previous fiscal year, to ¥823.3 billion.

## Banking Profit

Year ended March 31	Millions of yen		
	2009 (A)	2008 (B)	Increase (decrease) (A) – (B)
Gross banking profit .....	¥1,524,856	¥1,484,783	¥ 40,073
[Gross domestic banking profit] .....	[1,147,202]	[1,198,285]	[(51,083)]
[Gross international banking profit] .....	[377,654]	[286,497]	[91,157]
Net interest income .....	1,018,389	970,818	47,571
Trust fees .....	2,074	3,710	(1,636)
Net fees and commissions .....	293,824	332,362	(38,538)
Net trading income .....	175,038	440,985	(265,947)
Net other operating income (expenses) .....	35,530	(263,093)	298,623
[Gross banking profit (excluding gains (losses) on bonds)] .....	[1,498,728]	[1,514,841]	[(16,113)]
Expenses (excluding nonrecurring losses) .....	(701,479)	(665,091)	(36,388)
Personnel expenses .....	(236,966)	(211,681)	(25,285)
Nonpersonnel expenses .....	(426,231)	(413,317)	(12,914)
Taxes .....	(38,282)	(40,092)	1,810
<b>Banking profit (before provision for general reserve for possible loan losses) .....</b>	<b>823,377</b>	<b>819,691</b>	<b>3,686</b>
[Banking profit (before provision for general reserve for possible loan losses and gains (losses) on bonds)] .....	[797,248]	[849,750]	[(52,502)]
Provision for general reserve for possible loan losses .....	(75,730)	—	(75,730)
Banking profit .....	747,647	819,691	(72,044)

<Reference>

## Banking Profit by Business Unit

Year ended March 31, 2009	Billions of yen						
	Consumer Banking Unit	Middle Market Banking Unit	Corporate Banking Unit	International Banking Unit	Treasury Unit	Others	Total
Banking profit (before provision for general reserve for possible loan losses) .....	¥138.7	¥317.1	¥165.2	¥110.2	¥228.9	¥(136.7)	¥823.3
Year-on-year increase (decrease) .....	(30.6)	(104.1)	9.6	28.7	101.1	(1.0)	3.6

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 amounted to ¥711.5 billion, which was ¥402.6 billion more than for the previous fiscal year. The main factors were poor business conditions at our customers due to adverse economic trends at home and abroad, and an increase in credit cost, of ¥319.3 billion to ¥474.3 billion, mainly for additional loan loss provisions for further economic deterioration.

Please note that total credit cost — which is the combined total of credit cost of ¥474.3 billion recorded under “Nonrecurring losses,” provision for general reserve for possible loan losses, and gains on the recoveries of written-off claims — amounted to ¥550 billion, which was ¥402.3 billion higher than in the previous fiscal year.

### Ordinary Profit

As a result of the foregoing, ordinary profit totaled ¥36 billion, ¥474.6 billion lower than in the previous fiscal year.

### Extraordinary Gains (Losses)

Net extraordinary losses amounted to ¥8.2 billion, which represented an increase of ¥4.9 billion from the prior year.

### Net Income (Loss)

Current income taxes amounted to ¥23.7 billion, and deferred income taxes were ¥305.1 billion. As a result, SMBC posted a net loss of ¥301.1 billion, a decrease of ¥506.8 billion from the previous year's net income.

### Ordinary Profit and Net Income (Loss)

Year ended March 31	Millions of yen		
	2009 (A)	2008 (B)	Increase (decrease) (A) – (B)
Banking profit (before provision for general reserve for possible loan losses) .....	¥ 823,377	¥ 819,691	¥ 3,686
Provision for general reserve for possible loan losses (A) .....	(75,730)	—	(75,730)
Banking profit .....	747,647	819,691	(72,044)
Nonrecurring gains (losses) .....	(711,591)	(308,952)	(402,639)
Credit cost (B) .....	(474,358)	(155,011)	(319,347)
Net gains (losses) on stocks .....	(220,429)	(141,002)	(79,427)
Gains on sale of stocks .....	7,066	26,718	(19,652)
Losses on sale of stocks .....	(4,348)	(2,311)	(2,037)
Losses on devaluation of stocks .....	(223,147)	(165,409)	(57,738)
Others .....	(16,803)	(12,937)	(3,866)
Ordinary profit .....	36,055	510,739	(474,684)
Extraordinary gains (losses) .....	(8,269)	(3,284)	(4,985)
Losses on disposal of fixed assets .....	(2,139)	(5,849)	3,710
Losses on impairment of fixed assets .....	(6,138)	(4,700)	(1,438)
Gains on reversal of reserve for possible loan losses (C) .....	—	7,238	(7,238)
Gains on recoveries of written-off claims (D) .....	8	7	1
Income taxes:			
Current .....	(23,748)	(16,031)	(7,717)
Deferred .....	(305,154)	(285,680)	(19,474)
Net income (loss) .....	¥(301,116)	¥ 205,742	¥(506,858)
Total credit cost (A) + (B) + (C) + (D) .....	¥(550,079)	¥(147,765)	¥(402,314)
Provision for general reserve for possible loan losses .....	(75,730)	96,900	(172,630)
Write-off of loans .....	(231,412)	(121,801)	(109,611)
Provision for specific reserve for possible loan losses .....	(182,346)	(91,603)	(90,743)
Losses on sales of delinquent loans .....	(60,182)	(33,209)	(26,973)
Provision for loan loss reserve for specific overseas countries .....	(417)	1,941	(2,358)
Gains on recoveries of written-off claims .....	8	7	1

### 3. Assets, Liabilities and Net Assets

#### Assets

SMBC's assets as of March 31, 2009, totaled ¥107,478.2 billion, which was ¥7,445.1 billion higher than a year earlier. The principal reasons for this rise were a ¥5,242.2 billion increase in securities due to trading operations taking advantage of interest-rate trends in Japan and overseas, and an increase in loans outstanding of ¥3,283.4 billion due to our proactive response to strong borrowing demand in Japan and overseas.

#### Liabilities

Liabilities as of March 31, 2009, amounted to ¥104,931.7 billion, an increase of ¥8,391.9 billion from the previous fiscal year-end. This rise was primarily due to steady increases in deposits and negotiable certificates of deposit.

#### Net Assets

Net assets at fiscal year-end amounted to ¥2,546.4 billion. Of this total, stockholders' equity amounted to ¥2,532.2 billion, consisting of ¥664.9 billion in capital stock, ¥1,367.5 billion in capital surplus (including ¥702.5 billion in other capital surplus), and ¥499.6 billion in retained earnings.

Valuation and translation adjustments were ¥14.2 billion, which included ¥52.7 billion in net unrealized losses on other securities, ¥45.3 billion in net deferred gains on hedges, and ¥21.6 billion in land revaluation excess.

#### Assets, Liabilities and Net Assets

March 31	Millions of yen		
	2009 (A)	2008 (B)	Increase (decrease) (A) – (B)
Assets.....	<b>¥107,478,218</b>	¥100,033,020	¥7,445,198
Securities .....	<b>28,000,515</b>	22,758,241	5,242,274
Loans and bills discounted.....	<b>60,241,266</b>	56,957,813	3,283,453
Liabilities.....	<b>104,931,725</b>	96,539,771	8,391,954
Deposits .....	<b>69,499,997</b>	66,417,260	3,082,737
Negotiable certificates of deposit .....	<b>7,405,710</b>	2,965,574	4,440,136
Net Assets .....	<b>2,546,493</b>	3,493,249	(946,756)

#### 4. Unrealized Gains (Losses) on Securities

Net unrealized losses on securities as of March 31, 2009 amounted to ¥18.6 billion, which represented a decrease of ¥792.4 billion from the gain at the previous fiscal year-end, due mainly to greater unrealized losses on stocks. Net

unrealized losses on other securities, including “other money held in trust,” which is directly debited to net assets, increased by ¥798.6 billion from the previous year’s gains, to ¥42.9 billion.

#### Unrealized Gains (Losses) on Securities

	Millions of yen						
	2009				2008		
March 31	Net unrealized gains (losses)(A)	(A) – (B)	Unrealized gains	Unrealized losses	Net unrealized gains (losses)(B)	Unrealized gains	Unrealized losses
Held-to-maturity securities.....	¥27,851	¥ 10,776	¥ 28,155	¥ 304	¥ 17,075	¥ 18,373	¥ 1,298
Stocks of subsidiaries and affiliates .....	(3,536)	(4,590)	—	3,536	1,054	14,885	13,831
Other securities .....	(42,701)	(798,450)	337,535	380,237	755,749	1,030,778	275,029
Stocks .....	(16,545)	(952,869)	273,058	289,604	936,324	992,665	56,341
Bonds .....	(1,241)	128,267	16,910	18,152	(129,508)	15,579	145,087
Others .....	(24,914)	26,153	47,566	72,480	(51,067)	22,533	73,600
Other money held in trust.....	(262)	(233)	—	262	(29)	—	29
<b>Total .....</b>	<b>(18,649)</b>	<b>(792,498)</b>	<b>365,691</b>	<b>384,341</b>	<b>773,849</b>	<b>1,064,037</b>	<b>290,188</b>
Stocks .....	<b>(20,082)</b>	<b>(957,460)</b>	<b>273,058</b>	<b>293,140</b>	<b>937,378</b>	<b>1,007,551</b>	<b>70,172</b>
Bonds .....	<b>26,609</b>	<b>139,041</b>	<b>45,066</b>	<b>18,456</b>	<b>(112,432)</b>	<b>33,952</b>	<b>146,385</b>
Others .....	<b>(25,176)</b>	<b>25,920</b>	<b>47,566</b>	<b>72,743</b>	<b>(51,096)</b>	<b>22,533</b>	<b>73,630</b>

- Notes: 1. The figures above include unrealized gains (losses) on negotiable certificates of deposit in “Cash and due from banks” and “Deposits with banks” and beneficiary claims on loan trust in “Monetary claims bought,” etc.
2. Unrealized gains (losses) on stocks (excluding stocks of subsidiaries and affiliates) (including foreign stocks) are calculated using the average market price during the final month of the respective reporting period. The rest of the securities are valued at the market price as of the balance sheet date.
3. “Other securities” and “Other money held in trust” are valued and recorded on the balance sheet at market prices. The figures in the table above indicate the differences between the acquisition costs (or amortized costs) and the balance sheet amounts.
4. Floating-rate Japanese government bonds which SMBC held as “Other securities” had been carried on the balance sheet at market values. From the fiscal year ended March 31, 2009, 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 Standards Board of Japan Practical Issues Task Force No. 25). As a result of this accounting change, compared with the former accounting method, “Securities” and “Net unrealized gains (losses) on other securities” increased by ¥113,203 million and ¥67,209 million, respectively, and “Deferred tax assets” decreased by ¥45,994 million.



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

The figures contained in this section have been compiled on a managerial accounting basis.

### 1. Securitized Products

As of March 31, 2009, securitized products after write-offs and provisions (excluding Government Sponsored Enterprises (“GSE”) etc.; likewise below) held by the Group totaled ¥0.3 billion in sub-prime related assets and ¥36.6

billion in non-sub-prime exposures. In fiscal 2008, realized losses on securitized products (write-offs and provisions) totaled ¥4.6 billion including sub-prime exposures and ¥4.2 billion excluding sub-prime related assets.

### Sub-prime Related Products

(Billions of yen)

	March 31, 2009						March 31, 2008			Ratings of underlying assets, etc.
	Balances (after provisions and write-offs)	Change from Mar. 2008	Overseas	Change from Mar. 2008	Net unrealized gains/losses (after write-offs)	Change from Mar. 2008	Balances (after provisions and write-offs)	Overseas	Net unrealized gains/losses (after write-offs)	
Investments to securitized products	¥0.3	¥(4.6)	¥0.3	¥(4.6)	¥—	¥—	¥4.9	¥4.9	¥—	Speculative ratings
Warehousing Loans etc.	—	(0.6)	—	(0.6)	—	—	0.6	0.6	—	
<b>Total</b>	<b>¥0.3</b>	<b>¥(5.2)</b>	<b>¥0.3</b>	<b>¥(5.2)</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. Credit ratings are in principle indicated by the lower of Standard & Poor's (“S&P”) ratings and Moody's Investors Service (“Moody's”) ratings. Notation of credit ratings follows the notation system of S&P.

### Products Other Than Sub-prime Related (Excludes GSE etc.)

(Billions of yen)

	March 31, 2009						March 31, 2008			Ratings of underlying assets, etc.
	Balances (after provisions and write-offs)	Change from Mar. 2008	Overseas	Change from Mar. 2008	Net unrealized gains/losses (after write-offs)	Change from Mar. 2008	Balances (after provisions and write-offs)	Overseas	Net unrealized gains/losses (after write-offs)	
Cards	¥ 4.1	¥ (8.4)	¥ 4.1	¥ (8.4)	¥(0.4)	¥0.2	¥12.5	¥12.5	¥(0.6)	BBB
CLO	5.1	(18.8)	5.1	(18.8)	(1.1)	1.9	23.9	23.9	(3.0)	
Senior	5.0	(17.0)	5.0	(17.0)	(1.1)	1.3	22.0	22.0	(2.4)	AAA
Equity	0.1	(1.8)	0.1	(1.8)	—	0.6	1.9	1.9	(0.6)	No ratings
CMBS	20.8	14.8	—	—	(0.2)	(0.2)	6.0	—	0.0	AAA~BBB
Investments to securitized products	30.0	(12.4)	9.2	(27.2)	(1.7)	1.9	42.4	36.4	(3.6)	
Warehousing Loans etc.	6.6	0.7	6.6	0.7	—	—	5.9	5.9	—	
<b>Total</b>	<b>¥36.6</b>	<b>¥(11.7)</b>	<b>¥15.8</b>	<b>¥(26.5)</b>	<b>¥(1.7)</b>	<b>¥1.9</b>	<b>¥48.3</b>	<b>¥42.3</b>	<b>¥(3.6)</b>	

Notes: 1. “Senior” means the upper tranche under senior-subordinate structure.

2. Credit ratings are in principle indicated by the lower of S&P ratings and Moody's ratings. Notation of credit ratings follows the notation system of S&P.

3. There is no amount of RMBS (excludes GSE etc.) and ABCP.

4. Excludes GSE etc. (see below) and SMBC's exposure to subordinated beneficiaries owned through the securitization of SMBC's loan receivables (see next page).

### <Reference 1>

#### Government Sponsored Enterprises (“GSE”) etc.

(Billions of yen)

	March 31, 2009						March 31, 2008			Ratings, etc.
	Balances (after provisions and write-offs)	Change from Mar. 2008	Overseas	Change from Mar. 2008	Net unrealized gains/losses (after write-offs)	Change from Mar. 2008	Balances (after provisions and write-offs)	Overseas	Net unrealized gains/losses (after write-offs)	
GSE etc.	¥275.2	¥55.4	¥275.2	¥55.4	¥3.1	¥4.7	¥219.8	¥219.8	¥(1.6)	AAA

Notes: 1. GSE etc. includes GNMA, FNMA and FHLMC.

Besides RMBS, SMFG held bonds issued by GSEs (FNMA and Federal Home Loan Banks) of ¥3.3 billion.

2. Credit ratings are in principle indicated by the lower of S&P ratings and Moody's ratings. Notation of credit ratings follows the notation system of S&P.

3. The amount of losses on sales related to GSE etc. in the fiscal year ended March 31, 2009 was ¥3.1 billion.

<Reference 2>

### Subordinated Beneficiaries in Securitization of SMBC's Loans

SMBC holds a part of its securitized loan receivables as subordinated beneficiaries. As of March 31, 2009, SMBC held approximately ¥260 billion in those subordinated beneficiaries.

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

(Billions of yen)

	March 31, 2009					March 31, 2008			
	Balances	Change from Mar. 2008	Overseas	Sub-prime related	Reserve for possible loan losses	Balances	Overseas	Sub-prime related	Reserve for possible loan losses
Receivables of residential mortgage loans	¥250.8	¥5.3	¥—	¥—	¥—	¥245.5	¥—	¥—	¥—
Receivables of loans to corporations	7.1	(0.8)	—	—	1.5	7.9	—	—	1.5
<b>Total</b>	<b>¥257.9</b>	<b>¥4.5</b>	<b>¥—</b>	<b>¥—</b>	<b>¥1.5</b>	<b>¥253.4</b>	<b>¥—</b>	<b>¥—</b>	<b>¥1.5</b>

Note: Reserves do not include general reserve for possible loan losses for normal borrowers.

## 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 of monoline insurance companies, after taking into account the credit conditions and prices of underlying or reference assets.

As of March 31, 2009, the Group's exposure\*\* to monoline insurance companies totaled approximately ¥130 billion. Please note that reference assets of these CDS transactions are rated investment grade or equivalent, and do not include sub-prime related assets.

In fiscal 2008, realized losses totaled ¥4.6 billion.

### Credit Derivatives (Credit Default Swap [CDS]) Transactions with Monoline Insurance Companies

In CDS\* brokerage transactions, positions are covered through transactions with monoline insurance companies.

\* Derivatives used to hedge against credit risk

\*\* Mark-to-market value claimable to monoline insurance companies for net loss of reference assets on the settlement

(Billions of yen)

	March 31, 2009			March 31, 2008		March 31, 2009		March 31, 2008
	Net exposure	Change from Mar. 2008	Reserve for possible loan losses	Net exposure	Reserve for possible loan losses	Amount of reference assets	Change from Mar. 2008	Amount of reference assets
Exposure to CDS transactions with monoline insurance companies	¥132.0	¥100.9	¥5.0	¥31.1	¥1.9	¥536.7	¥(22.4)	¥559.1

### Loans and Investments Guaranteed by Monoline Insurance Companies, etc.

As of March 31, 2009, the Group held approximately ¥12 billion of exposure in loans and investments guaranteed by monoline insurance companies. Underlying assets include

those of project finance rated investment grade or equivalent, and include no sub-prime related assets. We conduct self-assessment on these loans and investments.

(Billions of yen)

	March 31, 2009			March 31, 2008	
	Exposure	Change from Mar. 2008	Reserve for possible loan losses	Exposure	Reserve for possible loan losses
Loans and investments guaranteed or insured by monoline insurance companies	¥12.3	¥(29.4)	¥0.0	¥41.7	¥0.0

Reference: In addition, we had ¥1.5 billion in commitment contracts (undrawn) to insurance companies with monoline insurance as group members.

### 3. Leveraged Loans

As of March 31, 2009, the Group's balance of financing for mergers and acquisitions of whole or part of companies was approximately ¥740 billion and undrawn commitments for them was approximately ¥140 billion.

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

(Billions of yen)

	March 31, 2009					March 31, 2008		
	Loans	Change from Mar. 2008	Undrawn commitments	Change from Mar. 2008	Reserve for possible loan losses	Loans	Undrawn commitments	Reserve for possible loan losses
Europe	¥306.0	¥(19.4)	¥ 34.2	¥23.2	¥ 2.8	¥325.4	¥ 11.0	¥ —
Japan	179.9	(52.4)	29.2	11.3	13.4	232.3	17.9	13.7
United States	179.0	(16.4)	70.0	(11.2)	4.1	195.4	81.2	1.3
Asia (excluding Japan)	78.8	(10.8)	3.9	(4.1)	2.3	89.6	8.0	0.5
<b>Total</b>	<b>¥743.7</b>	<b>¥(99.0)</b>	<b>¥137.3</b>	<b>¥19.2</b>	<b>¥22.6</b>	<b>¥842.7</b>	<b>¥118.1</b>	<b>¥15.5</b>

Notes: 1. Above figures include the amount to be sold of approximately ¥9 billion.

In the fiscal year ended March 31, 2009, we sold leveraged loans of approximately ¥90 billion, and loss on the sale amounted to approximately ¥20 billion.

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

3. Reserves do not include general reserve for possible loan losses for normal borrowers.

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

To fulfill clients' financing needs, the Group sponsors issuance of ABCPs, whose reference assets include particular clients' receivables or other claims. 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 ABCPs. We also provide liquidity and credit supports for such special purpose vehicles.

As of March 31, 2009, the total notional amount of reference assets of sponsored ABCP programs was approximately ¥710 billion. Most of the reference assets are high-grade claims of corporate clients and do not include sub-prime loan related assets. In addition, regarding the exposure of liquidity and credit supports, we properly conduct self-assessment, making appropriate provisions and write-offs as needed.

(Billions of yen)

Types of reference assets	March 31, 2009					March 31, 2008			Support for programs	
	Notional amount of reference assets	Change from Mar. 2008	Overseas	Change from Mar. 2008	Reserve for possible loan losses	Notional amount of reference assets	Overseas	Reserve for possible loan losses	Liquidity support	Credit support
Claims on corporations	¥659.9	¥(168.7)	¥212.3	¥20.0	¥—	¥828.6	¥192.3	¥0.1	yes	yes
	—	(65.4)	—	—	—	65.4	—	—	no	no
Claims on financial institutions	19.7	(20.4)	19.7	(20.4)	—	40.1	40.1	—	yes	yes
Retail loan claims	28.4	3.3	28.4	3.3	—	25.1	25.1	—	yes	yes
Other claims	0.6	(1.5)	0.6	(1.5)	—	2.1	2.1	—	yes	yes
<b>Total</b>	<b>¥708.6</b>	<b>¥(252.7)</b>	<b>¥261.0</b>	<b>¥ 1.4</b>	<b>¥—</b>	<b>¥961.3</b>	<b>¥259.6</b>	<b>¥0.1</b>		

Note: Reserves do not include general reserve for possible loan losses for normal borrowers.

Reference: In addition, we provide liquidity and credit supports for ABCP programs which are sponsored by other banks.

Total notional amount of reference assets of such programs is approximately ¥100 billion.

### 5. Others

We have no securities issued by structured investment vehicles.

# Risk Management

## Basic Approach

As risks in the financial services increase in diversity and complexity, risk management—identifying, measuring, and controlling risk—has never been more important in the management of a financial holding company.

SMFG has encapsulated the basic principles to be employed in risk management in the manual entitled *Regulations on Risk Management*. In the manual, we have specified the basic policies for risk management: 1) Set forth SMFG's Groupwide basic policies for risk management after specifying the categories of risk to which these policies apply; 2) Provide all necessary guidance to Group companies to enable them to follow the basic risk management policies set forth by SMFG and set up their own appropriate risk management systems; and 3) Monitor the implementation of risk management by all Group companies to ensure that their practices meet the relevant standards.

## (1) Types of Risk to Be Managed

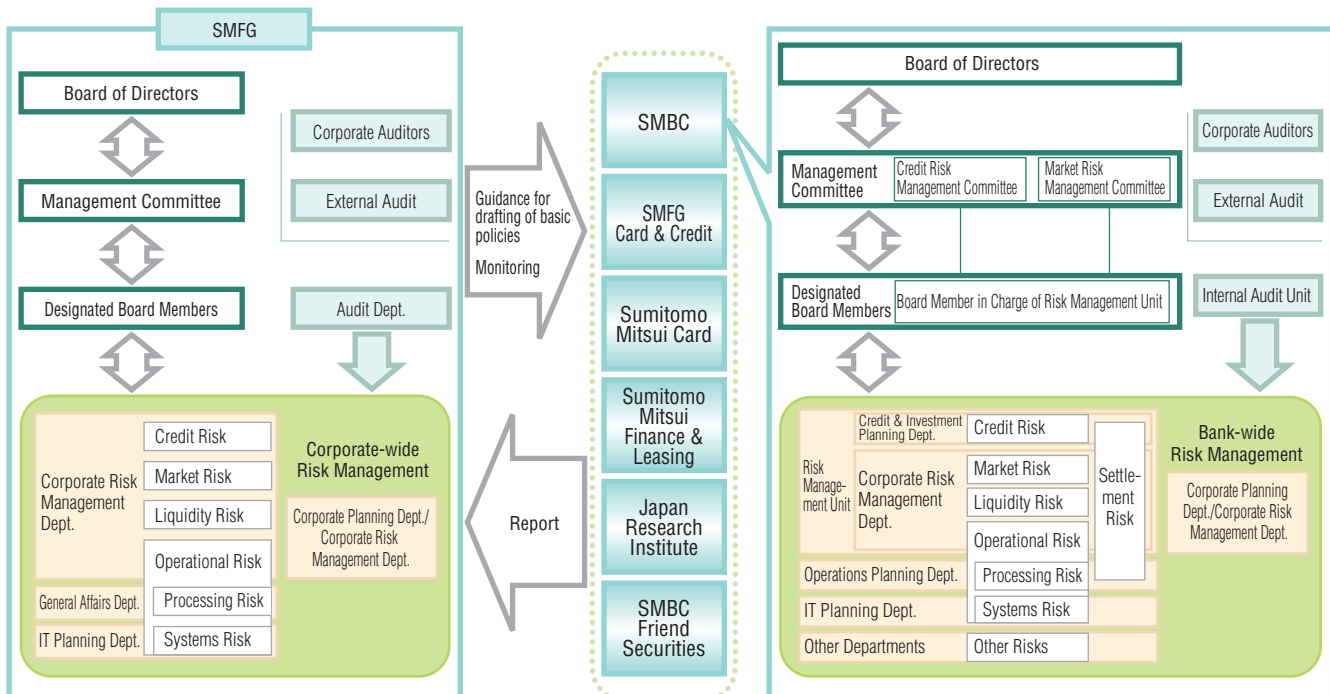
At SMFG, we classify risk into the following categories: (1) credit risk, (2) market risk, (3) liquidity risk and (4) operational risk (including processing risk and systems risk). In addition, we provide individually tailored guidance to help Group companies identify categories of risk that need to be addressed. Risk categories are constantly reviewed, and new categories may be added in response to changes in the operating environment. The Corporate Risk Management Department works with the Corporate Planning Department to comprehensively and systematically manage all these categories of risk across the entire Group.

## (2) Fundamental Principles and Basic Policies for Risk Management

SMFG's Groupwide basic policies for risk management stipulate the fundamental principles for risk management that must be followed, and spell out risk management procedures from various perspectives. These include managing risk on a consolidated accounting basis, managing risk using quantification methods, ensuring consistency with business strategies, setting up a system of checks and balances, contingency planning for emergencies and serious situations, and verifying preparedness to handle all conceivable risk situations. In addition, there are specific operational policies for implementing appropriate management of risk by all Group companies.

Under SMFG's Groupwide basic policies for risk management, all Group companies periodically carry out reviews of the basic management policies for each risk category, or whenever deemed necessary, thus ensuring that the policies followed at any time are the most appropriate. The management of SMFG constantly monitors the conduct of risk management at Group companies, providing guidance when necessary.

## SMFG's Risk Management System



## Risk Management System

Top management plays an active role in determining SMFG's Groupwide basic policies for risk management. The system works as follows: The basic policies for risk management are determined by the Management Committee before being authorized by the Board. The Management Committee, the designated board members, and the relevant risk management departments perform risk management according to the basic policies.

Risk management systems are in place at the individual Group companies in accordance with SMFG's Groupwide basic policies for risk management. For example, at SMBC, specific departments have been appointed to oversee the handling of the four risk categories listed above, in addition to risks associated with settlement. Each risk category is managed taking into account the particular characteristics of that category. In addition, the Risk Management Unit has been established— independent of the business units—and the risk management framework has been strengthened by consolidating the functions for managing major risks—credit, market, liquidity and operational—into the Risk Management Unit and enhancing our across-the-board risk monitoring ability. A board member is assigned to oversee the Risk Management Unit comprising the Corporate Risk Management Department and Credit & Investment Planning Department. The Corporate Risk Management Department—the unit's planning department—comprehensively and systematically manages all categories of risk in cooperation with the Corporate Planning Department. Moreover, the Internal Audit Unit— independent of all business units—conducts periodic audits to ensure that the management system is functioning properly.

Furthermore, under our system top management plays an active role in the approval of basic policies for risk management. The decision-making process for addressing credit, market, and liquidity risk at the operating level is strengthened by the Credit Risk Management Committee and the Market Risk Management Committee, which are subcommittees of the Management Committee. The Management Committee is also attended by the relevant department heads.

## Risk Capital-Based Management

### (1) Framework

In order to maintain a balance between risk and return as well as ensure the soundness of the Group from an overall perspective, we employ the risk capital-based management method. We measure "risk capital" based on value at risk (VaR), etc. as a uniform basic measure of credit, market, and operational risk, taking account of the special characteristics of each type of risk and the business activities of each Group company. We then allocate capital appropriately and effectively to each unit to keep total exposure to various risks within the scope of our resources, i.e., capital. In this framework, risk capital includes credit concentration risk and interest rate risk in the banking book which are taken into account under the Second Pillar of Basel II. In addition, we conduct capital risk-based management activities on a consolidated basis, including each Group company.

Liquidity risk is managed within the context of cash-flow plans and funding gap. Other risk categories are managed with procedures closely attuned to the nature of the risk, as described in the following paragraphs.

## ■ Risk Management Framework

Framework	Risk Category		
Risk Capital-Based Management	Credit Risk	Credit risk is the possibility of a loss arising from a credit event, such as deterioration in the financial condition of a borrower, that causes an asset (including off-balance sheet transactions) to lose value or become worthless.	
	Market Risk	Banking Risk/Trading Risk	Market risk is the possibility that fluctuations in interest rates, foreign exchange rates, or stock prices will change the market value of financial products, leading to a loss.
		Strategic Equity Investment Risk	
		Other Market-Related Risks	
	Operational Risk		Operational risk is the possibility of losses arising from inadequate or failed internal processes, people, and systems or from external events.
		Processing Risk	Processing risk is the possibility of losses arising from negligent processing by employees, accidents, or unauthorized activities.
Systems Risk		Systems risk is the possibility of a loss arising from the failure, malfunction, or unauthorized use of computer systems.	
ALM/ Funding Gap	Liquidity Risk	Liquidity risk is the risk that there may be difficulties in raising funds needed for settlements, as a result of the mismatching or uses of funds and sources of funds or unexpected outflows of funds, circumstances that may make it necessary to raise funds at higher rates than normal.	
Management by Risk Type	Other Risks (Settlement Risk and Others)	—	

## (2) Risk Capital Limit

In the case of credit and market risk, we set maximum risk capital limits, which indicate the maximum risk that may be taken during the period, taking account the level of stress stipulated in business plans. In addition, for operational risk, we also allocate risk capital, and, for the Group as a whole, we set total risk capital allocations within SMFG's capital. In the case of credit and market risk, risk capital limits are sub-divided into guidelines or ceilings for each business including VaR and loss limits. Therefore, by strictly observing the VaR and loss limits, and other factors, SMFG maintains the soundness of the Group as a whole.

## Implementation of Basel II

The Basel Capital Accord, an international agreement for ensuring the soundness of banks through adherence to BIS capital adequacy regulations, was revised in response to the diversification of the banking business and the increasing sophistication of risk management technology. The revised BIS regulations, known as Basel II, became effective from March 31, 2007 in Japan.

Basel II requires banks to implement internal controls to serve as the basis for capital calculation, and to strengthen their risk management framework. It also requires disclosure of information to encourage market discipline in risk management.

We have been implementing initiatives to strengthen our risk management framework, taking into account Basel II and other considerations. At March 31, 2009, we introduced the advanced internal ratings-based (IRB) approach in Basel II.

Details of the initiatives are provided below, and detailed information on the capital ratio is provided in the discussion on Capital Ratio Information appearing in the Financial Section and Corporate Data.

## Credit Risk

### 1. Basic Approach to Credit Risk Management

#### (1) Definition of Credit Risk

Credit risk is the possibility of a loss arising from a credit event, such as deterioration in the financial condition of a borrower, that causes an asset (including off-balance sheet transactions) to lose value or become worthless.

Overseas credits also include an element of country risk, which is closely related to credit risk. This is the risk of loss caused by changes in foreign exchange, or political or economic situations.

#### (2) Fundamental Principles for Credit Risk Management

All Group companies follow the fundamental principles established by SMFG to assess and manage credit risk on a Groupwide basis and further raise the level of accuracy and comprehensiveness of Groupwide credit risk management. Each Group company must comprehensively manage credit risk according to the nature of its business, and assess and manage

credit risk of individual loans and credit portfolios quantitatively and using consistent standards.

Credit risk is the most significant risk to which SMFG is exposed. Without effective credit risk management, the impact of the corresponding losses on operations can be overwhelming.

The purpose of credit risk management is to keep credit risk exposure to a permissible level relative to capital, to maintain the soundness of Groupwide assets, and to ensure returns commensurate with risk. This leads to a loan portfolio that achieves high returns on capital and assets.

#### (3) Credit Policy

SMBC's credit policy comprises clearly stated universal and basic operating concepts, policies, and standards for credit operations, in accordance with the business mission and rules of conduct.

SMBC is promoting the understanding of and strict adherence to its credit policy among all its managers and employees. By conducting risk-sensitive credit management, SMBC aims to enhance shareholder value and play a key part in society by providing high-value-added financial services.

## 2. Credit Risk Management System

At SMBC, the Credit & Investment Planning Department within the Risk Management Unit is responsible for the comprehensive management of credit risk. This department drafts and administers credit policies, the internal rating system, credit authority guidelines, and credit application guidelines, and manages non-performing loans (NPLs) and other aspects of credit portfolio management. The department also cooperates with the Corporate Risk Management Department in quantifying credit risk (risk capital and risk-weighted assets) and controls the bank's entire credit risk. Further, the Credit Portfolio Management Department within the Credit & Investment Planning Department has been strengthening its active portfolio management function whereby loan securitization and other market transactions are used to stabilize the portfolio's credit risk for a more sophisticated portfolio.

The Corporate Research Department within the Corporate Services Unit performs research on industries as well as investigates the business situations of borrower enterprises to detect early signs of problems or growth potential. The Credit Administration Department is responsible for handling NPLs of borrowers classified as potentially bankrupt or lower, and draws up plans for their workouts, including write-offs, and corporate rehabilitation. The department closely liaises with the Group company SMBC Servicer Co., Ltd., which engages in related services, and works to efficiently reduce the amount of NPLs by such means as the sell-off of claims.

The credit departments within each business unit conduct credit risk management along with branches, for loans handled by their units and manage their units' portfolios. The credit limits they use are based on the baseline amounts established for each grading category, with particular attention paid to evaluating and managing cus-

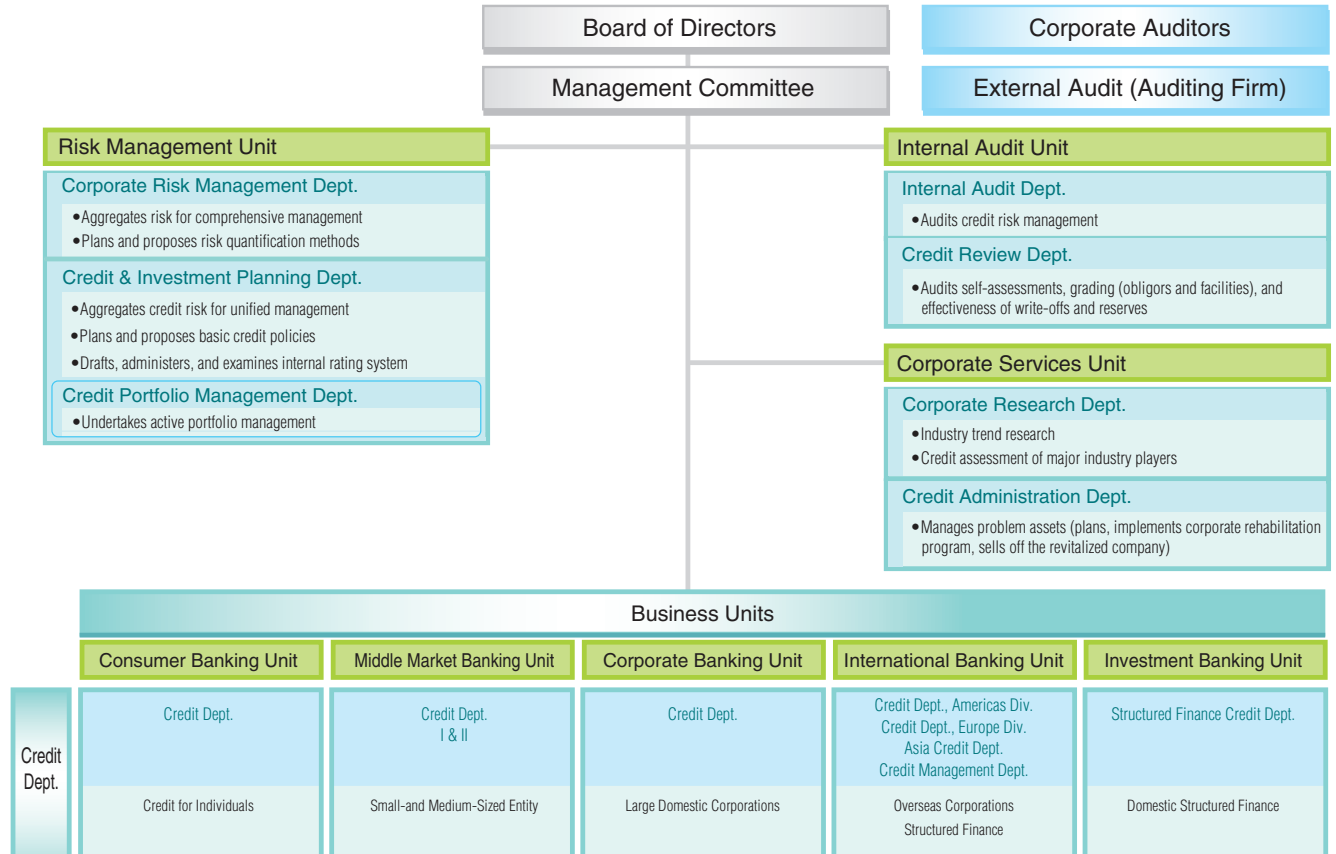
tomers or loans perceived to have particularly high credit risk.

The Internal Audit Unit, operating independently of the business units, audits asset quality, accuracy of gradings and self-assessment, and state of credit risk management, and reports the results directly to the Board of Directors and the Management

Committee.

SMBC has established the Credit Risk Committee, as a consultative body, to round out its oversight system for undertaking flexible and efficient control of credit risk, and ensuring the overall soundness of the bank's loan operations.

## ■ SMBC's Credit Risk Management System



## 3. Credit Risk Management Methods

### (1) Credit Risk Assessment and Quantification

At SMBC, to effectively manage the risk involved in individual loans as well as the credit portfolio as a whole, we first acknowledge that every loan entails credit risks, assess the credit risk posed by each borrower and loan using an internal rating system, and quantify that risk for control purposes.

#### (a) Internal Rating System

There is an internal rating system for each asset control category set according to portfolio characteristics. For example, credits to commercial and industrial (C&I) companies, individuals for business purposes (domestic only), sovereigns, public-sector entities, and financial institutions are assigned an "obligor grade," which indicates the borrower's creditworthiness, and/or "facility grade," which indicates the collectibility of assets taking into account transaction conditions such as guarantee/collateral, and tenor. An obligor grade is determined by first assigning a

financial grade using a financial strength grading model and data obtained from the obligor's financial statements. The financial grade is then adjusted taking into account the actual state of the obligor's balance sheet and qualitative factors to derive the obligor grade. In the event that the borrower is domiciled overseas, internal ratings for credit are made after taking into consideration country rank, which represents an assessment of the credit quality of each country, based on its political and economic situation, as well as its current account balance and external debt. Self-assessment is the obligor grading process for assigning lower grades, and the borrower categories used in self-assessment are consistent with the obligor grade categories.

Obligor grades and facility grades are reviewed once a year, and, whenever necessary, such as when there are changes in the credit situation.

There are also grading systems for small-and medium-sized entity (SME) loans, loans to individuals, and project finance and other structured finance tailored according to the risk

characteristics of these types of assets.

The Credit & Investment Planning Department centrally manages the internal rating systems, and properly designs, operates, supervises, and validates the grading models. It validates the grading models (including statistical validation) of main assets following the procedures manual once a year, to ensure their effectiveness and suitability.

**(b) Quantification of Credit Risk**

Credit risk quantification refers to the process of estimating the degree of credit risk of a portfolio or individual loan taking into account not just the obligor's probability of default (PD), but also the concentration of risk in a specific customer or industry and the loss impact of fluctuations in the value of collateral, such as real estate and securities.

Specifically, first, the PD by grade, loss given default (LGD), credit quality correlation among obligors, and other parameter values are estimated using historical data of obligors and facilities stored in a database to calculate the credit risk. Then, based on these parameters, we run a simulation of 10,000 iterations of simultaneous default using the Monte Carlo method to calculate our maximum loss exposure to the estimated amount of the maximum losses that may be incurred. Based on these quantitative results, we allocate risk capital. Please note that the PD and LGD values are, in principle, the same values as those used for calculating the capital ratio.

**■ SMBC's Obligor Grading System**

Obligor Grade		Definition	Borrower Category
Domestic (C&I), etc.	Overseas (C&I), etc.		
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	
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	Borrowers Requiring Caution
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

Risk quantification is also executed for purposes such as to determine the portfolio's risk concentration, or to simulate economic movements (stress tests), and the results are used for making optimal decisions across the whole range of business operations, including formulating business plans and providing a standard against which individual credit applications are assessed.

**(2) Framework for Managing Individual Loans**

**(a) Credit Assessment**

At SMBC, credit assessment of corporate loans involves a variety of financial analyses, including cash flow, to predict an enterprise's capability of loan repayment and its growth prospects. These quantitative measures, when combined with qualitative analyses of industrial trends, the enterprise's R&D capabilities, the competitiveness of its products or services, and its management caliber, result in a comprehensive credit assessment. The loan application is analyzed in terms of the intended utilization of the funds and the repayment schedule. Thus, SMBC is able to arrive at an accurate and fair credit decision based on an objective examination of all relevant factors.

Increasing the understandability to customers of loan conditions and approval standards for specific borrowing purposes and loan categories is a part of SMBC's ongoing review of lending practices, which includes the revision of loan contract forms with the chief aim of clarifying lending conditions utilizing financial covenants.

SMBC is also making steady progress in rationalizing its credit assessment process. To respond proactively and promptly to customers' funding needs—particularly those of SMEs—we employ a standardized credit risk assessment process for SMEs that uses a credit-scoring model. With this process, we are building a regime for efficiently marketing our *Business Select Loan* and other SME loans.

In the field of housing loans for individuals, we employ a credit assessment model based on credit data amassed and analyzed by SMBC over many years. This model enables our loan officers to efficiently make rational decisions on housing loan applications, and to reply to the customers without delay. It also facilitates the effective management of credit risk, as well as the flexible setting of interest rates.

We also provide loans to individuals who rent out properties such as apartments. The loan applications are subjected to a precise credit risk assessment process utilizing a risk assessment model that factors in the projected

Financial Reconstruction Law Based Disclosure Category (Domestic)
Normal Assets
Substandard Loans
Doubtful Assets
Bankrupt and Quasi-Bankrupt Assets



revenue from the rental business. The process is also used to provide advice to such customers on how to revise their business plans.

**(b) Credit Monitoring System**

At SMBC, in addition to analyzing loans at the application stage, the Credit Monitoring System is utilized to reassess obligor grades and review self-assessment and credit policies so that problems can be detected at an early stage, and quick and effective action can be taken. The system includes periodic monitoring carried out each time an obligor enterprise discloses financial results, as well as continuous monitoring performed each time credit conditions change, as indicated in the diagram below.

**(3) Framework for Credit Portfolio Management**

In addition to managing individual loans, SMBC applies the following basic policies to the management of the entire credit portfolio to maintain and improve its soundness and profitability over the mid to long term.

**(a) Risk-Taking within the Scope of Capital**

To keep credit risk exposure to a permissible level relative to capital, SMBC sets credit risk capital limits for internal control purposes. Under these limits, separate guidelines are issued for each business unit and marketing unit, such as for real estate finance, fund investment, and investment in securitization products. Regular monitoring is conducted to make sure that these guidelines are being followed, thus ensuring appropriate overall management of credit risk.

**(b) Controlling Concentration Risk**

Because the concentration of credit risk in an industry or corporate group has the potential to substantially impair capital, SMBC implements measures to prevent the excessive concentration of loans in an industry and to control large exposure to individual companies or corporate groups by setting guidelines for maximum loan amounts.

To manage country risk, SMBC also has credit limit guidelines based on each country's creditworthiness.

**(c) Researching Borrowers More Rigorously and Balancing Risk and Returns**

Against a backdrop of drastic change in the business environment, SMBC rigorously researches borrower companies' actual conditions. It runs credit operations on the basic principle of earning returns that are commensurate with the credit risk involved, and makes every effort to reduce credit and capital costs as well as general and administrative expenses.

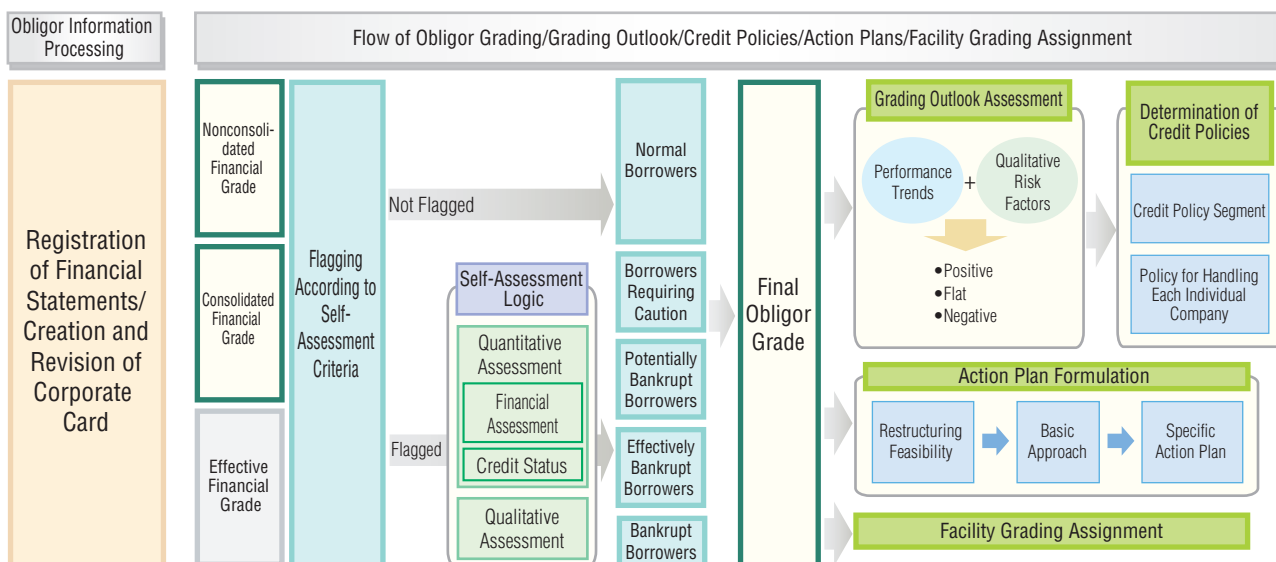
**(d) Prevention and Reduction of Non-Performing Loans**

On NPLs and potential NPLs, SMBC carries out regular loan reviews to clarify handling policies and action plans, enabling it to swiftly implement measures to prevent deterioration of borrowers' business situations, support business recoveries, collect on loans, and enhance loan security.

**(e) Toward Active Portfolio Management**

SMBC makes active use of credit derivatives, loan asset sales, and other instruments to proactively and flexibly manage its portfolio to stabilize credit risk.

**SMBC's Credit Monitoring System**



#### (4) Self-Assessment, Asset Write-Offs and Provisions, and Disclosure of Problem Assets

##### (a) Self-Assessment

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

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

##### (b) Asset Write-Offs and Provisions

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

deemed uncollectible, referred to as an indirect write-off. Recognition of indirect write-offs is generally known as provision for the reserve for possible loan losses.

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

Self-Assessment Borrower Categories	Standards for Write-Offs and Provisions	
Normal Borrowers	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 discounted 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	General reserve	Provisions made in accordance with general inherent default risk of loans, unrelated to specific individual loans or other claims
	Specific reserve	Provisions made for claims that have been found uncollectible in part or in total (individually evaluated claims)

##### Discounted Cash Flow Method

SMBC uses the discounted cash flow (DCF) method to calculate the provision amounts for large claims on Substandard Borrowers and Potentially Bankrupt Borrowers when the cash flow from repayment of principal and interest received can be estimated reasonably accurately. SMBC then makes provisions equivalent to the excess of the book value of the claims over the said cash inflow discounted by the initial contractual interest rate or the effective interest rate at the time of origination. One of the major advantages of the DCF method over conventional methods of calculating the provision amount is that it enables effective evaluation of each individual borrower. However, as the provision amount depends on the future cash flow estimated on the basis of the borrower's business reconstruction plan and the DCF formula input values, such as the discount rate and the probability of the borrower going into bankruptcy, SMBC makes every effort to utilize up-to-date and correct data to realize the most accurate estimates possible.

### (c) Disclosure of Problem Assets

Problem assets are loans and other claims of which recovery of either principal or interest appears doubtful, and are disclosed in accordance with the Banking Law (in which they are referred to as "risk-monitored loans") and the Financial Reconstruction Law (where they are referred to as "problem assets"). Problem assets are classified based on the borrower categories assigned during self-assessment. For detailed information on results of self-assessments, asset write-offs and provisions, and disclosure of problem assets at March 31, 2009, please refer to page 153.

## 4. Market Credit Risk Management

Financial products, such as funds, securitized products, and credit derivatives, that have indirect risk arising from the assets underlying these products, such as bonds, loan obligations, and other assets (the underlying assets), are recognized as transactions that combine the characteristics of the credit risk of the underlying assets and "market risk" that arises from the buying and selling of these products. This is referred to as market credit risk.

For these types of products, we manage credit risk using the methods of analysis and assessment in detail of characteristics of underlying assets, but, for the sake of complete risk management, we also apply the methods for management of market risk described in the following section "Market and Liquidity Risks."

In addition, we have established guidelines based on the characteristics of these types of risk and appropriately manage the risk of losses.

## Market and Liquidity Risks

### 1. Basic Approach to Market and Liquidity Risk Management

#### (1) Definitions of Market and Liquidity Risk

Market risk is the possibility that fluctuations in interest rates, foreign exchange rates, or stock prices will change the market value of financial products, leading to a loss.

Liquidity risk is the possibility of encountering an obstacle to raising the funds required for settlement due either to a mismatch between the use and procurement of funds or to an unexpected outflow of funds, or being forced to borrow at higher interest rates than usual.

#### (2) Fundamental Principles for Market and Liquidity Risk Management

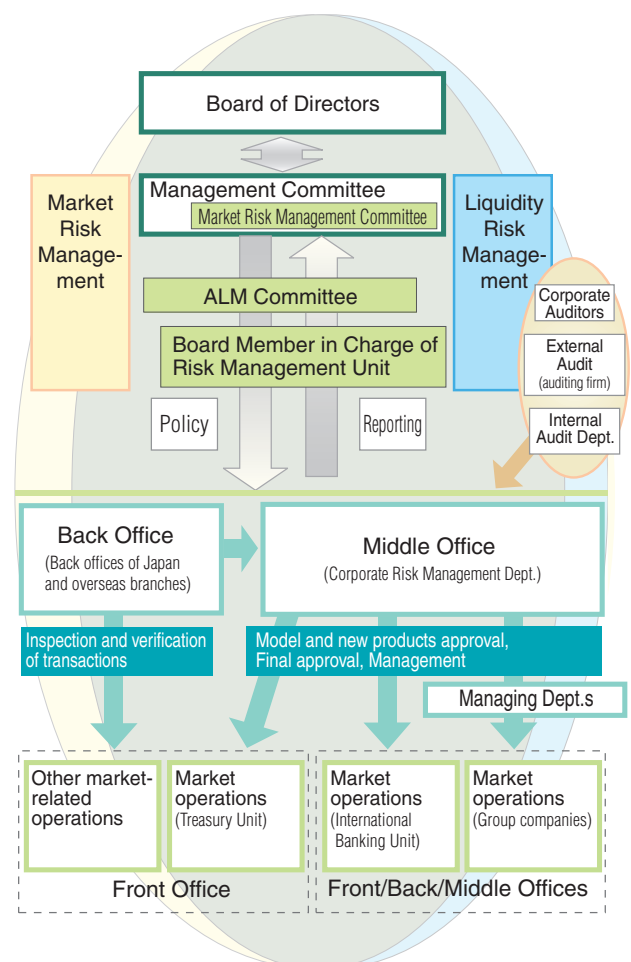
SMFG is working to further enhance the effectiveness of its quantitative management of market and liquidity risks across the entire Group by setting allowable risk limits; ensuring the transparency of the risk management process; clearly separating front-office, middle-office, and back-office operations; and establishing a highly efficient system of mutual checks and balances.

## 2. Market and Liquidity Risk Management System

On the basis of SMFG's Groupwide basic policies for risk management, SMBC's Board of Directors authorizes important matters relating to the management of market and liquidity risks, such as basic policies and risk limits, which are decided by the Management Committee. Additionally, the SMBC's Corporate Risk Management Department, which is independent of business units that directly handle market transactions, manages market and liquidity risks in an integrated manner. The department not only monitors the current risk situations, but also reports regularly to the Management Committee and the Board of Directors. Furthermore, SMBC's ALM Committee meets on a monthly basis to examine reports on the state of observance of the bank's limits on market and liquidity risks, and to review and discuss the SMBC's ALM policies.

To prevent unforeseen processing errors as well as fraudulent transactions, it is important to establish a system of checks on the business units (front office). At SMBC, both the processing departments (back office) and the administrative departments

### SMBC's Market Risk and Liquidity Risk Management System



(middle office) conduct the checks. In addition, SMBC's independent Internal Audit Unit periodically performs comprehensive internal audits to verify that the risk management system is functioning properly.

### 3. Market and Liquidity Risk Management Methods

#### (1) Market Risk Management

SMBC manages market risk by setting maximum limits for "VaR" and maximum loss. These limits are set within the "market risk capital limit" which is determined taking into account the bank's shareholders' equity and other principal indicators of the bank's financial position and management resources.

Market risk can be divided into various factors: foreign exchange rate, interest rate, equity price, and option risks. Finetuned management of each risk category is achieved by employing the VaR method in conjunction with suitable indicators for managing the risk of individual financial instruments such as the BPV indicator.

Please note that, in the case of interest rate fluctuation risk, the methods for recognizing the dates for maturity of demand deposits (current accounts and ordinary deposit accounts that can be withdrawn at any time) and the method for estimating the time of cancellation prior to maturity of time deposits and consumer loans differ substantially. At SMBC, the maturity of demand deposits that are expected to be left with the bank for a prolonged period is regarded to be five years (2.5 years on average). The cancellation prior to maturity of time deposits and consumer loans is estimated based on historical data.

#### (a) VaR Results

The results of VaR calculations for fiscal 2008 are shown in the table below. SMBC's internal VaR model makes use of historical data to prepare scenarios for market fluctuations, and, by conducting simulations of gains and losses, the model estimates the

maximum losses that may occur (This is known as the historical simulation method). This internal SMBC model is evaluated periodically by an independent auditing firm to assess its appropriateness and accuracy.

#### (b) Back-Testing Results

The relationship between the VaR calculated with the model and the actual profit and loss data is back-tested daily. The back-testing results for SMBC's trading accounts for fiscal 2008 are shown below. A data point below the diagonal line indicates a loss in excess of the predicted VaR for that day; however, as in fiscal 2007, there were no such excess losses during fiscal 2008. This demonstrates that the SMBC VaR model, with a one-sided confidence interval of 99.0%, is sufficiently reliable.

#### Glossary

##### 1. VaR (Value at risk)

The largest predicted loss that is possible given a fixed confidence interval. For example, VaR indicates, for a holding period of one day and a confidence interval of 99.0%, the maximum loss that may occur as a result of market fluctuations in one day with a probability of 1%.

##### 2. BPV (Basis point value)

The amount of change in assessed value as a result of a one basis point (0.01%) movement in interest rates.

##### 3. Trading

A market operation for generating profit by taking advantage of short-term fluctuations in market values and differences in value among markets.

##### 4. Banking

A market operation for generating profit through management of interest rates, terms, and other aspects of assets (loans, bonds, etc.) and liabilities (deposits, etc.).

### ■ VaR Results

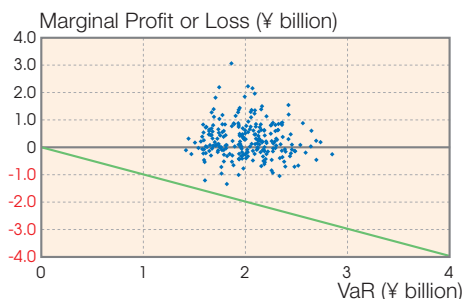
(Billions of yen)

	SMFG (consolidated)		SMBC (consolidated)		SMBC (nonconsolidated)	
	Trading Book	Banking Book	Trading Book	Banking Book	Trading Book	Banking Book
June 2008	1.9	31.4	1.9	28.3	1.1	24.9
Sept. 2008	2.1	29.0	2.1	26.0	1.6	23.0
Dec. 2008	2.1	36.6	2.1	34.4	1.9	31.4
Mar. 2009	2.0	41.4	2.0	39.2	1.6	35.9
Maximum	2.8	43.9	2.8	41.8	2.3	38.9
Minimum	1.4	26.9	1.4	24.0	1.1	20.9
Average	2.0	34.2	2.0	31.5	1.5	28.2

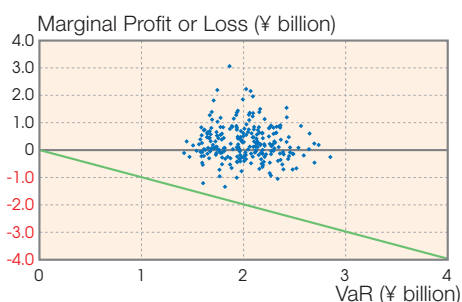
Note: VaR for a one-day holding period with a one-sided confidence interval of 99.0% [computed daily using historical simulation method (based on four years of historical observations)]. The VaR model for the trading book includes principal consolidated subsidiaries. Figures for the trading book exclude specific risks.

## ■ Back-Testing Results (Trading Book)

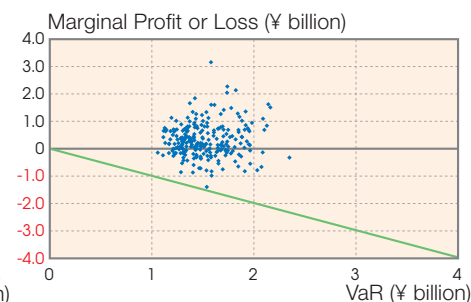
### SMFG (consolidated)



### SMBC (consolidated)



### SMBC (nonconsolidated)



### (c) Stress Testing

The market occasionally undergoes extreme fluctuations that exceed projections. To manage market risk, therefore, it is important to run simulations of situations that may occur only once in many years (stress tests). At SMBC, monthly stress tests using scenarios of past market fluctuations, those not related to past market fluctuations, and specific-factor driven market fluctuations are conducted to prepare for unforeseeable swings.

### (d) Outlier Framework

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 interest rate shocks, the bank falls into the category of "outlier bank," as stipulated under the Second Pillar of Basel II.

As of March 31, 2009, the outlier ratio was less than 9%, substantially below the 20% criterion.

### (e) Managing Risk of Stocks Held for Strategic Purposes

The Corporate Risk Management Department establishes limits on allowable risk for strategic equity investments, and monitors the observance of those limits to keep stock price fluctuation risk within acceptable parameters.

SMBC has been reducing strategic equity investments, and the balance now stands at less than 50% of Tier I capital.

## (2) Liquidity Risk

At SMBC, liquidity risk is regarded as one of the major risks. So as not to be overly dependent on market-based funding to cover short-term cash outflows, SMBC's liquidity risk management is based on a framework consisting of setting funding gap limits and guidelines, maintaining a system of highly liquid supplementary funding sources, and establishing contingency plans.

In daily risk management operations, SMBC prevents a cumulative increase in liquidity risk by setting the funding gap limits and guidelines. For emergency situations, there are contingency plans in place to reduce the funding gap limits and guidelines and other measures. To prevent the possibility of market

crises interfering with funding, SMBC carries highly liquid assets, such as U.S. Treasury securities, and has emergency borrowing facilities in place, which also enable foreign currency-denominated liquidity management.

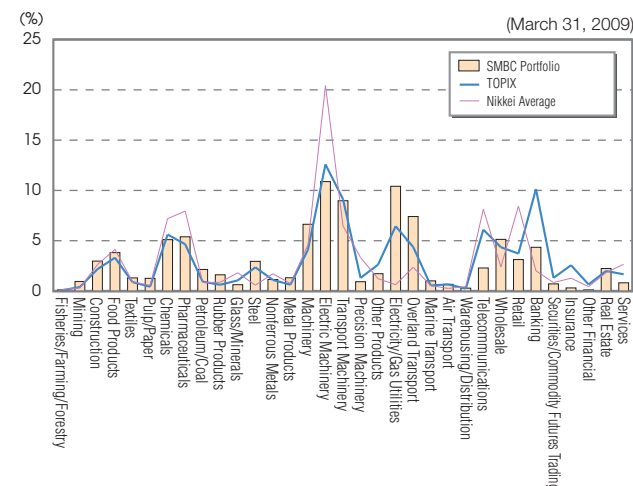
## ■ Decline in Economic Value Based on Outlier Framework

(Billions of yen)

	SMBC (consolidated)		SMBC (nonconsolidated)	
	March 31, 2008	March 31, 2009	March 31, 2008	March 31, 2009
Total	407.4	588.4	398.5	561.7
Impact of yen interest rates	154.2	272.4	149.7	249.3
Impact of U.S. dollar interest rates	196.1	202.4	193.9	200.0
Impact of Euro interest rates	36.7	60.4	36.6	60.1
Percentage of Tier I + Tier II	5.4%	8.6%	5.8%	8.9%

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

## ■ Composition, by Industry, of Listed Equity Portfolio



## Operational Risk

### 1. Basic Approach to Operational Risk Management

#### (1) Definition of Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Specifically, Basel II—which, in addition to processing risk and systems risk, also covers legal risk, personnel risk, and physical asset risk—defines the following seven types of events that may lead to the risk of loss: (1) internal fraud, (2) external fraud, (3) employment practices and workplace safety, (4) clients, products and business practices, (5) damage to physical assets, (6) business disruption and system failures, and (7) execution, delivery, and process management.

#### (2) Fundamental Principles for Operational Risk Management

SMFG and SMBC have drawn up the *Regulations on Operational Risk Management* to define the basic rules to be observed in the conduct of operational risk management across the entire Group. Under these regulations, SMFG and SMBC have been working to enhance the operational risk management framework across the whole Group by establishing an effective system for identification, assessment, controlling, and monitoring of material operational risk and a system for executing contingency and business continuity plans. In view of the inclusion of operational risk in the framework of the capital adequacy requirements of Basel II, SMFG has been working on a continuing basis to create a more sophisticated quantification model and to enhance operational risk management throughout the Group.

### 2. Operational Risk Management System

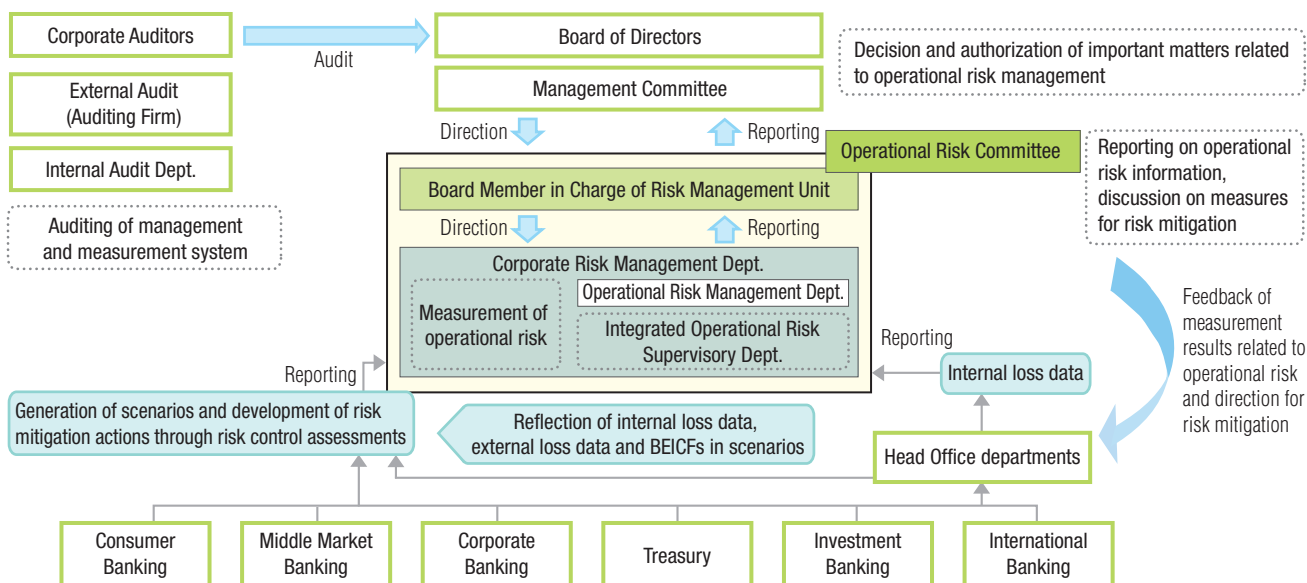
SMFG has designed and implemented an operational risk management framework for Groupwide basic policies for risk management.

At SMBC, the Management Committee makes decisions on important matters such as basic policies for operational risk management, and these decisions are authorized by the SMBC Board of Directors. In addition, SMBC has established its Operational Risk Management Department, within the Corporate Risk Management Department as an integrated operational risk management department. This department works together with other departments responsible for controlling processing risk and systems risk.

The operational risk management framework is described in more detail in the later part of this section, but it can be outlined as follows: operational risk is managed by (1) collecting and analyzing internal loss data, and (2) comprehensively identifying risk scenarios in each business process through a regular risk control assessment to estimate the loss severity and frequency. Operational risk impact is assessed for each risk scenario. When high-severity scenarios are identified, each branch/department establishes a risk mitigation plan and the Operational Risk Management Department monitors the progress. Furthermore, operational risk is quantified using the internal loss data and scenarios, and the results of quantification are used to manage and reduce operational risk.

The generation of internal loss data, scenarios identified through risk control assessments, and status of risk mitigation

### SMBC's Operational Risk Management System



activities are regularly reported to the director in charge of the Operational Risk Management Department. In addition, there is the Operational Risk Committee, comprising all relevant units of the bank, where operational risk information is reported and risk mitigation plans are discussed. In this way, we realize a highly effective operational risk management framework. The operational risk situation is also reported to the Management Committee and the Board of Directors on a regular basis, for review of the basic policies on operational risk management. Moreover, the bank's independent Internal Audit Department conducts periodic audits to ensure that the operational risk management system is functioning properly.

### 3. Operational Risk Management Methodology

As previously defined, operational risk covers a wide range of events, including the risk of losses due to errors in operation, system failures, and natural disasters. Also, operational risk events can occur virtually anywhere and everywhere. Thus, it is essential to check whether material operational risks have been overlooked, monitor the overall status of risks, and manage/control them. To this end, it is necessary to be able to quantify risks using a measurement methodology that can be applied to all types of operational risk, and to comprehensively and comparatively capture the status of and changes in potential operational risks of business processes. Also, from the viewpoint of internal control, the measurement methodology used to create a risk mitigation plan must be such that the implementation of the plan quantitatively reduces operational risk.

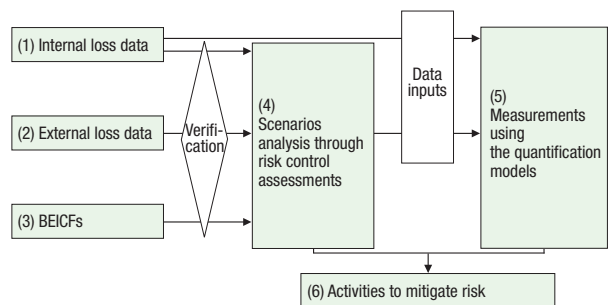
SMFG and SMBC have received an approval from Japan's Financial Services Agency for the application of the Advanced Measurement Approaches (AMA), which is the most sophisticated measurement method out of the three cited methods under Basel II for measurement of operational risk. SMFG and SMBC have adopted the AMA for operational risk management and for calculating operational risk-weighted assets. It has been used for calculating the capital adequacy ratio since March 31, 2008.

When using the AMA, regulations require that the internal measurement system (hereinafter, the "quantification model") must use four data elements (hereinafter, the "four elements"): namely, internal loss data, external loss data, Business Environment and Internal Control Factors (BEICFs), and scenarios analysis through risk control assessments. In addition, the operational risk equivalent amount (hereinafter, "required capital") calculated under the AMA must cover the maximum loss comparable to a one-year holding period and a 99.9 percentile confidence interval.

The basic framework of the AMA quantification model of SMFG and SMBC is outlined in the diagram below. Among the four elements, collected internal loss data and the results of scenarios analysis through risk control assessment are input directly into the quantification model described later in this section to calculate required capital and risk-weighted assets (= required capital divided by 8%). In addition, external loss data and BEICFs are used in verifying the assessment of scenarios, along with internal loss data, to increase objectivity, accuracy, and completeness.

The specific content and method of collection and use of the four elements are described below. At present, 20 Group companies have adopted the AMA, including SMFG and SMBC, and all Group companies collect and make use of the four elements.

#### Basic Framework of Operational Risk Measurement of SMFG and SMBC



### (1) Internal Loss Data

Internal loss data are defined as “the information on events in which SMFG and SMBC incur losses resulting from the realization of operational risk.” At SMFG and SMBC, internal loss data are collected for all cases where the gross loss amount is at least one yen (the threshold amount), and seven years of internal loss data are directly used in the quantification of required capital for operational risk.

### (2) External Loss Data

External loss data are defined as “the information on events in which other banks, etc., incur losses resulting from the realization of operational risk.” SMFG and other Group companies collect external loss data where such losses may occur within the Group. Please note that SMFG and SMBC have compiled external loss data for more than 6,000 cases over the past eight years, which are indirectly used in quantifying required capital for operational risk.

### (3) Business Environment and Internal Control Factors (BEICFs)

BEICFs are defined as “indicators of operational risk profiles of SMFG and SMBC that reflect underlying business risk factors and an assessment of the effectiveness of the internal control factors.” The Group periodically collects data relating to changes in laws and regulations, changes in internal rules and processes, and launch of new business and products pertinent to the Group’s business operations.

### (4) Scenario Analysis through Risk Control Assessments

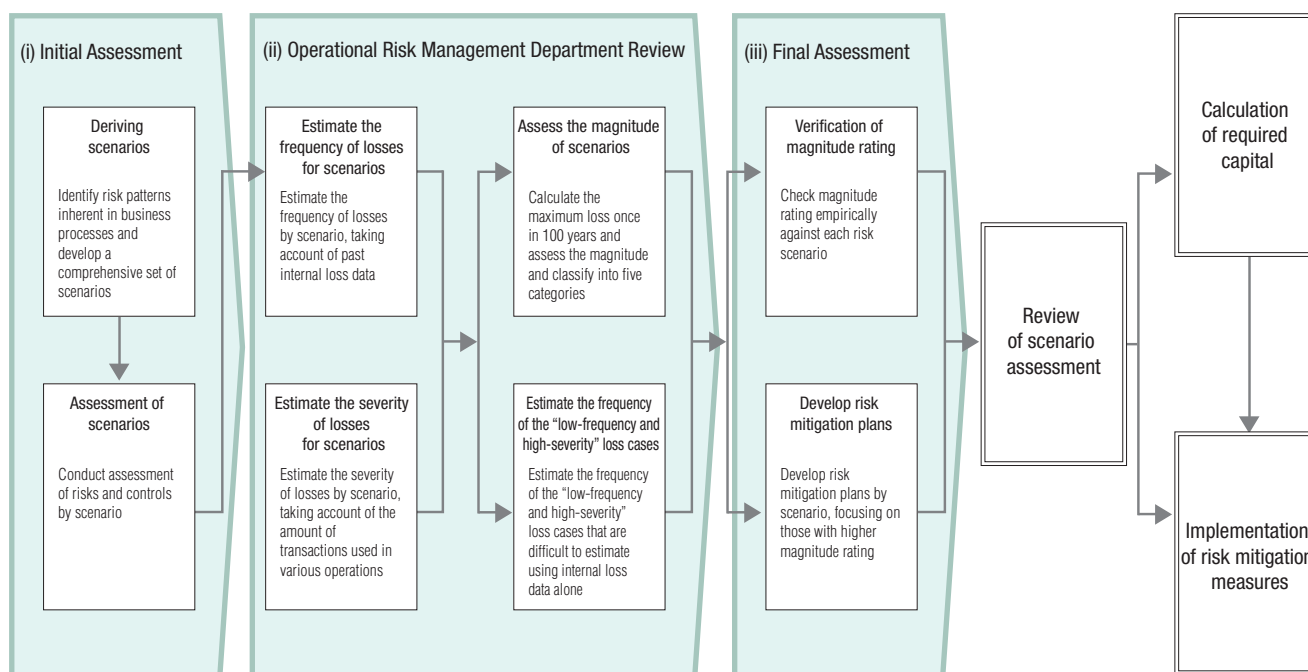
Risk control assessment is defined as “risk management methodology to (a) identify material operational risks, and describe them in terms of risk scenarios, (b) assess the risks and the effectiveness of controls, and (c) estimate the frequency and severity of risk scenarios.” SMFG and SMBC apply this methodology to their principal business activities.

The purpose of risk control assessment is to identify material and potential operational risks pertinent to business processes, to measure them, and to develop and carry out a risk mitigation plan to manage the risks. Another purpose of risk control assessment is to estimate the frequency of low-frequency and high-severity events for each scenario (which may be difficult to estimate using internal loss data alone).

During the process of periodic risk control assessment, operational risks inherent in various business processes are recognized as “scenarios.” The risk and control conditions for each scenario are assessed, and the frequency of occurrence and amount of losses are estimated based on them. The assessment process comprises three steps: (i) initial assessment, (ii) Operational Risk Management Department review, and (iii) final assessment. Through the process, the frequency of “low-frequency and high-severity” events for each scenario are estimated in terms of four loss amounts (¥100 million, ¥1 billion, ¥5 billion, and ¥10 billion). Please note that SMFG and SMBC have identified more than 9,000 risk scenarios for the Group on a consolidated basis.

As an effective mechanism for mitigating operational risks,

### ■ Flowchart for Risk Control Assessment (Example)





the maximum loss occurring once in 100 years (hereinafter, “scenario exposure”) is calculated for each scenario derived through the risk control assessment, and then a magnitude rating is provided by classifying them into five categories according to the severity of loss. Risk mitigation plans are developed by the relevant business units for those scenarios with high-severity risk identified through magnitude rating.

The principal features of this risk control assessment method are (1) “objectivity,” which is realized by estimating the frequency of losses based on historical internal loss experience and by estimating the severity of losses based on the transaction amounts pertinent to the scenarios, and (2) an appropriate level of “sensitivity,” because changes in the business environment and the implementation of risk mitigation measures can be reflected in the frequency and severity of losses by changing the assessment of risk and control as well as transactions amounts.

### (5) Measurement Using Quantification Models

SMFG, SMBC, and other Group companies using the AMA measure the maximum operational loss with a 99.9 percentile confidence interval and a holding period of one year (hereinafter referred to as 99.9% VaR) by using the four elements. In addition, 99.9% VaR is measured on an SMFG consolidated basis, SMBC consolidated basis, and SMBC nonconsolidated basis. The operational risk is measured for each of seven event types defined under Basel II, and then, by calculating the simple sum for all event types, 99.9% VaR is measured for each company

applying the AMA. Meanwhile, the Basic Indicator Approach (BIA) is applied to estimate maximum operational risk losses for Group companies other than those applying the AMA. Then, the required capital and risk-weighted assets for SMFG and SMBC Group are measured by aggregating these figures.

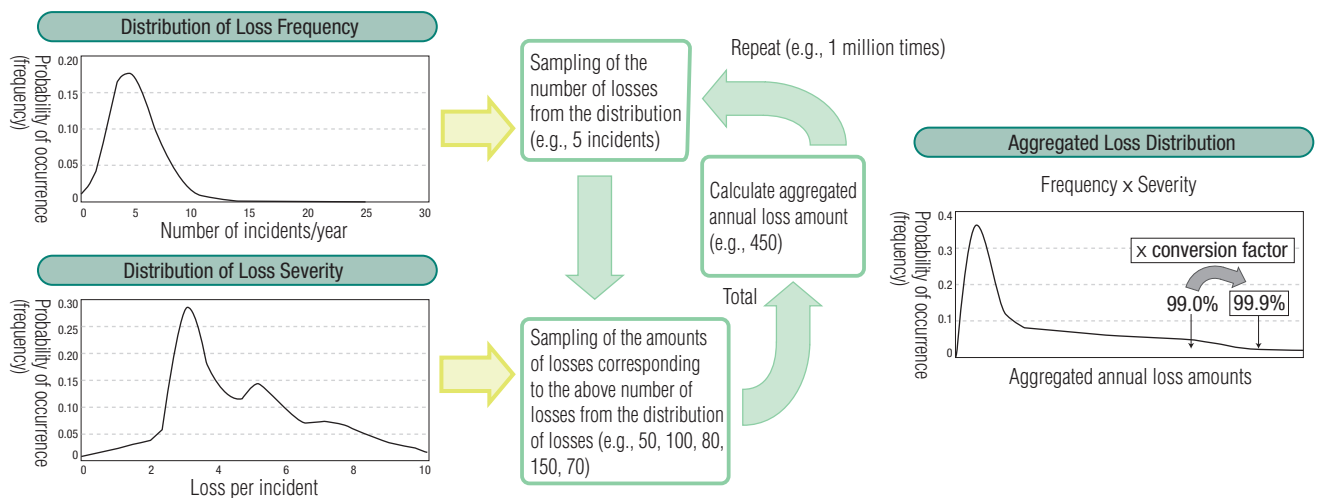
The outline of the quantification model for SMBC is as follows. First, we generate a loss frequency distribution (number of loss incidents over a one-year period) based on the number of historical internal losses. Then, we generate a loss severity distribution (amount of loss per loss incident) based on internal losses and frequency of “low-frequency and high-severity” events obtained through the risk control assessment.

By using the loss frequency and loss severity distributions, the aggregated loss severity distribution is generated by conducting Monte Carlo simulations and by generating various combinations of loss occurrence and loss amount which are simulated by changing these two factors. 99.0% VaR is calculated from the resulting aggregated loss severity distribution.

Finally, we multiply 99.0% VaR by a conversion factor mentioned later in the section of “Capital Ratio Information” to compute 99.9% VaR.

This quantification model takes into account not only empirical internal loss data but also potential risk (scenarios) identified in the risk control assessment. An important feature of this model is that it enables us to measure and reflect the “low-frequency and high severity” events of operational risk. Moreover, by introducing a conversion factor, it is unnecessary to directly estimate

### ■ Measurement Using Quantification Models



99.9% VaR, which tends to have a lower accuracy, and stable estimation results can be obtained by estimating 99.0% VaR which can be estimated with higher accuracy.

Please note that the accuracy of quantification model outputs described above is secured through the regular ex ante and ex post facto verification processes.

The breakdown of risk-weighted assets by event type for the Group on a consolidated basis, computed with the previously described quantification method, is as follows.

### ■ Breakdown of Consolidated Risk-Weighted Assets by Event Type

(March 31, 2009)

Event Type	Percentage
(1) Internal fraud	9%
(2) External fraud	8%
(3) Employment practices and workplace safety	2%
(4) Clients, products, and business practices	24%
(5) Damage to physical assets	11%
(6) Business disruption and system failures	4%
(7) Execution, delivery, and process management	42%

Note: Only risk-weighted assets calculated under the AMA.

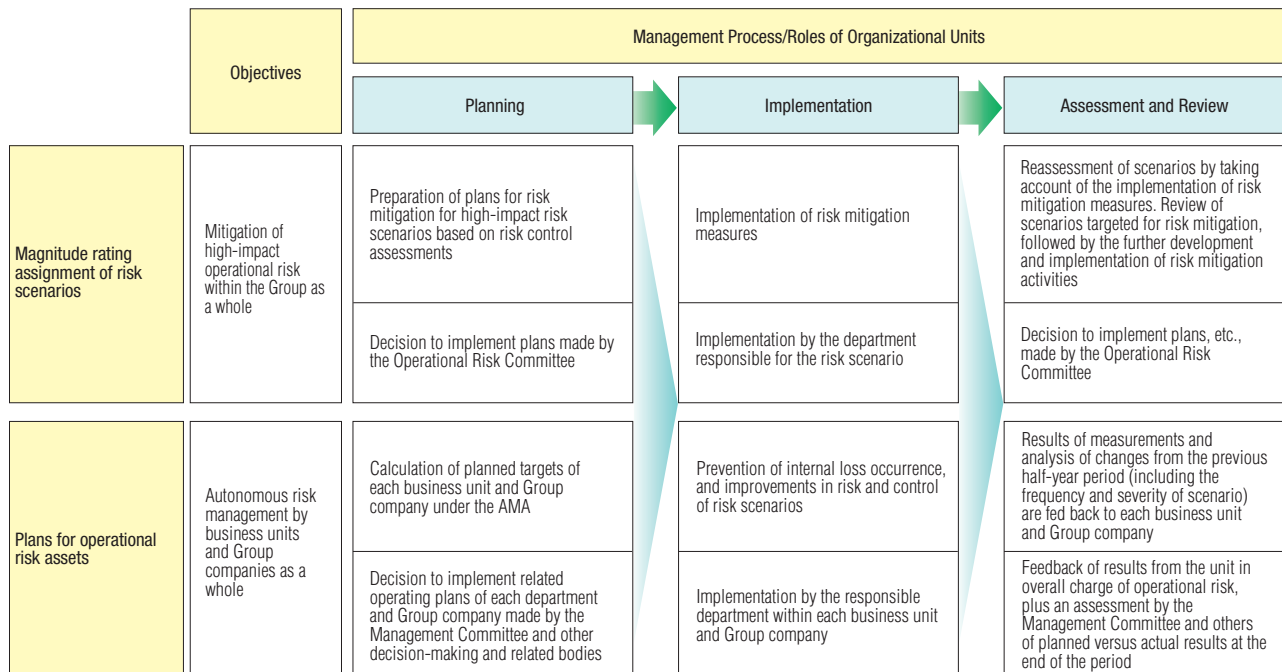
### (6) Risk Mitigation Initiatives

To mitigate risk using the quantitative results of the AMA, SMFG and SMBC implement risk mitigation measures to high-severity risk scenarios identified in the previously mentioned magnitude rating.

In addition to the above, the operational risk-weighted assets calculated using the quantification methods are allocated to the business units of SMBC and other Group companies, as part of initiatives to mitigate risk for the Group as a whole.

Specifically, (1) at the beginning of each fiscal year, the operational risk-weighted assets calculated using the internal loss data and the scenario exposure determined from the risk control assessment are allocated to each business unit and Group company, (2) during the fiscal year, each business unit and Group company work to prevent the realization of operational risk and improve scenario control by implementing risk mitigation measures, (3) during the first and second halves of the fiscal year, the measurements of risk-weighted assets of each business unit and Group company and an analysis of factors causing the change from the previous half-year period (including the frequency and severity of scenario) are fed back to the business units and Group companies for revising their plans, and, (4) finally, at the end of the fiscal year, by comparing the planned versus actual results, we endeavor to enhance the awareness of operational risk, improve the effectiveness of operational risk management, and mitigate operational risk within the Group as a whole.

### ■ SMFG's Operational Risk Mitigation Activities on a Semi-Annual Basis



#### 4. Processing Risk

Processing risk is the possibility of losses arising from negligent processing by employees, accidents, or unauthorized activities.

SMFG recognizes that all operations entail processing risk. We are, therefore, working to raise the level of sophistication of our management of processing risk across the whole Group by ensuring that each branch conducts its own regular investigations of processing risk; minimizing losses in the event of processing errors or negligence by drafting exhaustive contingency plans; and carrying out thorough quantification of the risk under management.

In the administrative regulations of SMBC, in line with SMFG's Groupwide basic policies for risk management, the basic administrative regulations are defined as "comprehending the risks and costs of administration and transaction processing, and managing them accordingly," and "seeking to raise the quality of administration to deliver high-quality service to customers." Adding new policies or making major revisions to existing ones for processing risk management requires the approval of both the Management Committee and the Board of Directors.

In the administrative regulations, SMBC has also defined specific rules for processing risk management. The rules allocate processing risk management tasks among six types of departments: operations planning departments, compliance departments, operations departments, transaction execution departments (primarily front-office departments, branches, and branch service offices), internal audit departments, and the customer support departments. In addition, there is a specialized group within the Operations Planning Department to strengthen administrative procedures throughout the Group.

#### 5. Systems Risk

Systems risk is the possibility of a loss arising from the failure, malfunction, or unauthorized use of computer systems.

SMFG recognizes that reliable computer systems are essential for the effective implementation of management strategy in view of the IT revolution. We strive to minimize systems risk by drafting regulations and specific management standards, including a security policy. We also have contingency plans with the goal of minimizing losses in the event of a system failure. The development of such a systems risk management system ensures that the Group as a whole is undertaking adequate risk management.

At SMBC, safety measures are strengthened according to risk assessment based on the Financial Services Agency's *Financial Inspection Manual*, and the *Security Guidelines* published by the Center for Financial Industry Information Systems (FISC).

Computer-related trouble at financial institutions now has greater potential to impact society, with systems risk diversifying owing to the IT revolution, the resulting expansion of networks and the rise in the number of personal computer users. To prevent any computer system breakdowns, we have taken numerous measures, including constant maintenance of our computer system to ensure steady and uninterrupted operation, duplication of various systems and infrastructures, and the establishment of a disaster-prevention system consisting of computer centers in eastern and western Japan. And to maintain the confidentiality of customer information and prevent information leaks, sensitive information is encrypted, unauthorized external access is blocked, and all known countermeasures to secure data are implemented. There are also contingency plans and training sessions held as necessary to ensure full preparedness in the event of an emergency. To maintain security, countermeasures are revised as new technologies and usage patterns emerge.

#### Settlement Risk

Settlement risk is the possibility of a loss arising from a transaction that cannot be settled as planned. Because this risk comprises elements of several types of risk, including credit, liquidity, processing, and systems risk, it requires interdisciplinary management.

At SMBC, the Operations Planning Department is responsible for coordinating the management of settlement risk with the Credit & Investment Planning Department, which oversees credit risk, and the Corporate Risk Management Department, which oversees liquidity risk.



# Corporate Social Responsibility (CSR)

## Contributing to the Sustainable Development of Society

As a new comprehensive financial services group for the 21st century, Sumitomo Mitsui Financial Group (SMFG) strives to respond to the expectations of society, and, by fulfilling its responsibilities, to earn the highest trust of society.

To earn such trust, we offer added value to four major stakeholder groups and entities: namely, customers, shareholders and the market, the environment and society, and our employees. Through these activities, the Group contributes to the sustainable development of society as a whole.

## Basic CSR Policies

As a basis for implementing its CSR activities, SMFG has formulated a definition of CSR and a set of business ethics that articulate its basic principles for the Group.

### SMFG's Definition of CSR

In the conduct of its business activities, SMFG fulfills its social responsibilities by contributing to the sustainable development of society as a whole through offering higher added value to (i) customers, (ii) shareholders and the market, (iii) the environment and society, and (iv) employees.

### Basic CSR Principles: SMFG Business Ethics

#### I. Providing Customer-Centric Services

We intend to be a financial services group that has the complete trust and support of our customers. For this purpose, we will always provide services that meet the true needs of our customers to assure their satisfaction and earn confidence in the Group.

#### II. Maintaining Sound Management

We intend to be a financial services group that maintains fair, transparent, and sound management based on the principle of self-responsibility. For this purpose, along with earning the firm confidence of our shareholders, our customers, and the general public, we take a long-term view of our business and operate it efficiently, and actively disclose accurate business information about the Group. Through these activities, we work to maintain continued growth based on a sound financial position.

#### III. Contributing to Social Development

We intend to be a financial services group that contributes to the healthy development of society. For this purpose, we recognize the importance of our mission to serve as a crucial part of the public infrastructure and also our social responsibilities. Based on this recognition, we undertake business operations that contribute to the steady development of Japan and the rest of the world, and endeavor, as a good corporate citizen, to make a positive contribution to society.

#### IV. Creating a Free and Active Business Environment

We intend to be a financial services group for which all officers and employees work with pride and commitment. For this purpose, we respect people and develop employees with extensive professional knowledge and capabilities, thereby creating a free and active business environment.

#### V. Maintaining High Compliance Standards

We intend to be a financial services group that always keeps in mind the importance of compliance. For this purpose, we reflect our awareness of Business Ethics in our business activities at all times. In addition, we respond promptly to directives from auditors and inspectors. Through these actions, we observe all laws and regulations, and uphold moral standards in our business practices.

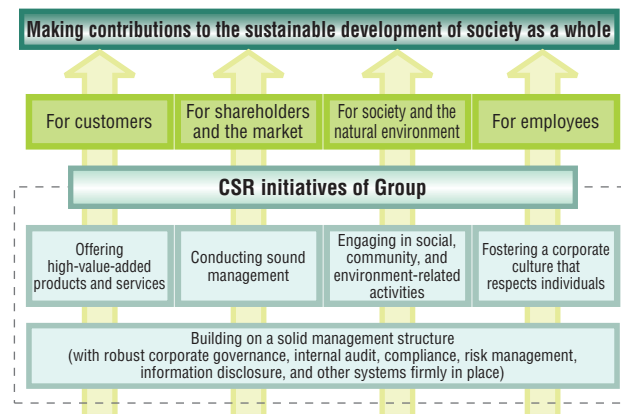
## Key Points of CSR Activities

The key points of our CSR activities are as follows. First of all, we have created a solid management framework, including corporate governance, internal auditing, compliance, and risk management systems. Second, we offer higher added value to our four major stakeholder groups in the following ways.

- We endeavor to develop and prosper with our customers by offering top-quality, high-value-added products and services.
- We maintain sound management through disclosing appropriate information, designing and operating robust internal control systems, and managing to increase shareholder value.
- We implement initiatives on a continuing and active basis to contribute to society and preserve the natural environment.
- We work to foster a free and active business environment that emphasizes respect for individuals and allows employees to realize their full potential.

Finally, we ultimately contribute to the continuing development of society as a whole through all these activities.

## Our Perspective on CSR



## Implementing CSR Activities and Business Growth Strategies in Tandem

SMFG and the Group companies position CSR activities as the basis for the effective implementation of business growth strategies and conduct these activities in tandem with their strategies to attain management objectives.

The proper conduct of CSR activities is clearly an integral part of "management itself," and commitment to serious implementation of CSR initiatives is the shortest path to reaching management objectives.



# Initiatives for Enhancing Customer Satisfaction (CS) and Quality

Working closely with Group companies, SMFG is taking initiatives to enhance customer satisfaction and the quality of Group services and products. SMFG calls meetings of its Group Customer Satisfaction Committee periodically to review reports based on analyses of the Voice of the Customers (VOC) and discuss measures to increase customer satisfaction.

At SMBC, we created the Quality Management Department in April 2006, with the aim of drawing fully on VOC to make improvements in the bank's business and management. The Quality Management Department is primarily responsible for analyzing the VOC data. Reports of this department are then discussed by the CS and Quality Improvement Committee, whose members include the chairman and directors who are members of the bank's Management Committee, and these reports are used proactively to enhance the satisfaction of our customers and the quality of our services.

In parallel with these activities, we are undertaking a wide range of initiatives for improving customer satisfaction and quality. These include conducting questionnaire surveys to obtain the opinions of a broader range of customers by interviewing them at our branches and offices and via mail. Also, to provide services that will meet with greater customer satisfaction, we are conducting related training and educational programs.

## VOC Database

We have also created a VOC database, a record of the opinions that our customers have expressed, principally at our branches, and are working to make this database widely available within the bank. In addition, the data is analyzed and used by the Quality Management Department to provide guidance to our branches and to make improvement proposals to the Head

Office departments so they can establish bankwide CS enhancement measures.

The Head Office departments also analyze the VOC data themselves and employ the results to make improvements in products and services.

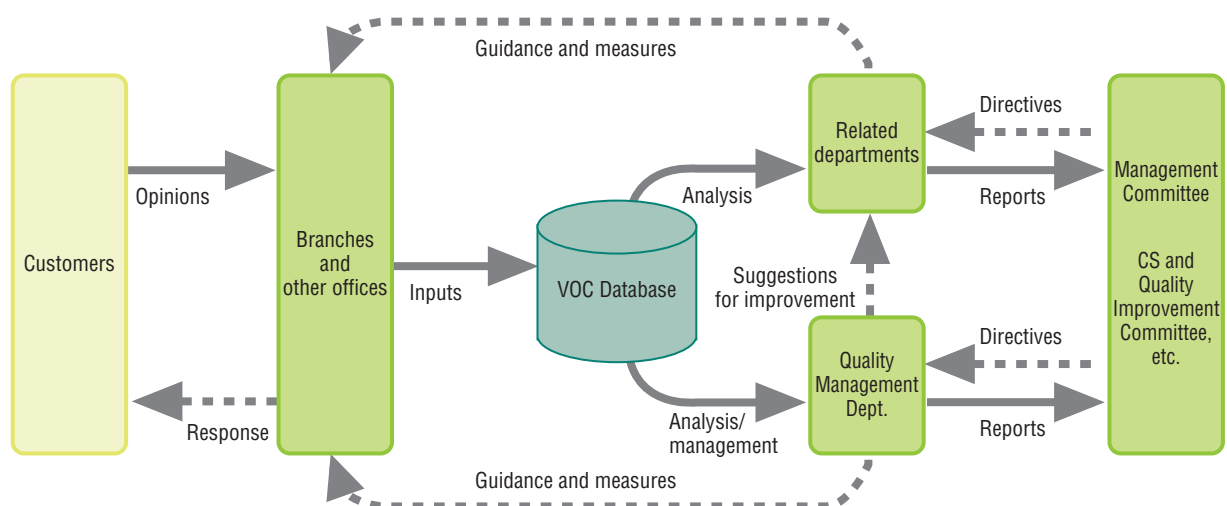
## CS and Quality Improvement Committee

CS and Quality Improvement Committee, which is chaired by the president of SMBC, meets periodically to hear reports on the specific opinions that customers have expressed and to review the fluctuations in the number of opinions expressed from month to month. The committee also receives reports on the results of analyses of VOC and proposals for improvements, and members of management represented on the committee listen to these reports and consider appropriate courses of action.

In addition, to instill the awareness of making our activities more customer centric, we prepare documents containing points based on specific examples and distribute these throughout the bank. We also arrange for study meetings and implement other measures, and the content of these activities is reported to members of management for their consideration.

Moreover, to enhance customer satisfaction and the quality of our products and services from a broader point of view, we invite specialists familiar with these and related areas to provide their advice.

## ■ Activities to Obtain and Act on Voice Of the Customers



## Our Stance on Corporate Governance

SMFG and its Group companies follow the SMFG management philosophy as a universal guide for Group management and position this philosophy as the anchor for corporate action. To implement the ideas contained in our Group philosophy, we believe one of the issues with highest priority is strengthening and improving our corporate governance system.

## The SMFG Corporate Governance System

SMFG employs the “corporate auditor” governance model in which statutory auditors oversee the execution of business by the directors. At SMFG, we have six corporate auditors, three of whom are outside auditors. The auditors monitor the execution of business operations of SMFG and its subsidiaries by attending meetings of the Board of Directors and listen to reports on operations from the directors and others. They also examine documents relating to important decisions and receive reports from the internal audit departments, representatives of subsidiaries of SMFG, and the CPAs.

The chairman of SMFG serves as the chairman of the Board of Directors of SMFG. This separates the role of the president, whose responsibility is the overall supervision of business activities of SMFG and other Group companies, from the role of supervising management. To enhance the effectiveness of the Board, we have appointed outside directors and formed four governance committees: namely, the Auditing Committee, the Risk Management Committee, the Compensation Committee, and the Nominating Committee. Outside directors have been appointed to all four of these committees to provide for corporate governance from an objective perspective. As the need for objectivity is particularly acute in the case of the Auditing Committee and the Compensation Committee, outside directors serve as the chairmen of these committees. To ensure that the execution of the Group’s business operations is in conformity both with legal regulations and generally accepted practices, the outside directors have been selected from among the ranks of specialists (including CPAs, lawyers, and consultants).

SMFG has created the Group Management Committee to serve as the top decision-making body, and it is under the direct supervision of the Board of Directors and chaired by the president of SMFG. This committee is composed of directors chosen by the president. Its role is to consider important matters related to the execution of business and to make decisions for or against the execution of matters in accord with the basic policies of the Board of Directors. SMFG also has a Group Strategy Committee that serves as a forum for the top managers of SMFG and all other Group companies to exchange opinions and information on their respective business plans. To enable SMFG to monitor the execution of day-to-day business operations at SMBC, eight SMFG directors (including three outside directors) of the total of nine SMFG directors (including three outside directors) also serve as directors of SMBC. To monitor the conduct of operations

at three major Group companies, namely, SMFG Card & Credit, Inc., Sumitomo Mitsui Finance and Leasing Co., Ltd., and The Japan Research Institute, Limited, the SMFG director in charge of each of these subsidiaries serves as a director (and can be an outside director) of these companies.

Furthermore, to maintain the soundness of management, SMFG has established internal control systems to ensure the proper conduct of company operations following the Japanese Company Law. Designing and implementing an internal control system, to strengthen management systems, is regarded as a major issue, and initiatives are under way to enhance such internal control systems.


## The SMBC Corporate Governance System

SMBC employs the corporate auditor governance model. Of the six statutory auditors appointed, three are from outside the bank. To ensure sound and transparent management, SMBC separates the two functions of management decision-making at the operational level and the overall supervision of the conduct of duties by the management of the bank. For this purpose, the bank employs a system under which executive officers are responsible for operational duties, while the supervisory functions are performed principally by the Board.

The chairman of the bank serves as the chairman of the Board of Directors, and, to clearly separate his functions from those of the president of the bank, who is responsible for the overall supervision of the bank’s activities, the chairman does not simultaneously serve as an executive officer and is primarily responsible for supervising management’s execution of their duties. As at SMFG and to ensure a robust supervisory function, outside directors are appointed to the Board of Directors. At SMBC, three outside directors currently serve on the Board, which has a total membership of sixteen.

Executive officers are appointed by the Board to manage the operation of SMBC’s businesses. As of June 30, 2009, SMBC has 70 executive officers, including the president, and eleven serve concurrently as directors. The Management Committee of SMBC is the highest decision-making body at the operational level and is under the direct supervision of the Board of Directors. The president chairs this committee and selects its members from the executive officers. The committee members consider important management issues based on policies set by the Board of Directors, and the president has the authority to make the final decision after considering the committee’s recommendations.

The president designates certain members of the Management Committee to be Authorized Management Committee members in charge of particular Head Office departments or units. All of these designated individuals are in charge of implementing the directives of the Management Committee within the businesses they oversee.



# Internal Audit System

## An Outline of the Group's Internal Audit System

In addition to the SMFG Auditing Committee, which functions as a governance committee reporting to the Board of Directors, we have established the Internal Auditing Committee, which is a part of the Group Management Committee, to give a higher profile to the internal auditing functions and facilitate effective conduct of internal audits. The Internal Auditing Committee meets every quarter, and its members discuss important matters related to internal auditing based on reports prepared by the departments responsible for internal audits. There is also the Audit Department, which is an internal auditing unit that is independent of the operational departments of the Group.

The Audit Department conducts internal audits of the operations of all the Group's units and departments to contribute to optimal management and ensure the proper conduct of the Group's operations and the soundness of its assets. These audits also have the function of verifying that the Group's internal control systems, including compliance and risk management, are operating appropriately and effectively. The Audit Department is also responsible for the overall supervision of the internal audit systems of Group companies. It monitors the appropriateness and effectiveness of the internal audit systems at Group companies by verifying past data related to internal auditing and monitoring activities, which include inspections and other activities based on actual samples, and, when deemed necessary, by conducting audits. Based on these activities, the Audit Department provides recommendations and guidance to the business units and departments as well as Group companies.

At SMBC, we have formed auditing departments that are independent of bank units involved in marketing and other business activities. Within the Internal Audit Unit of SMBC, we have formed two departments: the Internal Audit Department and the Credit Review Department. As at SMFG, SMBC has an Internal Auditing Committee which is a part of its Management Committee and responsible for examining and conducting deliberations on reports on important matters submitted by the Internal Audit Unit.

The Internal Audit Unit is responsible for auditing compliance and risk management at SMBC - its head office departments,

domestic and overseas branches - and SMBC group companies. Auditing of operations of head office departments is conducted by assessing the appropriateness of all internal control systems of each department. In addition, audits of head office departments focus on material issues that arise in the management of specific operations and categories of risk. These auditing activities emphasize the verification of "Targeted Audit Items" across the whole of the bank's organization.

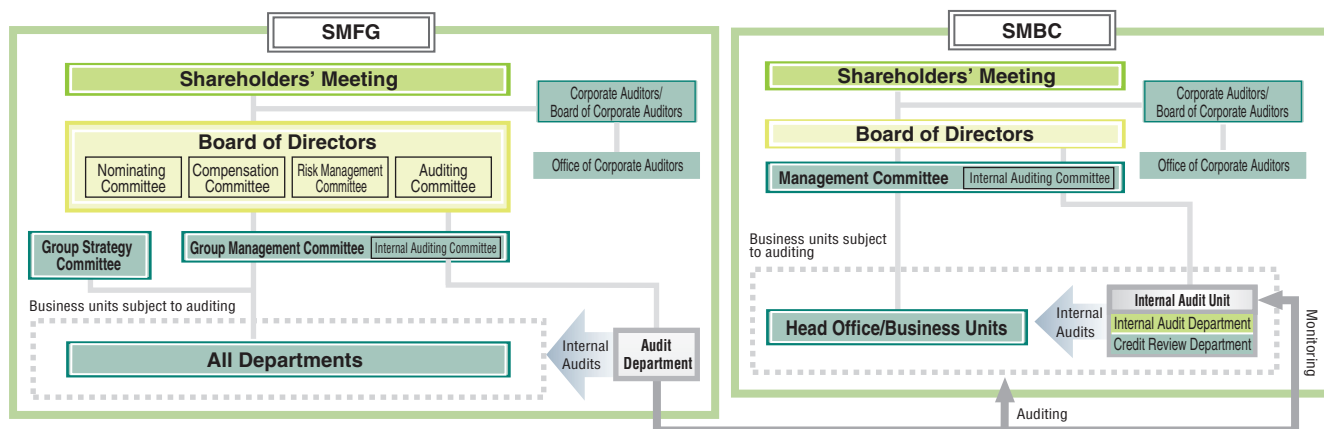
Moreover, audits of branches and offices are not limited just to checking for control and other deficiencies but also include pointing out compliance and risk management problems and making recommendations for corrective action. In other Group companies, internal audit departments have been formed suited to the respective nature of each company's lines of business.

## Initiatives to Enhance the Sophistication and Efficiency of Internal Auditing

The Audit Department has adopted methods following the standards of the Institute of Internal Auditors (IIA)\*, an international organization. The Audit Department conducts risk-based audits and works to apply best practices to Group companies.

To fulfill effectively its role as the department in overall charge of internal auditing, the Audit Department is constantly endeavoring to advance the professional skills of personnel engaged in internal auditing. Activities include collecting the latest information on internal auditing from inside and outside Japan and disseminating it to all Group companies. Also, the Audit Department organizes training courses, led by outside experts, for the staff of Group companies and encourages them to obtain international qualifications to enhance their professional knowledge and skills in internal auditing. To improve further the effectiveness of auditing, we also take active measures on a Groupwide basis to assess the quality of our internal auditing in the light of IIA standards.

\* The Institute of Internal Auditors (IIA) was founded in 1941 in the United States as an organization dedicated to helping raise the level of specialization and professionalism of internal auditing staff. In addition to conducting theoretical and practical research on internal auditing, the IIA administers examinations for Certified Internal Auditor (CIA), which is the internationally recognized qualification in this field.



## Compliance Systems at SMFG

### Basic Compliance Policies

As a financial services group offering a multiplicity of products and services, SMFG is intensifying its efforts to maintain high standards of compliance to carry out its mission as an important part of the nation's public infrastructure and fulfill its social responsibilities. Through these efforts, SMFG is becoming a truly outstanding global corporate group.

At SMFG, we have positioned compliance as one of the principal supports of our Business Ethics (please refer to page 50), which serve as the basic principles for fulfilling our corporate social responsibility (CSR). Accordingly, we regard strengthening our compliance systems as one of our top management priorities.

### Group Management from a Compliance Perspective

As a financial holding company, SMFG seeks to maintain and enhance systems for providing appropriate direction, guidance, and monitoring for the compliance and related systems of Group companies to ensure the sound and proper conduct of business activities throughout the entire Group.

Specific activities include holding regular meetings that are attended by representatives of Group companies, as well as meetings with individual companies, with the objective of overseeing the state of autonomously implemented compliance functions at those companies. The three main areas for strengthening oversight in fiscal 2009 are (a) the creation of mechanisms to deal with possible conflict of interest issues arising from amendments to firewall regulations, (b) stronger measures to

prevent money laundering at Group companies, and (c) the assessment of progress in compliance at Group companies.

### Hotline for Reporting Improper Accounting and Auditing Activities

SMFG has established the SMFG Accounting and Auditing Hotline to provide a channel for individuals within and outside the Group to report improper activities. This hotline enables us to quickly identify and take action against fraud and other misconduct involving accounting and auditing at SMFG and its consolidated subsidiaries.

Reports can be submitted by post or e-mail as follows.

Post

**SMFG Accounting and Auditing Hotline**  
**Iwata Godo Attorneys and Counsellors at Law**  
**10th floor, Marunouchi Building**  
**2-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-6310**

e-mail

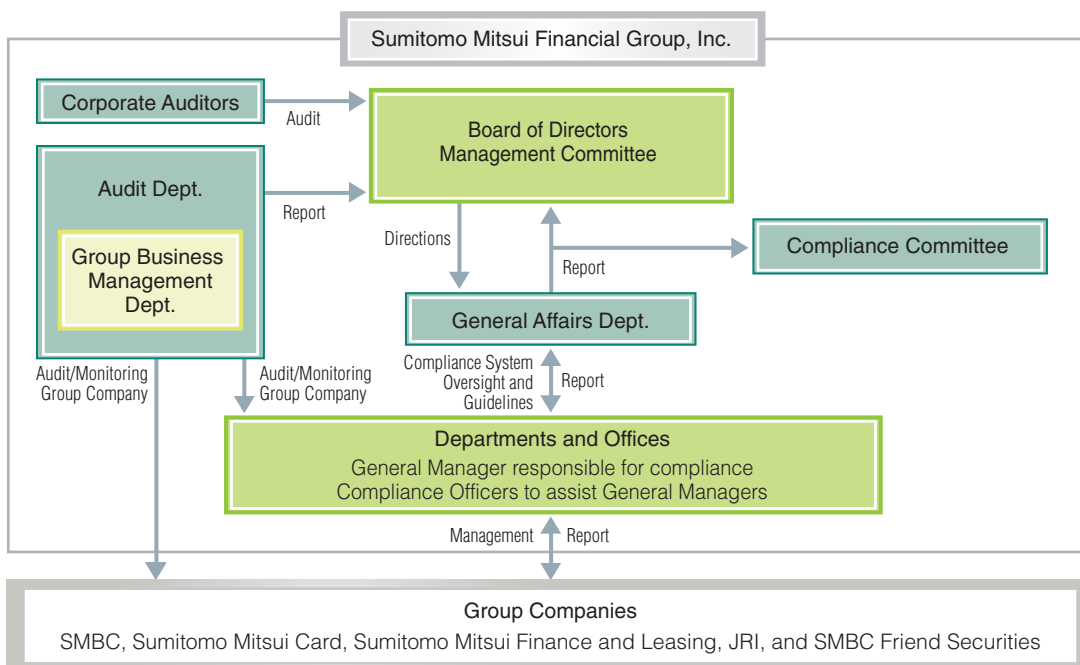
**smfghotline@iwatagodo.com**

\* The hotline accepts alerts of improper activities concerning accounting and auditing at SMFG and its consolidated subsidiaries.

\* Anonymous reports are accepted, but, if possible, please provide personal information such as your name and contact number.

\* Please provide as much detail as you can regarding the activities. An investigation may not be possible if the description is too vague.

\* Personal information will not be disclosed to a third party without your consent, or unless required by law.





# Compliance at SMBC

## Strengthening Compliance Systems

Compliance with laws, regulations, and other social standards is a basic requirement for corporations in general. Especially for banks, compliance is a particularly important issue because of their public mission and social responsibilities as key players in the financial system and socioeconomic infrastructure.

SMBC, in line with the basic policy of SMFG, requires all its management and staff to assign the highest value to maintaining people's trust, abiding by relevant laws and regulations, upholding high ethical standards, and acting fairly and sincerely. SMBC, therefore, positions maintenance of high standards of compliance as one of its most important management priorities, and is committed to always abiding by the Banking Law, Financial Instruments and Exchange Act and other legislation and taking preventive measures against financial activities of anti-social forces.

## Management of the Compliance System

SMBC adopts a basic, two-tiered structure to ensure compliance. First, each department and office is held individually responsible for making before the fact decisions that ensure its conduct complies with laws and regulations. Second, an independent, Internal Audit Unit conducts rigorous audits of department and branch compliance.

To maintain this two-tiered structure and ensure it is operating effectively, the Compliance Unit, which includes the General Affairs Department and the Legal Department, plans and implements systems and system improvements to secure compliance, acting under directions from management. The Compliance Unit also provides guidance and conducts monitoring activities regarding the activities of all departments and branches, and assists departments and branches make compliance decisions.

The framework of SMBC's compliance system is shown in the diagram at the bottom of this page. To ensure that this framework functions effectively, SMBC also engages in the activities described in the following paragraphs.

## Issuance of a Compliance Manual

To assist management and staff in choosing proper courses of action, SMBC has prepared its Compliance Manual containing 60 principles for action that provide objectives and guidance. This manual has been approved by the Board of Directors, and all management and staff have been fully apprised of its contents.

## Preparation of Compliance Programs

With the objectives of ensuring that compliance systems function effectively and making necessary improvements in compliance systems within SMBC and its consolidated subsidiaries, the Board of Directors prepares a specific plan for compliance-related activities each fiscal year, including review of and necessary revisions to regulations and training. In fiscal 2009, measures focusing on better adapting our compliance posture to social change are being implemented, including creating mechanisms to manage conflict of interest issues arising from amendments to firewall regulations, providing more detailed explanations of credit policy to SMEs for smooth and efficient financing, and taking further preventive measures against financial activities of anti-social forces.

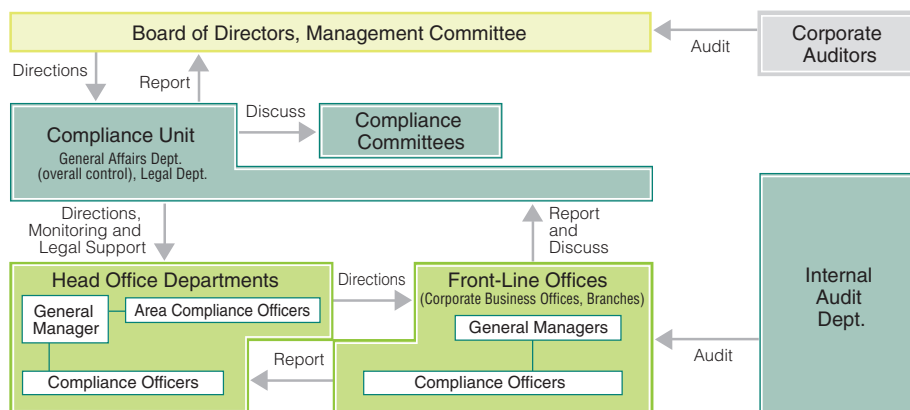
## Appointment of Compliance Officers

In addition to the compliance officers appointed within the bank's departments and branches, we have appointed Area Compliance Officers, who are independent from frontline departments, within certain of our business units including the Middle Market Banking Unit and the Consumer Banking Unit. These officers are responsible for directing and overseeing compliance regarding transactions carried out by the staff of our branches and other frontline offices.

## Formation of the Compliance Committee

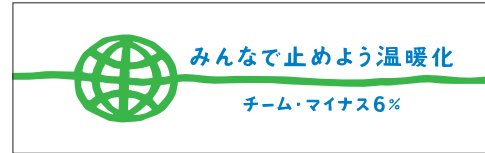
To ensure that compliance issues related to various operations within the bank are reviewed and discussed comprehensively, we have formed the Compliance Committee, which has members drawn from across the organization. This committee is chaired by the director responsible for compliance issues and includes the heads of relevant departments. To enhance the fairness and objectivity of the committee's deliberations, outside members also participate in the Compliance Committee meetings.

## Compliance System Overview



# Environmental Preservation Initiatives

The Group recognizes environmental preservation to be one of its most important management issues. Based on our Group Environmental Policy, we are implementing initiatives to preserve and achieve harmony with the natural environment in our corporate activities. SMFG is a signatory to the "Statement by Financial Institutions on the Environment and Sustainable Development" of the United Nations Environment Programme (UNEP) and participates in the national movement "Team Minus 6%," which is sponsored by the Japanese government.



## The Group Environmental Policy

### Basic Concepts

Recognizing the importance of realizing a sustainable society, SMFG is making continuous efforts to harmonize environmental preservation and corporate activities, in order to support the economy and contribute to the general well-being of society as a whole.

### Specific Environmental Policies

- We provide environment-friendly financial products, information, and solutions that help our customers in their efforts to preserve the eco-system.
- We devise ways to reduce levels of environmental risk posed by our own activities and those of society at large.
- We are determined to fulfill our social responsibilities through the conservation of resources, energy saving, and the reduction of waste.
- We enforce a policy of strict adherence to environment-related laws and regulations.
- We practice a high level of disclosure of information relating to the Group's environmental activities, and make ceaseless efforts to improve our contribution to environmental preservation, incorporating the views of our staff and concerned persons from outside the Group.
- We place a high priority on thoroughly educating our staff in our environmental principles, and in ensuring that they conform to these principles in the performance of their work.
- We actively and effectively conduct environmentally aware management, and make continuous efforts to improve our system for tackling environmental issues, including by setting targets for each business term and reviewing them when deemed advisable.
- These policies are published on the Group's website, and are also available in printed form upon request.

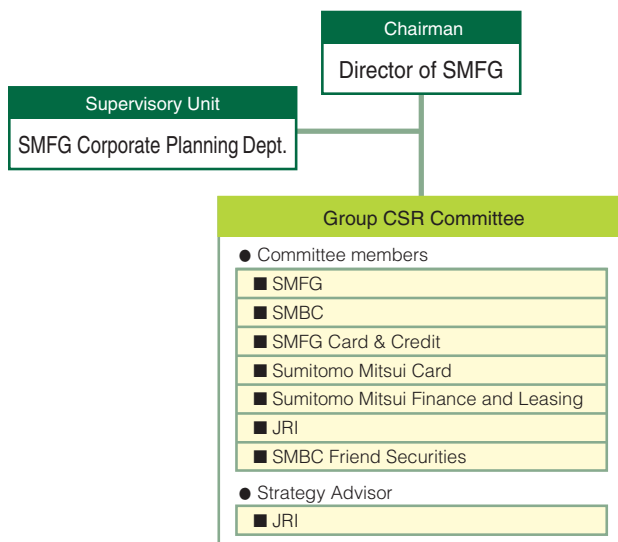
June 29, 2005  
Teisuke Kitayama  
President

Sumitomo Mitsui Financial Group, Inc.

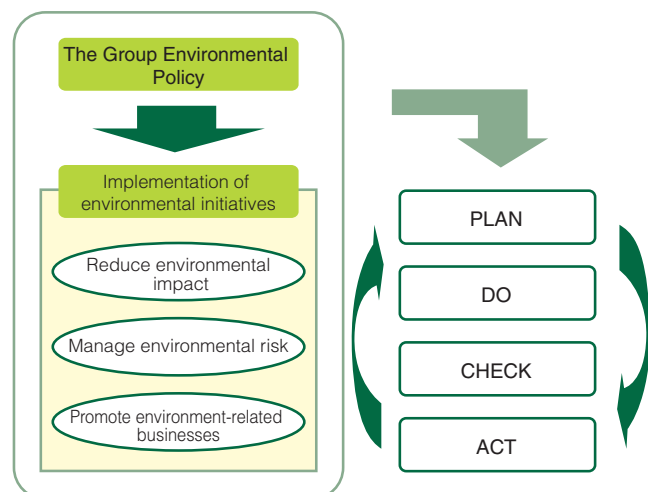
## Three Pillars of Group's Activities

The three pillars of our environmental action plan are to "reduce environmental impact," "manage environmental risk," and "promote environmental businesses." The Group CSR Committee systematically sets environmental objectives for various activities and follows the PDCA (plan, do, check, and act) cycle in these environmental activities. SMFG and principal Group companies have obtained ISO 14001 certification, the international standard for environmental management systems.

## Group CSR Committee



## Environmental Action Plan and the PDCA Cycle



## Reducing Environmental Impact

SMFG sets objectives each year for the reduction in its use of electric power and other sources of energy and is actively engaged in reaching these energy conservation goals. We conduct "Is conservation visible?" campaigns to lower energy use along with autonomous energy use reduction efforts. In addition, SMBC has made its Head Office "carbon neutral" through the procurement of "green" sources of energy and purchases of carbon credits.\* Moreover, Sumitomo Mitsui Card has attained carbon neutral status for its Osaka Head Office, and Sumitomo Mitsui Finance and Leasing has reached this status for its Tokyo Head Office, both through the purchase of carbon credits.

\* Carbon credits are also referred to as "Kyoto credits," "emission allowances," and "Certified Emission Reductions (CER)." In this annual report, we use "carbon credits" to refer to these and the other concepts recognized under the Kyoto Protocol.

## Managing Environmental Risk

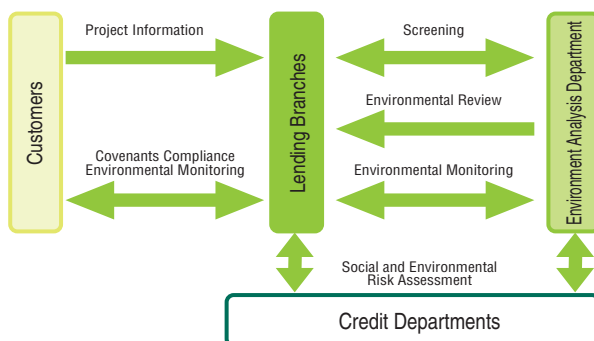
### ● Dealing with Soil Contamination and Asbestos Risk

To deal with the risk that land pledged as collateral by borrowers may be contaminated, SMBC requires contamination risk assessment for land meeting certain criteria. When the risk is judged to be high, the assessed value of the potential risk is subtracted from the value of the collateral. In addition, similar measures are taken regarding asbestos risk. When there is a concern about possible asbestos pollution, risk assessments are conducted for asset collateral meeting certain criteria, and SMBC encourages its customers to implement assessment surveys of such risk. Regarding its own premises, SMBC conducts surveys of asbestos risk and takes appropriate removal measures.

### ● Adoption of the "Equator Principles"

SMBC has adopted the Equator Principles, a set of guidelines for financial institutions to conduct assessment and management of social and environmental impacts related to the financing of large-scale development projects. The Environment Analysis Department (EAD) has established its own internal procedures for social and environmental risk assessment in accordance with the Equator Principles, and EAD keeps updating its risk assessment operation.

### ■ Flow Chart of SMBC's Social and Environmental Risk Assessment



## Promoting Environmental Businesses

The Group considers helping companies engaged in environmental business as an effective way of supporting society and the international community through its business activities. SMBC, in particular, formed the cross-organizational Eco-Biz Promotion Council in fiscal 2005 to discuss periodically the development of sophisticated and efficient products and services that contribute to environmental maintenance and improvement.

### Topics

#### ◆ SMBC Receives Fuji Sankei Group Award

At the ceremony for the 18th Global Environment Awards, sponsored by the Fuji Sankei Group, SMBC received the Fuji Sankei Communications Group Prize for excellence in developing advanced environmentally responsible products and services. This was the first time a major bank has received this award, which is one of Japan's most prestigious honors in the environmental field.



#### ◆ "Fight Global Warming Campaign" Honored at 2008 Nikkei Superior Products and Services Awards

SMBC received the 2008 Nikkei Veritas Award for Superiority for its "Fight Global Warming Campaign" at the Nikkei Superior Products and Services Awards ceremony. During the campaign, part of the earnings from the sales of Japanese government bonds (JGBs) for individuals is used to purchase carbon credits. SMBC then gives these credits to the Japanese government. The first of its kind, this program has generated a strong response as a way to allow customers to combat environmental issues while earning a return from investing in JGBs.



## Environmental Initiatives by Group Companies

Customers	Program/Product	Description	Company
Corporate	SAFE environmental magazine	Started in 1996, this bimonthly magazine contains interviews with top management of companies, analyses of business trends and other useful information for corporate environmental activities.	Sumitomo Mitsui Financial Group
	Signatory to Carbon Disclosure Project (CDP)	SMFG participates in the CDP, in which institutional investors and financial institutions ask companies to disclose environmental policies and information at their own initiative to prepare reports.	
	SMBC-ECO Loan	This loan offers reductions on loan interest rates of up to 0.5% for SMEs with environmental management systems certified by any of more than 20 sources, including certification systems of NPOs and local governments. In October 2008, the <i>SMBC-ECO Loan eco value up</i> was added to include environmental certification systems of large companies, to support a broader range of corporate environmental activities.	Sumitomo Mitsui Banking Corporation (SMBC)
		Loans extended: Approximately ¥47 billion to 800 companies (as of March 31, 2009)	
	SMBC Environmental Friendliness Assessment Loan	Terms and conditions of this loan depend on the results of an assessment of a company's environmental friendliness using standards prepared by The Japan Research Institute, Limited (JRI). Once the loan is provided, JRI submits a simplified diagnosis sheet to notify the borrower of the assessment results.	
		Loans extended: ¥18.5 billion to eight companies (as of March 31, 2009)	
	Global ECOBIZ Assist	This program supports the globalization of Japanese companies with environmental technologies by offering preferential fees and interest rates on loans for international trade. It offers these to midsize and SME companies that develop and manufacture equipment related to water, waste materials, new energy, the atmosphere, energy conservation and other areas (soil pollution remediation, greening, recovery of natural areas, etc.).	
	eco japan cup	This is a contest for selecting companies that have practical environmental technologies and ideas. SMBC gives assistance to those venture companies jointly with Japanese universities and thereby provides support for their R&D activities.	
	SMBC Environmental Business Forum	SMBC and SMBC Consulting Co., Ltd. jointly held multifunctional events at Eco-Products, one of Japan's largest environmental exhibitions. This forum combined many types of events such as environmental seminar, business matching etc. <b>PICK UP</b>	
	Eco-Products International Fair	At the fifth (March 2009) fair, SMFG president Teisuke Kitayama chaired the planning committees and oversaw the booths, international conferences and other activities. He will have the same role at the 2010 fair. <b>PICK UP</b>	
	Carbon-credit related business activities (matching, advisory, trust and consulting activities)	SMBC serves customers with needs involving carbon credits by using overseas offices, trust functions and other resources to offer products and services such as introduction of sellers in developing countries, advisory service to support transactions, trust products, and financing. SMBC established a consulting company in Brazil to assist in development of Clean Development Mechanism (CDM) projects.	
	Carbon credit trading	SMBC started direct purchases and sales of Kyoto credits in June 2009.	
	Assistance in using the domestic credit system	SMBC and Group companies are working on a program for assisting emission reduction activities by using the domestic credit system that began in October 2008.	
	"Climate & Children Supporters"	SMBC and UNICEF started this program to target both the causes and results of climate change. When participating companies buy carbon credits to fight global warming, monetary contributions to the program are also made to aid a developing country (Mozambique) that is suffering from the effects of global warming.	
Individuals	Carbon-neutral leases	Started in August 2007, this is a new service that renders the greenhouse gases released by leased assets neutral through the allocation of carbon credits to these assets. The goal is to provide more support to companies that protect the environment through their own activities.	Sumitomo Mitsui Finance and Leasing Co., Ltd. (SMFL)
	Consulting business for the amended Energy Conservation Law	SMFL is enhancing environmental advisory services for companies in response to the enactment of Japan's amended Energy Conservation Law. This includes comprehensive energy conservation proposals that utilize leases. <b>PICK UP</b>	
	Environmental advisory business	This business is involved in many projects centered on waste treatment and energy. The objective is to combat global warming and support the growth of environmental companies by creating new businesses.	The Japan Research Institute, Limited (JRI)
	Consulting for construction of Tianjin Eco-city	JRI is providing consulting services for a national project near Tianjin, China to construct an environmentally-friendly city. The city is based on the concept of harmony with the environment, including conserving, recycling and efficient use of resources.	
Individuals	Carbon offset mortgage loans	Between April and September 2008, SMBC conducted a campaign targeting customers who purchased an environmentally responsible house with loans provided by SMBC. For each household, SMBC purchased a one-ton carbon credit and then gave the credits to the Japanese government.	Sumitomo Mitsui Banking Corporation (SMBC)
	DWS New Resource Technology Fund	To adapt to global shifts and growth in demand patterns, this fund invests mainly in stocks of companies worldwide with excellent growth prospects involving businesses associated with three themes of infrastructure, food and clean energy.	
	Environmental campaign using JGBs for individuals	SMBC has been conducting environmental campaigns for every issue of these bonds since June 2008. Starting with the "Fight Global Warming Campaign," for each purchase of at least ¥1 million, SMBC purchases a 0.5-ton carbon credit and gives the credit to the Japanese government. SMBC also carried out a tree-planting campaign with the cooperation of an NPO, and an "energy of the future" campaign.	
	Web Meisai Eco-Toku Campaign	By December 2008, over a million people had joined our campaign to cut paper use by distributing credit card statements online.	Sumitomo Mitsui Card Company, Limited

## SMBC Environmental Business Forum in Eco-Products 2008

SMBC and SMBC Consulting held the SMBC Environmental Business Forum in Eco-Products 2008, one of Japan's largest environmental exhibitions. The forum combined three types of events: environmental business matching, environmental seminars, and a hands-on environmental event experience. Forty-three SMEs that are SMBC customers set up booths. The matching service arranged a total of 540 matches for environmental businesses during the forum.

Visitors to the forum saw presentations by SMFG companies and departments on environmental products and initiatives. Our customers also conducted presentations to explain their most advanced environmental initiatives and university researchers



explained the results of their studies. In addition, the forum included a hands-on event experience for the general public. With this multitude of activities, going well beyond the normal scope of an

The front of the SMBC booth

exhibition, the SMBC Environmental Business Forum attracted much attention at Eco-Products 2008.

Many visitors to Eco-Products 2008 came to the SMBC Environmental Business Forum, enabling us to attract some 2,000 visitors over the three days of seminars and other events. The Forum was a great success.



A wide range of stakeholders held environmental seminars.



Hundreds of companies found prospective business partners at the matching booth.

### Eco-Products 2008

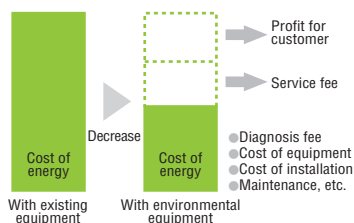
- Name: The 10th Eco-Products 2008 — Eco Style Fair
- Dates: December 11 to 13, 2008
- Venue: Tokyo International Exhibition Center "TOKYO BIG SIGHT" (East Hall)
- Organized by: Japan Environmental Management Association for Industry (JEMAI), Nikkei Inc.
- Exhibitors: 750 companies and organizations, 1,700 booths
- Number of visitors: 173,917 (164,903 in previous year)

## Advisory Services for Compliance with Amended Energy Conservation Law

There are signs of increased capital investment in environmental and energy conservation measures ahead of the entry into effect of the amended Energy Conservation Law in April 2010.

To meet these needs, Sumitomo Mitsui Finance and Leasing (SMFL) is offering customers comprehensive energy conservation proposals centered on methods for lowering energy consumption. SMFL provides leases for environmental equipment and devices that cut greenhouse gas emissions or conserve energy. It is also enhancing its advisory services. Conserving energy using methods such as energy service company (ESCO) leasing, is one field of expertise. SMFL also provides extensive information on legally mandated environmental reports. SMFL will continue to refine its expertise in assisting customers to obtain the economic advantages of leasing environmental equipment — leasing eliminates the lump-sum initial investment required for equipment purchases and the leased equipment reduces emissions, energy consumption and operating expenses.

### Example of Cost Saving



## Eco-Products International Fair 2009

The fifth Eco-Products International Fair 2009 took place in March 2009 in Metro Manila, Philippines. SMFG president Teisuke Kitayama chaired the preparations committee and assisted in the operation of the fair.

This international fair is held every year in order to contribute to the growth of environmental businesses in the Asia-Oceania region and making these businesses more competitive. In 2009, 36 Japanese companies took part along with 128 companies and associations from the Philippines, Singapore and Malaysia, setting a new record for participation. More than merely a business exhibition, the fair was an international conference that brought together government representatives, including ministers, and prominent members of the academic and business communities — key front-line players in politics and economics.



President Kitayama explains SMBC's local environmental programs to Philippines' President Maria Macapagal-Arroyo.



Representatives of SMBC and JRI took part in the Environment and Finance conference that was held on the fair's second day.

# Social Contribution Activities

## Fundamental approach to social contribution activities

SMFG and its Group companies, due to the public service nature of the financial services industry, recognize the importance of using business operations to contribute to the development of society. In addition to this contribution to society through day-to-day business operations, we must also act as a responsible corporate citizen by engaging in activities that help lay the foundations for a better society in the future. In the spirit of corporate citizenship, SMFG and its Group companies will fulfill their social obligations through a broad range of activities.

## Policy on social contribution activities

SMFG and its Group companies understand their role as responsible corporate citizens, and undertake activities that contribute to the realization of a prosperous and sustainable society. We maintain an extensive social contribution program by planning and executing social contribution activities at the corporate level, as well as encouraging employees to volunteer for worthwhile activities.

## The central elements of our social contribution activities

SMFG and its Group companies position the following four sectors as the core fields for social contributions: 1) social welfare; 2) local and international communities; 3) environment; and 4) culture, art and education.

### Activities Contributing to Social Welfare

#### ● Sign-Language Courses

To assist employees in communicating with and offering high level services to aurally challenged customers, SMBC has provided sign-language courses to its employees each year since 1997. This is one of the many ways that SMBC makes social contributions through its business activities. In fiscal 2008, 125



SMBC employees enrolled in the course, which was conducted in 10 sessions. Also, in 2005, the bank began to hold annual lectures to provide opportunities for aurally challenged guest speakers, assisted by interpreters, to share their impressions of daily life using sign language. This event was held for the fifth consecutive year in April 2009 and was attended by about 460 employees.

#### ● Providing Opportunities to Experience Volunteer Activities

SMBC provides opportunities for its staff and their families to experience volunteer activities. During fiscal 2008, SMBC held a number of these events, including three entitled: "Learning about Offering Support to Physically Challenged Persons through Demonstrations of Service Dogs Assisting Persons with Sight, Hearing, and Other Disabilities," "International Cooperation Seminar for Learning about the Life of Children in Developing Countries and Sorting Foreign Coins Received at the Bank Branches and Other Offices," and "Seminar on First-Aid Methods, Including the Use of Arm Slings and Automated External Defibrillators (AEDs), to Assist Persons Injured as a Result of Disasters or Suffering from Emergency Medical Problems." In addition, SMBC provides



employees with information on various volunteer activities and encourages their participation in such events.

#### ● Collection and Donation of Voided Postcards, Unused Prepaid Telephone Cards, and Used Postage Stamps

SMFG collects voided postcards from Group employees, exchanges them for new postal stamps, and donates the stamps to volunteer organizations to help them cover their postal costs. In addition, SMBC collects unused prepaid telephone cards, Sumitomo Mitsui Finance and Leasing collects PET bottle caps, and SMBC Friend Securities collects PET bottle caps and used postage stamps from employees, donating them to volunteer organizations.

#### ● Donations to Organizations Assisting Senior Citizens

Since fiscal 2007, SMBC Friend Securities has been donating annually part of the income from a fund that invests in companies contributing to the betterment of the aging population to organizations that assist and provide nursing care for the elderly.

## Contribution Activities for Local and Overseas Communities

### ● Volunteer Fund

SMBC has a system in which employees who volunteer have ¥100 deducted from their salaries each month to fund donations to organizations that perform volunteer work in Japan and other countries. As of May 2009, more than 11,000 employees were participating in this program. SMBC group member SAKURA KCS Corp. started its own volunteer fund in April 2009 as part of activities to commemorate its 40th anniversary, with participation by about 830 employees, some 70% of the entire workforce.

The following is a list of major activities funded in part by the SMBC Volunteer Fund in fiscal 2008.

- Reconstruction of after-school home facilities for children in Croatia, which is still feeling the effects of the Balkan War of the 1990s
- Printed 3,000 folklore picture books and trained librarians in Cambodia (total of 21,000 books since 2002)
- Constructed libraries at two elementary schools in Laos (total of 15 libraries since 2002) and operated a children's culture center
- Organic farming and fish-farming programs at elementary and junior high schools in Thailand to improve nutrition for children and help people become economically self-reliant
- Training of healthcare center staff for better nutrition and disease prevention among women and children in Nepal
- Sewing and reading lessons in Myanmar to assist women facing economic and social challenges
- Micro-finance business and job training for the poorest women in agricultural villages in Bangladesh
- In Indonesia, scholarships for elementary to high school students and infant care programs
- In the Philippines, reading classes for mothers and organic farming training to give mothers and children more nutritious diets
- Scholarships for girls in poor villages in China
- Japan-China high school student exchange, school visitation, home stay, company visits and other programs
- In Afghanistan, funds to construct a rehabilitation clinic for landmine victims and other people in need
- School meal program for elementary schools in Burkina Faso



- Wells and toilets for schools and other clean-water projects in Sudan
- In Madagascar, free restorative surgery by Japanese physicians for people injured by war
- In Japan, funds for trips and other activities to create memorable experiences for children with terminal diseases and their families
- Workshops and performances at elementary schools in Japan by a puppet play company composed of speech- and aurally-challenged persons
- A portion of education fees at Japan's first school that conducts classes entirely in Japanese sign language
- Ten months' funding for assistance-dog candidate puppy born in 2008

In addition, the SMBC Volunteer Fund made emergency-relief donations for victims of the cyclone in Myanmar, the Great Sichuan Earthquake in China, the Iwate-Miyagi-Nairiku Earthquake in Japan, flooding in Aichi prefecture, and other natural disasters.

### ● Opening of accounts for donations to disaster victims

When major natural disasters occur, either in Japan or overseas, SMBC opens special accounts to collect donations for relief without the usual fund transfer charges. SMBC also solicits donations for such causes from its employees and those of Group company Japan Research Institute.

In fiscal 2008, donation accounts were established for relief efforts following the cyclone in Myanmar, the Great Sichuan Earthquake, the Iwate-Miyagi-Nairiku Earthquake, and flooding in Aichi prefecture.

Furthermore, following the Great Sichuan Earthquake, Sumitomo Mitsui Card collected donations made by customers using its credit cards.

### ● Activities of YUI, SMBC's Volunteer Organization

SMBC also provides active support for YUI, an in-house volunteer organization that provides opportunities for SMBC employees to plan and carry out volunteer activities. YUI activities conducted on a regular basis include social events at schools for the aurally challenged, holding charity bazaars for items collected from employees, handicraft goods and donated items, and events to provide opportunities for senior citizens to sing their favorite songs in front of an audience.



### ● SMBC Program for Contributing to Local Communities



Since fiscal 2007, SMBC has been promoting activities planned by its branches and other offices in Japan to contribute to local communities. Thus

far, these activities have included cleaning up the local environment, such as a park, and areas in the vicinity of SMBC branches, the planting of trees and flowers around branches, sign-language study classes, exhibitions of children's art from around the world and concerts in the lobbies of SMBC branches.

### ● Support for UNICEF

SMBC is a member corporation of the steering committee of UNICEF Coin Aid and cooperates in the organization's fund-raising activities. To this end, SMBC places coin collection boxes in its branches and offices in Japan and calls for donations from the general public. The coins collected are sorted by currency with the cooperation of SMBC Green Service Co., Ltd., a Group company, before being delivered to UNICEF. SMBC also cooperates with UNICEF by implementing the UNICEF Donation Account program. This program enables customers to donate their interest earnings after tax to UNICEF and SMBC provides a matching donation.

Sumitomo Mitsui Card and VJA group companies collect donations from VISA cardholders every year through its World Present point service for member companies of the VISA Japan Association. These donations are then transferred to the Japan Committee for UNICEF. Since the start of the program in 1992, total donations have exceeded ¥280 million. Beginning in April 2008, we also commenced donations to the Japanese National Commission for UNESCO and WWF Japan (the World Wide Fund for Nature Japan). Sumitomo Mitsui Card also issues cards that automatically make donations to specific charities, such as the UNICEF VISA Card and the Red Feather VISA Card (offered in cooperation with the Central Community Chest of Japan). Sumitomo Mitsui Card also makes its own donations to the working funds of all these organizations from its card business revenues.



SMBC collects donations of foreign coins and bills for UNICEF at its branches.



The coins and bills collected are sorted by currency and then delivered to UNICEF.

### ● Participation in "TABLE FOR TWO"

In June 2009, SMBC introduced a nutritiously balanced, low-calorie fixed menu at its employee cafeterias with a ¥20 donation included in the meal price to fund meals at schools in developing countries. This program serves two purposes: providing nutritious meals for children in developing countries who suffer from hunger and malnutrition, and encouraging employees in Japan to change to diets that help prevent the onset of lifestyle diseases.



### ● Scholarships for University Students in China

SMBC has established a scholarship program in China for students at Suzhou University and Shanghai International Studies University.

### ● SMBC Global Foundation

Based in the United States, this foundation has distributed scholarships to more than 5,000 university students in seven Asian countries since its establishment in 1994. The foundation is active in the United States and Canada. In 2009, the mayor of New York City proclaimed May 17 "SMBC Day" in recognition of the foundation's many contributions to the city.

### ● SMBC Foundation for International Cooperation

Established in 1990, the SMBC Foundation aims to assist in developing the human resources necessary to achieve sustainable growth in developing economies as well as promote international exchange activities. Since its inception, the foundation has provided financial support for 7-8 students from Asian countries each year to enable them to attend universities in Japan. The foundation also offers subsidies to research institutes and researchers undertaking projects related to developing countries.

## Environmental Activities

### ● Neighborhood Cleanup Programs

SMFG holds an "SMFG Clean-up Day" in which Group employees volunteer to pick up litter on beaches. In 2008, 117 employees participated in this activity.

SMBC Friend Securities held its own beach cleanup events in Chiba and Hyogo Prefectures. About 200 employees took part. In addition, employees of Sumitomo Mitsui Finance and Leasing and Japan Research Institute regularly participate in cleanup activities near their offices.



● **SMBC Environmental Program**  
**NPO C.C.C Furano Field**



SMBC also provides support to an environmental project implemented by screenwriter Soh Kuramoto in Furano, Hokkaido. The bank is providing support for planting seedlings at a country club that has been shut down in Furano for reforestation of the area. Employee volunteers and their families are invited to tour the project site to explore nature at first hand.



● **Support for Nature Conservation Groups**

Japan Research Institute undertakes research for the Eco Fund, an investment trust that targets environmentally responsible companies, to assist this fund in making selections of companies appropriate for investment. The company then donates part of the fees received for this research to private sector nature conservation groups.

Sumitomo Mitsui Card also donated funds to nature-protection organizations as one way to mark the 40th anniversary of its establishment.

**Contributing to Cultural, Artistic, and Education Activities**

● **Children's Illustration Contest**

SMBC held its first illustration contest for elementary school children in Japan in fiscal 2007. The following year's contest attracted approximately 2,000 entries. Winners were presented with original bank passbooks featuring their own entries. In addition, the winning works were displayed at SMBC branches throughout Japan for the enjoyment of our customers.



● **Charity Concert**

SMBC has been arranging charity concerts since fiscal 2006 to support children worldwide who have suffered from wars, natural disasters and other misfortunes. SMBC's employee music societies perform a range of musical pieces that appeal to everyone from children to adults. Donations are collected from the audience at the concert, and artwork submitted by children around the world is displayed in the concert hall lobby. In addition, a charity bazaar is held featuring items for sale that have been handcrafted by SMBC employees. The 4th concert was held in June 2009 at Nihon University Casals Hall with a large number in attendance.



● **Financial and Economic Education**

SMBC welcomes school field trips to bank branches and other locations. Other financial and economic education activities include a publication called *What Does Bank Do?*, a financial education game on the SMBC website, support for Kidzania (job-experience theme park for children), holding seminars on finance and economics, internship programs, and many other programs. Sumitomo Mitsui Card and Japan Research Institute also provide instructors for classes at universities.



● **Student Internship Program**

Japan Research Institute and SMBC Friend Securities welcome student interns to their offices every year to learn about career opportunities. In fiscal 2008, these two companies accepted about 50 and 20 university student interns, respectively.

SMFG and the Group companies strive to create a workplace where each and every employee can take pride and be highly motivated about his or her work. In the following pages, we would like to introduce SMBC's initiatives in the human resources area.

## Four Goals of SMBC's Human Resource Management

1. Promote the creation of an even more powerful business culture and practices that will enable SMBC to compete in global markets
2. Develop staff with specialized professional skills who can provide customers with high-value-added services
3. Motivate employees even more strongly by respecting their individuality and encouraging them to seek personal fulfillment
4. Foster a corporate culture that encourages a forward-looking and creative attitude

## Training Staff with Specialized Professional Skills

### ● Training for Younger Employees

To provide a high level of motivation for growth and development among younger personnel, SMBC provides basic practical training programs in consumer banking, corporate banking, and operations under separate programs known as the Retail Banking College, the Corporate Banking College, and the Banking Operations College. Instruction in business knowledge and skills, which was formerly conducted over several years, has been concentrated into a period of only about six months for new employees, using a combination of on-the-job training and classroom courses. This system provides for a concentrated learning experience without placing an undue burden on new employees.



Corporate Banking College

### ● Expanding In-House Recruitment Systems

To support employees in designing their own careers on their own initiative we operate an in-house recruitment system, which has three entry points: namely, the training entry point, the job entry point, and the post-entry point. In the case of the job entry point, SMBC holds its SMBC Job Forum, which is an in-house seminar where 50 or more departments introduce their work and solicit other employees to join them. This forum not only increases interest in the in-house recruitment system but also improves

understanding among staff about a wide range of jobs within the bank, thus providing employees with the opportunity to think about their career design. In fiscal 2008, more than 800 young to mid-career employees, in eastern and western Japan together, attended these seminars.



Job Forum

## Creating a Corporate Culture that Derives Strength from Diversity

### ● Employing a Diversity of Human Resources

SMBC is implementing initiatives to create a workplace where gender, nationality, and other superficial characteristics are not an issue and where a diversity of personnel can make active contributions. The ratio of women newly hired for the year beginning in April 2009 for generalist and consumer services positions was around 40%, and the number of women holding managerial positions has increased substantially. In fiscal 2008, we established a Diversity and Inclusion Department within our Human Resources Department and implemented other initiatives for creating a corporate culture that derives strength from diversity.

### ● The New Business Career Path

In fiscal 2008, we revamped our existing support staff career tracks by establishing the Business Career Path for those wishing to broaden their work activities and roles. We have introduced a "corporate course" and an "operation course" for work and career paths. We have also created managerial levels and opened up fields where motivated employees can make even greater contributions, while valuing lifestyle and career considerations. In addition, we have hired temporary and contract employees working at our branches as regular employees on the Business Career Path (about 2,000 in fiscal 2008; some 400 in fiscal 2009).

### ● Initiatives at Overseas Offices

SMBC has a strong commitment to training local staff at overseas units. The training facility established in Singapore by the Asia Pacific Training Department covers a broad range of subjects for employees in this region. Sessions are focused primarily on busi-

ness training and the development of capabilities and skills. Through these activities, we are taking the initiative in developing human resources on a global scale.

As of April 2009, SMBC had three non-Japanese executive officers, one each in Asia, the United States and Europe. In addition, we are aggressively recruiting foreign employees in Japan.



Credit administration training session in Singapore

### ●Employing Physically Challenged Persons

SMBC has established a special company called SMBC Green Service Co., Ltd. that provides employment opportunities for the physically challenged. In December 2008, this company set up an office in Kobe for the purpose of creating jobs for the mentally challenged. To upgrade their skills, we encourage our employees to participate actively in competitions for the physically challenged. Over the years, we have sent a number of our employees to the National Skill Competition for the Disabled (known as the "Abilympics"), three of whom were winners in the fiscal 2008 competition. As of March 2009, physically challenged persons account for 1.95% of our employees, well above the legally mandatory 1.8%.

### ●Providing Support for a Good Work-Life Balance

SMBC has an employee support program that provides a range of assistance for achieving a proper balance between work and home. For example, we reimburse employees for up to ¥50,000 for monthly after-school child-care and babysitting expenses and we have extended the duration of all child-related programs to the end of the third year of elementary school. More than 20 male employees have used the short-term (about two weeks) child-care leave system. Our monthly lecture program for assisting employees returning to work after time off for child-rearing is now in its fourth year. A total of 600 or so employees have attended these sessions. Giving families a better understanding of jobs at SMBC is another goal. For this purpose, we conduct the SMBC Children's Visitation Program each year so that children can see the work their parents do at SMBC. In March 2009, SMBC received the *Kurumin* certification from the Japanese Ministry of Health, Labour and Welfare in recognition of our activities to support child-rearing.

## Systems for a More Flexible Work Environment

### ○Work relocations

To enable employees with job categories that do not normally provide for relocation transfers to request reassignments to other locations due to marriage, relocation of one's spouse, or other reasons.

### ○Leave for taking care of sick children

Employees may take leave to care for sick children who are in their third year of primary school or younger. (Leaves are up to five days a year for one child and ten days a year for two or more children.)

### ○Half-day vacation time

Employees can use their annual allotment of vacation days in half-day increments, to give them the flexibility to attend school events and take care of other personal matters.

### ○System for rehiring former employees

Employees who have resigned due to marriage, childbirth, child-rearing, or caring for a family member can apply to be rehired within five years of their resignations.

### ○Parental leave

Employees are allowed to take parental leave until the child is 24 months old.

### ○Shorter working hours

For employees with children in school up to the end of the third year of primary school, SMBC has two types of systems that employees may choose from to give them time to drop off children at a daycare center and pick them up at the end of the day. One system enables them to shorten their working day, and the other makes it possible to designate one day each week as a day off.

### ○Leave for caring for senior or disabled family members

Employees may take leave of absence to take care of a disabled or elderly family member.

## Systems to Provide Financial Support for Child-Rearing

### ○Child-care subsidies

For employees with children up to the end of the third year of primary school, SMBC offers subsidies up to a monthly limit of ¥50,000 to pay for after-school care and babysitting.

### ○Subsidies for transportation to and from child-care centers

To help pay for transportation costs to and from child-care centers and other such transportation expenses, SMBC offers a system that pays the cost of having parents take a detour to the care center, etc., from their regular commuting route.

### ○Child-care support system

To lighten the economic burden of child-rearing for employees, we provide child-care center and babysitting services through an employee benefit services outsourcing company at a discount.

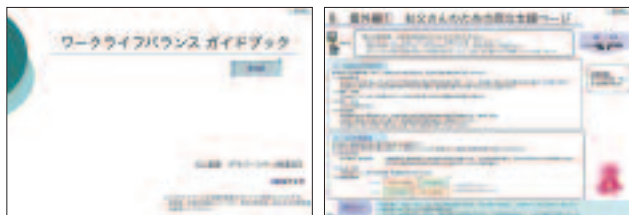


Children's Visitation Program



Kurumin

The programs explained thus far are all activities at SMBC, and similar initiatives are being extended to other Group companies. To start their own programs for employees, Sumitomo Mitsui Card, Sumitomo Mitsui Finance and Leasing, SMBC Friend Securities and Japan Research Institute each completed a Work-Life Balance Guidebook in fiscal 2008, based on actual experience at SMBC.



Work-Life Balance Guidebook

## Heightening Awareness of Individual Rights

At SMBC, we have included in our principles of action the concepts that “we will respect the individual human dignity of our customers and employees” and “we will not permit discrimination of any kind.” We are implementing the following initiatives to heighten the awareness of all employees regarding individual rights.

- Conducting training meetings for manager-level staff (once a year), and personnel newly appointed to management positions and staff who have recently joined the bank
- Holding study meetings to discuss individual rights issues, with manager-level personnel leading these sessions (twice a year)
- Soliciting slogans promoting individual rights from management and staff (once a year)

### ● SMBC Named as One of the Best 25 Companies in Japan in the “Great Place to Work” Rankings

In January 2009, SMBC was selected for the second year running as one of the best companies in Japan as a place to work in the survey conducted by Great Place to Work® Institute Japan.

\* Great Place to Work® Institute, Inc., a U.S. company, is a survey organization that supplies data for the annual list of the “100 Best Places to Work®” published by Fortune magazine. The survey has two major components: a survey of the internal systems and corporate culture of respondent companies and a questionnaire survey of the employees of these companies. The survey of employees receives a weighting of two-thirds in determining the final results.



## Staff Profile

March 31	2007	2008	2009
<b>Number of employees*</b>	19,723	20,273	23,543
Male	13,424	13,457	13,669
Female	6,299	6,816	9,874
<b>Average age</b>	39 yrs 0 mths	38 yrs 7 mths	36 yrs 9 mths
Male	41 yrs 2 mths	40 yrs 10 mths	40 yrs 5 mths
Female	34 yrs 5 mths	34 yrs 2 mths	31 yrs 8 mths
<b>Average years of service</b>	16 yrs 8 mths	15 yrs 11 mths	13 yrs 10 mths
Male	18 yrs 2 mths	17 yrs 5 mths	16 yrs 11 mths
Female	13 yrs 7 mths	12 yrs 11 mths	9 yrs 6 mths
<b>Ratio of employees with disabilities (% of total)**</b>	2.03%	2.05%	1.95%

\* The number of full-time employees, including employees temporarily dispatched to other companies and organizations. The following have all been excluded from this total: executive officers, employees on short-term contracts, part-time employees, temporary staff employees, and local staff at overseas branches.

\*\* As of March 1 of the respective years

April 1	2005	2006	2007	2008	2009
Number of newly employed female graduates***	208	252	380	518	388
Ratio of newly employed females to total new employees	38.1	36.3	40.0	41.3	40.3

\*\*\* Includes generalist staff and consumer service staff. Business Career Path employees are excluded.

Fiscal	2004	2005	2006	2007	2008
Number of women in managerial positions****	193	235	280	354	456
Number taking leave for child-rearing	70	89	126	163	222
Men taking such leave	—	—	6	22	27
Number of career hires	88	181	156	500	136

\*\*\*\* As of the end of the fiscal year



# Financial Section and Corporate Data

## Financial Data

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# Consolidated Balance Sheets

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2009	2008	2009
<b>Assets</b>			
Cash and due from banks (Note 10) .....	¥ 3,800,890	¥ 2,736,752	\$ 38,694
Deposits with banks (Notes 10 and 29) .....	1,440,804	2,280,573	14,668
Call loans and bills bought (Note 10) .....	633,655	595,802	6,451
Receivables under resale agreements .....	10,487	357,075	107
Receivables under securities borrowing transactions .....	1,820,228	1,940,170	18,530
Monetary claims bought (Notes 10 and 29) .....	1,024,050	1,153,070	10,425
Trading assets (Notes 3, 10 and 29) .....	4,924,961	4,123,611	50,137
Money held in trust (Note 29) .....	8,985	7,329	91
Securities (Notes 4, 10 and 29) .....	28,698,164	23,517,501	292,153
Loans and bills discounted (Notes 5 and 10) .....	65,135,319	62,144,874	663,090
Foreign exchanges .....	885,082	893,567	9,010
Lease receivables and investment assets (Notes 10 and 28) .....	1,968,347	—	20,038
Other assets (Notes 6 and 10) .....	4,257,251	4,951,587	43,340
Tangible fixed assets (Notes 7, 10 and 16) .....	1,008,801	820,411	10,270
Intangible fixed assets (Note 8) .....	361,884	332,525	3,684
Lease assets (Notes 9 and 28) .....	—	1,425,097	—
Deferred tax assets (Note 24) .....	857,658	985,528	8,731
Customers' liabilities for acceptances and guarantees .....	3,878,504	4,585,141	39,484
Reserve for possible loan losses .....	(1,077,852)	(894,702)	(10,973)
<b>Total assets</b> .....	<b>¥119,637,224</b>	<b>¥111,955,918</b>	<b>\$1,217,930</b>

(Continued)

March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2009	2008	2009
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
Deposits (Notes 10 and 11) .....	¥ 83,030,782	¥ 75,768,773	\$ 845,269
Call money and bills sold (Note 10) .....	2,499,113	2,638,142	25,441
Payables under repurchase agreements (Note 10) .....	778,993	1,832,467	7,930
Payables under securities lending transactions (Note 10) .....	7,589,283	5,732,042	77,260
Trading liabilities (Notes 10 and 12) .....	3,597,658	2,671,316	36,625
Borrowed money (Notes 10 and 13) .....	4,644,699	4,279,034	47,284
Foreign exchanges .....	281,145	301,123	2,862
Short-term bonds (Note 14) .....	1,019,342	769,100	10,377
Bonds (Note 14) .....	3,683,483	3,969,308	37,499
Due to trust account .....	60,918	80,796	620
Other liabilities (Notes 10, 15 and 28) .....	3,803,046	3,916,427	38,716
Reserve for employee bonuses .....	27,659	29,267	282
Reserve for executive bonuses .....	513	1,171	5
Reserve for employee retirement benefits (Note 27) .....	35,643	38,701	363
Reserve for executive retirement benefits .....	7,965	7,998	81
Reserve for reimbursement of deposits .....	11,767	10,417	120
Reserve under the special laws .....	432	1,118	4
Deferred tax liabilities (Note 24) .....	27,287	52,046	278
Deferred tax liabilities for land revaluation (Note 16) .....	47,217	47,446	481
Acceptances and guarantees (Note 10) .....	3,878,504	4,585,141	39,484
<b>Total liabilities</b> .....	<b>115,025,460</b>	<b>106,731,842</b>	<b>1,170,981</b>
<b>Net assets (Note 25)</b>			
Capital stock (Note 17) .....	1,420,877	1,420,877	14,465
Capital surplus .....	57,245	57,826	583
Retained earnings .....	1,245,085	1,740,610	12,675
Treasury stock .....	(124,024)	(123,989)	(1,263)
<b>Total stockholders' equity</b> .....	<b>2,599,183</b>	<b>3,095,324</b>	<b>26,460</b>
Net unrealized gains (losses) on other securities (Notes 24 and 29) .....	(14,649)	550,648	(149)
Net deferred losses on hedges (Note 30) .....	(20,835)	(75,233)	(212)
Land revaluation excess (Note 16) .....	35,159	34,910	358
Foreign currency translation adjustments .....	(129,068)	(27,323)	(1,314)
<b>Total valuation and translation adjustments</b> .....	<b>(129,394)</b>	<b>483,002</b>	<b>(1,317)</b>
Stock acquisition rights (Note 31) .....	66	43	1
Minority interests .....	2,141,908	1,645,705	21,805
<b>Total net assets</b> .....	<b>4,611,764</b>	<b>5,224,076</b>	<b>46,949</b>
<b>Total liabilities and net assets</b> .....	<b>¥119,637,224</b>	<b>¥111,955,918</b>	<b>\$1,217,930</b>

See accompanying notes to consolidated financial statements.

# Consolidated Statements of Operations

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31	Millions of yen		Millions of
	2009	2008	U.S. dollars (Note 1)
			2009
<b>Income</b>			
Interest income.....	¥2,087,348	¥2,145,451	\$21,250
Interest on loans and discounts .....	1,564,768	1,583,837	15,930
Interest and dividends on securities.....	299,616	333,255	3,050
Interest on receivables under resale agreements.....	1,750	7,044	18
Interest on receivables under securities borrowing transactions .....	4,506	7,032	46
Interest on deposits with banks.....	42,738	101,120	435
Interest on lease transactions .....	77,772	—	792
Other interest income.....	96,195	113,160	979
Trust fees .....	2,122	3,752	22
Fees and commissions (Note 18) .....	672,752	704,283	6,849
Trading income (Note 19) .....	211,738	469,571	2,155
Other operating income (Note 20).....	529,599	1,212,635	5,391
Other income (Note 22).....	52,973	203,346	539
<b>Total income.....</b>	<b>3,556,536</b>	<b>4,739,040</b>	<b>36,206</b>
<b>Expenses</b>			
Interest expenses.....	748,894	935,067	7,623
Interest on deposits.....	374,359	546,794	3,811
Interest on borrowings and rediscounts .....	85,274	71,391	868
Interest on payables under repurchase agreements .....	7,298	7,404	74
Interest on payables under securities lending transactions .....	59,962	45,499	610
Interest on bonds and short-term bonds .....	89,256	95,051	909
Other interest expenses.....	132,743	168,926	1,351
Fees and commissions payments (Note 18).....	115,574	92,289	1,177
Other operating expenses (Note 21).....	473,212	1,392,089	4,817
General and administrative expenses.....	1,063,419	978,896	10,826
Provision for reserve for possible loan losses.....	402,807	71,278	4,101
Other expenses (Note 23).....	723,131	340,463	7,362
<b>Total expenses.....</b>	<b>3,527,040</b>	<b>3,810,084</b>	<b>35,906</b>
<b>Income before income taxes and minority interests.....</b>	<b>29,495</b>	<b>928,955</b>	<b>300</b>
Income taxes (Note 24):			
Current.....	72,238	103,900	736
Deferred .....	262,405	282,538	2,671
Minority interests in net income.....	68,308	80,980	695
<b>Net income (loss) .....</b>	<b>¥ (373,456)</b>	<b>¥ 461,536</b>	<b>\$ (3,802)</b>

See accompanying notes to consolidated financial statements.



# Consolidated Statements of Changes in Net Assets

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31	Millions of yen		Millions of
	2009	2008	U.S. dollars (Note 1)
			2009
<b>Stockholders' equity</b>			
<b>Capital stock</b>			
Balance at the end of the previous fiscal year .....	¥1,420,877	¥1,420,877	\$14,465
Changes in the fiscal year:			
Net changes in the fiscal year .....	—	—	—
Balance at the end of the fiscal year .....	¥1,420,877	¥1,420,877	\$14,465
<b>Capital surplus</b>			
Balance at the end of the previous fiscal year .....	57,826	57,773	589
Changes in the fiscal year:			
Disposal of treasury stock .....	(580)	53	(6)
Net changes in the fiscal year .....	(580)	53	(6)
Balance at the end of the fiscal year .....	¥ 57,245	¥ 57,826	\$ 583
<b>Retained earnings</b>			
Balance at the end of the previous fiscal year .....	1,740,610	1,386,436	17,720
Decrease in retained earnings at the beginning of the fiscal year due to accounting change of overseas subsidiaries .....	(3,132)	—	(32)
Changes in the fiscal year:			
Cash dividends .....	(118,833)	(110,215)	(1,210)
Net income (loss) .....	(373,456)	461,536	(3,802)
Increase due to increase in subsidiaries .....	19	268	0
Increase due to decrease in subsidiaries .....	8	7	0
Decrease due to increase in subsidiaries .....	(14)	(100)	(0)
Decrease due to decrease in subsidiaries .....	(1)	(3)	(0)
Reversal of land revaluation excess .....	(114)	2,681	(1)
Net changes in the fiscal year .....	(492,392)	354,173	(5,013)
Balance at the end of the fiscal year .....	¥1,245,085	¥1,740,610	\$12,675
<b>Treasury stock</b>			
Balance at the end of the previous fiscal year .....	(123,989)	(123,454)	(1,263)
Changes in the fiscal year:			
Purchase of treasury stock .....	(943)	(901)	(10)
Disposal of treasury stock .....	907	367	10
Net changes in the fiscal year .....	(35)	(534)	(0)
Balance at the end of the fiscal year .....	¥ (124,024)	¥ (123,989)	\$ (1,263)
<b>Total stockholders' equity</b>			
Balance at the end of the previous fiscal year .....	3,095,324	2,741,632	31,511
Decrease in retained earnings at the beginning of the fiscal year due to accounting change of overseas subsidiaries .....	(3,132)	—	(32)
Changes in the fiscal year:			
Cash dividends .....	(118,833)	(110,215)	(1,210)
Net income (loss) .....	(373,456)	461,536	(3,802)
Purchase of treasury stock .....	(943)	(901)	(10)
Disposal of treasury stock .....	326	420	4
Increase due to increase in subsidiaries .....	19	268	0
Increase due to decrease in subsidiaries .....	8	7	0
Decrease due to increase in subsidiaries .....	(14)	(100)	(0)
Decrease due to decrease in subsidiaries .....	(1)	(3)	(0)
Reversal of land revaluation excess .....	(114)	2,681	(1)
Net changes in the fiscal year .....	(493,008)	353,692	(5,019)
Balance at the end of the fiscal year .....	¥2,599,183	¥3,095,324	\$26,460

(Continued)

Year ended March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2009	2008	2009
<b>Valuation and translation adjustments</b>			
Net unrealized gains (losses) on other securities			
Balance at the end of the previous fiscal year .....	¥ 550,648	¥1,262,135	\$ 5,606
Changes in the fiscal year:			
Net changes in items other than stockholders' equity in the fiscal year.....	(565,298)	(711,486)	(5,755)
Net changes in the fiscal year.....	(565,298)	(711,486)	(5,755)
Balance at the end of the fiscal year .....	¥ (14,649)	¥ 550,648	\$ (149)
Net deferred losses on hedges			
Balance at the end of the previous fiscal year .....	(75,233)	(87,729)	(766)
Changes in the fiscal year:			
Net changes in items other than stockholders' equity in the fiscal year.....	54,397	12,495	554
Net changes in the fiscal year.....	54,397	12,495	554
Balance at the end of the fiscal year .....	¥ (20,835)	¥ (75,233)	\$ (212)
Land revaluation excess			
Balance at the end of the previous fiscal year .....	34,910	37,605	355
Changes in the fiscal year:			
Net changes in items other than stockholders' equity in the fiscal year.....	248	(2,694)	3
Net changes in the fiscal year.....	248	(2,694)	3
Balance at the end of the fiscal year .....	¥ 35,159	¥ 34,910	\$ 358
Foreign currency translation adjustments			
Balance at the end of the previous fiscal year .....	(27,323)	(30,656)	(278)
Changes in the fiscal year:			
Net changes in items other than stockholders' equity in the fiscal year.....	(101,744)	3,333	(1,036)
Net changes in the fiscal year.....	(101,744)	3,333	(1,036)
Balance at the end of the fiscal year .....	¥ (129,068)	¥ (27,323)	\$ (1,314)
Total valuation and translation adjustments			
Balance at the end of the previous fiscal year .....	483,002	1,181,353	4,917
Changes in the fiscal year:			
Net changes in items other than stockholders' equity in the fiscal year.....	(612,396)	(698,351)	(6,234)
Net changes in the fiscal year .....	(612,396)	(698,351)	(6,234)
Balance at the end of the fiscal year .....	¥ (129,394)	¥ 483,002	\$ (1,317)
<b>Stock acquisition rights</b>			
Balance at the end of the previous fiscal year .....	43	14	1
Changes in the fiscal year:			
Net changes in items other than stockholders' equity in the fiscal year.....	22	29	0
Net changes in the fiscal year.....	22	29	0
Balance at the end of the fiscal year .....	¥ 66	¥ 43	\$ 1
<b>Minority interests</b>			
Balance at the end of the previous fiscal year .....	1,645,705	1,408,279	16,753
Changes in the fiscal year:			
Net changes in items other than stockholders' equity in the fiscal year.....	496,202	237,426	5,052
Net changes in the fiscal year.....	496,202	237,426	5,052
Balance at the end of the fiscal year .....	¥2,141,908	¥1,645,705	\$21,805
<b>Total net assets</b>			
Balance at the end of the previous fiscal year .....	5,224,076	5,331,279	53,182
Decrease in retained earnings at the beginning of the fiscal year due to accounting change of overseas subsidiaries .....	(3,132)	—	(32)
Changes in the fiscal year:			
Cash dividends .....	(118,833)	(110,215)	(1,210)
Net income (loss) .....	(373,456)	461,536	(3,802)
Purchase of treasury stock .....	(943)	(901)	(10)
Disposal of treasury stock.....	326	420	4
Increase due to increase in subsidiaries .....	19	268	0
Increase due to decrease in subsidiaries.....	8	7	0
Decrease due to increase in subsidiaries .....	(14)	(100)	(0)
Decrease due to decrease in subsidiaries .....	(1)	(3)	(0)
Reversal of land revaluation excess .....	(114)	2,681	(1)
Net changes in items other than stockholders' equity in the fiscal year.....	(116,171)	(460,895)	(1,182)
Net changes in the fiscal year .....	(609,180)	(107,203)	(6,201)
Balance at the end of the fiscal year .....	¥4,611,764	¥5,224,076	\$46,949

See accompanying notes to consolidated financial statements.

# Consolidated Statements of Cash Flows

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2009	2008	2009
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interests.....	¥ 29,495	¥ 928,955	\$ 300
Depreciation .....	123,025	—	1,252
Depreciation of fixed assets.....	—	83,346	—
Depreciation of lease assets.....	—	403,775	—
Losses on impairment of fixed assets.....	7,363	5,161	75
Amortization of goodwill .....	8,388	10,520	85
Equity in losses of affiliates.....	94,876	41,760	966
Losses on sale of subsidiaries' shares and gains on change in equity of subsidiary .....	—	106	—
Net change in reserve for possible loan losses .....	191,190	(26,197)	1,946
Net change in reserve for employee bonuses .....	102	1,289	1
Net change in reserve for executive bonuses.....	(630)	1,146	(6)
Net change in reserve for employee retirement benefits .....	2,273	2,178	23
Net change in reserve for executive retirement benefits.....	58	295	1
Net change in reserve for reimbursement of deposits .....	1,350	10,417	14
Interest income .....	(2,087,348)	(2,145,451)	(21,250)
Interest expenses.....	748,894	935,067	7,624
Net losses on securities .....	155,831	29,146	1,586
Net (gains) losses from money held in trust.....	134	(227)	1
Net exchange losses .....	184,195	355,913	1,875
Net losses from disposal of fixed assets.....	10,847	1,550	110
Net gains from disposal of lease assets .....	—	(2,436)	—
Net change in trading assets .....	(912,601)	(864,864)	(9,290)
Net change in trading liabilities .....	1,028,101	747,776	10,466
Net change in loans and bills discounted.....	(3,439,852)	(3,372,601)	(35,018)
Net change in deposits .....	3,031,427	776,786	30,861
Net change in negotiable certificates of deposit .....	4,384,033	497,697	44,630
Net change in borrowed money (excluding subordinated debt).....	475,829	333,136	4,844
Net change in deposits with banks .....	764,080	(241,409)	7,779
Net change in call loans and bills bought and others.....	409,341	34,765	4,167
Net change in receivables under securities borrowing transactions .....	119,941	336,724	1,221
Net change in call money and bills sold and others.....	(1,186,720)	2,044,633	(12,081)
Net change in payables under securities lending transactions .....	1,857,241	4,215,699	18,907
Net change in foreign exchanges (assets).....	2,261	(14,713)	23
Net change in foreign exchanges (liabilities) .....	(19,280)	(22,916)	(196)
Net change in lease receivables and investment assets .....	46,904	—	478
Net change in short-term bonds (liabilities).....	244,242	42,500	2,486
Issuance and redemption of bonds (excluding subordinated bonds).....	(283,810)	(220,801)	(2,889)
Net change in due to trust account .....	(19,878)	15,733	(202)
Interest received .....	2,132,561	2,146,724	21,710
Interest paid .....	(765,686)	(924,191)	(7,795)
Other, net.....	137,137	(326,054)	1,396
<b>Subtotal .....</b>	<b>7,475,320</b>	<b>5,840,942</b>	<b>76,100</b>
Income taxes paid.....	(107,266)	(58,353)	(1,092)
<b>Net cash provided by operating activities .....</b>	<b>7,368,053</b>	<b>5,782,588</b>	<b>75,008</b>

(Continued)

Year ended March 31	Millions of yen		Millions of
	2009	2008	U.S. dollars (Note 1)
			2009
<b>Cash flows from investing activities:</b>			
Purchases of securities .....	¥(53,213,459)	¥(50,073,494)	\$(541,723)
Proceeds from sale of securities .....	34,674,690	35,014,774	352,995
Proceeds from maturity of securities .....	12,176,246	10,504,800	123,956
Purchases of money held in trust .....	(2,135)	(5,378)	(22)
Proceeds from sale of money held in trust .....	0	796	0
Purchases of tangible fixed assets .....	(175,632)	(71,301)	(1,788)
Proceeds from sale of tangible fixed assets .....	12,081	16,592	123
Purchases of intangible fixed assets .....	(74,489)	(64,918)	(758)
Proceeds from sale of intangible fixed assets .....	58	252	0
Purchases of lease assets .....	—	(457,070)	—
Proceeds from sale of lease assets .....	—	51,141	—
Purchases of stocks of subsidiaries .....	(21,925)	—	(223)
Proceeds from sale of stocks of subsidiaries .....	363	198	4
Purchases of treasury stocks of subsidiaries .....	(20,000)	—	(204)
Proceeds from purchase of stocks of subsidiaries resulting in change in scope of consolidation .....	355	—	4
Purchases of stocks of subsidiaries resulting in change in scope of consolidation .....	(8,675)	(2,951)	(88)
Proceeds from sale of investments in subsidiaries resulting in change in scope of consolidation .....	13,264	—	135
<b>Net cash used in investing activities .....</b>	<b>(6,639,254)</b>	<b>(5,086,559)</b>	<b>(67,589)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of subordinated borrowings .....	5,000	40,000	51
Repayment of subordinated borrowings .....	(92,500)	(76,000)	(942)
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights .....	380,600	214,000	3,875
Repayment of subordinated bonds and bonds with stock acquisition rights .....	(316,874)	(47,000)	(3,226)
Dividends paid .....	(118,758)	(110,099)	(1,209)
Proceeds from contributions paid by minority stockholders .....	1,046,529	141,500	10,654
Repayments to minority stockholders .....	(460,564)	—	(4,689)
Dividends paid to minority stockholders .....	(90,162)	(60,239)	(918)
Purchases of treasury stock .....	(943)	(901)	(9)
Proceeds from sale of treasury stock .....	326	853	3
<b>Net cash provided by financing activities .....</b>	<b>352,652</b>	<b>102,112</b>	<b>3,590</b>
<b>Effect of exchange rate changes on cash and due from banks .....</b>	<b>(17,315)</b>	<b>(8,465)</b>	<b>(176)</b>
<b>Net change in cash and due from banks .....</b>	<b>1,064,136</b>	<b>789,676</b>	<b>10,833</b>
<b>Cash and due from banks at beginning of year .....</b>	<b>2,736,752</b>	<b>1,927,024</b>	<b>27,861</b>
<b>Change in cash and due from banks due to merger of consolidated subsidiaries .....</b>	<b>—</b>	<b>1,183</b>	<b>—</b>
<b>Change in cash and due from banks due to newly consolidated subsidiaries .....</b>	<b>0</b>	<b>18,870</b>	<b>0</b>
<b>Change in cash and due from banks due to exclusion of consolidated subsidiaries .....</b>	<b>—</b>	<b>(3)</b>	<b>—</b>
<b>Cash and due from banks at end of year .....</b>	<b>¥ 3,800,890</b>	<b>¥ 2,736,752</b>	<b>\$ 38,694</b>

See accompanying notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Years ended March 31, 2009 and 2008

## 1. Basis of Presentation

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

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

The accounts of overseas subsidiaries and affiliated companies were based on accounting records maintained in conformity with generally accepted accounting principles ("GAAP") prevailing in the respective countries of their domicile. Effective as from the fiscal year starting April 1, 2008, their accounting principles are in principle integrated with those of SMFG's accounting policies for purposes of consolidation unless they apply different accounting principles and standards as required under U.S. GAAP or International Financial Reporting Standards in which case a certain limited number of items are adjusted based on their materiality. This change did not result in significant differences or impact on the consolidated financial statements of SMFG.

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

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

Amounts less than 1 million yen have been omitted. As a result, the totals in Japanese yen shown in the financial statements do not necessarily agree with the sum of the individual amounts.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2009, which was ¥98.23 to US\$1. These translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at that rate.

## 2. Significant Accounting Policies

### (1) Consolidation and equity method

#### (a) Scope of consolidation

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

#### (i) Consolidated subsidiaries

The number of consolidated subsidiaries is as follows:

March 31	2009	2008
Consolidated subsidiaries .....	288	268

Principal companies:

Sumitomo Mitsui Banking Corporation  
 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 the consolidated subsidiaries in the fiscal year ended March 31, 2009 are as follows:

53 companies including SMM Auto Finance, Inc. were newly consolidated due mainly to acquisition of stocks.

17 companies including Sakura Information Systems Co., Ltd. were excluded from the scope of consolidation because they were no longer subsidiaries due to a decrease in shareholding ratio and other reasons.

Furthermore, 16 companies including SMFL FOMALHAUT Co., Ltd. were excluded from the scope of consolidation and became unconsolidated subsidiaries that are not accounted for by the equity method because they became operators of silent partnerships for lease transactions.

#### (ii) Unconsolidated subsidiaries

Principal company:

SBCS Co., Ltd.

226 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 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 immaterial, and as such, they do not hinder a rational judgment of SMFG's financial position and results of operations when excluded from the scope of consolidation.

## (b) Application of the equity method

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

## (i) Unconsolidated subsidiaries accounted for by the equity method

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

March 31	2009	2008
Unconsolidated subsidiaries .....	4	3

Principal company:

SBCS Co., Ltd.

Bangkok SMBC Consulting Co., Ltd. was regarded as an unconsolidated subsidiary accounted for by the equity method from this fiscal year because it became a subsidiary due to an increase in shareholding ratio.

## (ii) Affiliates accounted for by the equity method

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

March 31	2009	2008
Affiliates .....	75	71

Principal companies:

Sumitomo Mitsui Auto Service Company, Limited  
 Promise Co., Ltd.  
 Central Finance Co., Ltd.  
 OMC Card, Inc.  
 Daiwa Securities SMBC Co. Ltd.  
 Daiwa SMBC Capital Co., Ltd.  
 Daiwa SB Investments Ltd.  
 Sumitomo Mitsui Asset Management Company, Limited

Changes in the affiliates accounted for by the equity method in the fiscal year ended March 31, 2009 are as follows:

4 companies including Vietnam Export Import Commercial Joint Stock Bank newly became affiliated companies accounted for by the equity method due mainly to acquisition of shares.

5 companies including Sakura Information Systems Co., Ltd. were excluded from the scope of consolidation due to a decrease in shareholding ratio and were treated as affiliated companies accounted for by the equity method.

2 companies including Japan Pension Navigator Co., Ltd. were excluded from the scope of affiliated companies accounted for by the equity method because they became consolidated subsidiaries due to an increase in shareholding ratio.

3 companies including F BALANCE Inc. were also excluded due mainly to liquidation.

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

226 subsidiaries including SMLC MAHOGANY CO., LTD. are operators of silent partnerships for lease transactions and their assets and profits/losses do not belong to them substantially. Therefore, they have not been accounted for by the equity method pursuant to Article 10

Paragraph 1 Item 2 of the Consolidated Financial Statements Regulations.

## (iv) 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 excluded from the scope of equity method because the attributable portions to SMFG from their total amounts in terms of net income and retained earnings are immaterial, and as such, they do not hinder a rational judgment of SMFG's financial position and results of operations when excluded from the scope of equity method.

## (c) The balance sheet dates of consolidated subsidiaries

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

March 31	2009	2008
May 31 .....	1	—
June 30 .....	6	6
July 31 .....	2	2
September 30 .....	5	7
October 31 .....	2	2
November 30 .....	4	2
December 31 .....	125	122
January 31 .....	15	7
February 28/29 .....	7	6
March 31 .....	121	114

(ii) The financial statements of subsidiaries with balance sheets dated May 31, July 31, September 30, November 30 and January 31 are consolidated after the accounts were provisionally closed as of March 31 for the purpose of consolidation. The financial statements of subsidiaries with balance sheets dated June 30 are consolidated after the accounts were provisionally closed as of December 31 or March 31. For subsidiaries with balance sheets dated October 31, financial statements are consolidated based on the provisional financial statements closed as of January 31 or March 31. Other subsidiaries are consolidated on the basis of their respective balance sheet dates.

Overseas consolidated subsidiaries with balance sheets dated December 31 were established in January and February 2009. Their financial statements are consolidated after the accounts were provisionally closed as of March 31.

Appropriate adjustments are made for material transactions during the periods between their respective balance sheet dates and consolidated balance sheet dates.

## (d) Special purpose entities

## (i) Outline of special purpose entities and transactions

SMBC provides loans, credit lines and liquidity lines to 14 special purpose entities ("SPEs") for their funding 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. SMBC has no voting rights in the SPEs and

sends no directors or employees. Accordingly, SMFG does not consolidate these SPEs.

The combined assets and liabilities of the 14 SPEs as of their most recent closing dates of 2009 were ¥3,140,527 million (\$31,971 million) and ¥3,140,894 million (\$31,975 million), respectively. The respective amounts of 2008 were ¥3,219,524 million and ¥3,219,835 million.

(ii) The amounts of principal transactions with these SPEs in the years ended March 31, 2009 and 2008 were as follows:

Balances	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
March 31			
Loans and bills discounted.....	¥1,851,401	¥1,803,952	\$18,848
Credit lines .....	824,149	905,533	8,390
Liquidity lines.....	394,533	326,074	4,016

Income	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
Year ended March 31			
Interest on loans and discounts.....	¥26,092	¥25,194	\$266
Fees and commissions ...	2,133	2,509	22

## (2) Trading assets/liabilities and trading income/losses

Transactions for trading purposes (seeking gains arising from short-term changes in interest rates, currency exchange rates, or market prices of securities and other market related indices or from variation among markets) are included in "Trading assets" or "Trading liabilities" on the consolidated balance sheet on a trade date basis. Income and losses on trading-purpose transactions are recognized on a trade date basis, and recorded as "Trading income" or "Trading losses."

Securities and monetary claims purchased for trading purposes are stated at the fiscal year-end fair value, and financial derivatives such as swaps, futures and options are stated at amounts that would be settled if the transactions were terminated at the consolidated balance sheet date.

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

## (3) Securities

(a) Other than securities classified for trading purposes, debt securities that consolidated subsidiaries have the positive intent and ability to hold to maturity are classified as held-to-maturity securities and are carried at amortized cost (straight-line method) using the moving-average method.

Investments in unconsolidated subsidiaries and affiliates that are not accounted for by the equity method are carried at cost using the moving-average method.

Securities other than those classified for trading purpose, held-to-maturity securities and investments in unconsolidated subsidiaries and affiliates are classified as "other securities" (available-for-sale securities). Stocks (including foreign stocks) in other securities that have market prices are carried at their average market prices during the final month of the fiscal year, and bonds and others that have market prices are carried at their fiscal year-end market prices (cost of securities sold is calculated using primarily the moving-average method). Other securities with no

available market prices are carried at cost or amortized cost using the moving-average method. Net unrealized gains (losses) on other securities, net of income taxes, are included in "Net assets."

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

## (4) Derivative transactions

Derivative transactions, other than those classified as trading derivatives, are carried at fair value, with revaluation gain or loss included in the income or loss, unless they are designated as effective hedging instruments.

## (5) Depreciation

## (a) Tangible fixed assets

Tangible fixed assets owned by SMFG and SMBC are generally stated at cost less accumulated depreciation.

Tangible fixed assets are depreciated using the straight-line method over the estimated useful lives of the respective assets. Others are depreciated using the declining-balance method. The estimated useful lives of major items are as follows:

Buildings: 7 to 50 years

Others: 2 to 20 years

Other consolidated subsidiaries depreciate their tangible fixed assets primarily using the straight-line method over the estimated useful lives of the respective assets.

In accordance with the amendment of the corporate tax laws in the fiscal year ended March 31, 2008, the tangible fixed assets acquired on or after April 1, 2007 are depreciated based on the depreciation method under the amended corporate tax laws. This accounting change had no material impact on the consolidated financial statements for the fiscal year ended March 31, 2008.

As for the tangible fixed assets acquired before April 1, 2007, from the fiscal year ended March 31, 2008, their residual values are depreciated over 5 years using the straight-line method after the fiscal year in which the depreciable limit is reached. This accounting change had no material impact on the consolidated financial statements for the fiscal year ended March 31, 2008.

## (b) Intangible fixed assets

Depreciation of intangible fixed assets is calculated using the straight-line method. Capitalized software for internal use owned by SMFG and its consolidated domestic subsidiaries is depreciated using the straight-line method over its estimated useful life (basically 5 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 term is its expected lifetime and residual value is zero.

## (6) Reserve for possible loan losses

The reserve for possible loan losses of major consolidated subsidiaries is provided for as described 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 for 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 for in the amount deemed necessary based on an overall solvency assessment of the claims, net of the expected amount of recoveries from collateral and guarantees.

Discounted Cash Flows ("DCF") method is used for claims on borrowers whose cash flows from collection of principals and interest can be rationally estimated, and SMBC applies it to claims on large potentially bankrupt borrowers and claims on large borrowers requiring close monitoring that have been classified as "Past due loans (3 months or more)" or "Restructured loans," whose total loans from SMBC exceed a certain amount. SMBC establishes a reserve for possible loan losses using the DCF method for such claims in the amount of the difference between the present value of the future collection from 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 for based on the historical loan-loss ratio.

For claims originated in certain specific overseas countries, an additional reserve is provided for 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, reviews their assessment. The reserves are provided for based on the results of these assessments.

The reserve for possible loan losses of other consolidated subsidiaries for general claims is provided for 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 ¥717,010 million (\$7,299 million) and ¥518,594 million at March 31, 2009 and 2008, respectively.

## (7) 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 the respective fiscal year.

## (8) Reserve for executive bonuses

The reserve for executive bonuses is provided for payment of bonuses to executives, in the amount of estimated bonuses, which are attributable to the respective fiscal year.

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

Unrecognized prior service cost is amortized using the straight-line method, primarily over 9 years, over the employees' estimated average remaining service period from the fiscal year of its incurrence.

Unrecognized net actuarial gain or loss is amortized using the straight-line method, primarily over 9 years, over the employees' average remaining service period, commencing from the next fiscal year of incurrence.

## (10) 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 fiscal year-end based on the internal regulations.

## (11) 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 historical reimbursements. Formerly, deposits which had been derecognized as liabilities were expensed when they were actually reimbursed. However, from the fiscal year ended March 31, 2008, such reserve is provided for in the estimated amount as described above in accordance with the "Treatment for Auditing of Reserve under Special Taxation Measures Law, Reserve under Special Laws and Reserve for Retirement Benefits to Directors and Corporate Auditors" (Japanese Institute of Certified Public Accountants ("JICPA") Audit and Assurance Practice Committee Report No. 42) of April 13, 2007.

As a result, income before income taxes and minority interests for the fiscal year ended March 31, 2008 decreased by ¥10,417 million as compared with the former method.



## (12) Reserve under the special laws

The reserve under the special laws is a reserve for eventual future operating losses from financial instruments transactions pursuant to Article 46-5 and Article 48-3 of the Financial Instruments and Exchange Act.

## (13) 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 rates prevailing at the consolidated balance sheet date, with the exception of stocks of subsidiaries and affiliates translated at rates prevailing at the time of acquisition.

Other consolidated subsidiaries' assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at their respective balance sheet dates.

## (14) Lease transactions

## (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 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 accrual basis over the period of the installment sales.

## (15) 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 assesses the effectiveness of such individual hedges.

As a result of the application of JICPA Industry Audit Committee Report No. 24, SMBC discontinued the application of hedge accounting or applied fair value hedge accounting to a portion of the hedging instruments using "macro hedge," which had been applied in order to manage

interest rate risk arising from large-volume transactions in loans, deposits and other interest-earning assets and interest-bearing liabilities as a whole using derivatives pursuant to "Temporary Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 15). The deferred hedge losses and gains related to such a portion of hedging instruments are charged to "Interest income" or "Interest expenses" over a 12-year period (maximum) according to their maturity from the fiscal year ended March 31, 2004. Gross amounts of deferred hedge losses on "macro hedge" (before deducting tax effect) at March 31, 2009 and 2008 were ¥6,921 million (\$70 million) and ¥17,608 million, respectively. Gross amounts of deferred hedge gains on "macro hedge" (before deducting tax effect) at March 31, 2009 and 2008 were ¥5,688 million (\$58 million) and ¥13,358 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).

(16) Consumption taxes

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

(17) Valuation of consolidated subsidiaries' assets and liabilities

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

(18) 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.

(19) Statements of cash flows

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

(20) 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” (Accounting Standard Board of Japan (“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 April 1, 2008 by ¥3,132 million (\$32 million), but has no material impact on the profit or loss for the fiscal year ended March 31, 2009.

(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 the fiscal year ended March 31, 2009.

The treatment of non-transfer ownership finance lease transactions which commenced before April 1, 2008 was as follows:

(i) Lessee side

Future minimum lease payments, excluding the interest portion, at March 31, 2008 are considered as acquisition cost and recorded as lease assets in either “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 accumulated 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 consolidated financial statements as of and for the fiscal year ended March 31, 2009 as compared with the previous accounting method:

	Millions of yen	Millions of U.S. dollars
Lease receivables and investment assets .....	¥1,968,347	\$20,038
Tangible fixed assets		
Lease assets .....	7,206	73
Intangible fixed assets		
Lease assets .....	480	5
Loans and bills discounted .....	(138,788)	(1,413)
Lease assets .....	(1,205,021)	(12,267)
Other assets .....	(662,005)	(6,739)
Other liabilities .....	(32,205)	(328)
Interest income		
Interest on lease transactions.....	¥ 77,772	\$ 792
Interest on loans and discounts .....	(7,659)	(78)
Interest expenses		
Other interest expenses .....	(639)	(7)
Other operating income		
Lease-related income .....	(503,389)	(5,125)
Installment-related income .....	(242,763)	(2,471)
Other.....	(810)	(8)
Other operating expenses		
Lease-related expenses.....	(472,005)	(4,805)
Installment-related expenses .....	(206,456)	(2,102)
General and administrative expenses.....	(178)	(2)

As a result, income before income taxes and minority interests for the fiscal year ended March 31, 2009 increased by ¥2,423 million (\$25 million).

(c) From the fiscal year ended March 31, 2008, SMFG has applied Article 30-2 of the “Accounting Practices for Tax Effect Accounting on Consolidated Financial Statements” (JICPA Accounting Practice Committee Report No. 6, issued on March 29, 2007) to sales of investments such as shares of subsidiaries within the group companies. As a result, net income for the fiscal year ended March 31, 2008 decreased by ¥18,939 million compared with the former method.

(d) Provisions on the scope of securities stipulated by regulations such as the “Accounting Standards for Financial Instruments” (ASBJ Statement No. 10) and the “Accounting Practices for Financial Instruments” (JICPA Accounting Practice Committee Report No. 14) were partially revised on June 15 and July 4, 2007, respectively, and became effective from the fiscal year ending on and after the implementation day of the Financial Instruments and Exchange Act. SMFG, accordingly, has applied the revised accounting standards and practices from the fiscal year ended March 31, 2008.

(21) Changes in presentation

(a) Lease assets related to operating leases on lessor side (March 31, 2009: ¥180,273 million (\$1,835 million); March 31, 2008: ¥99,183 million) had been included in “Lease assets.” From the fiscal year ended March 31, 2009, they are included in the following items because they have been immaterial:

March 31	Millions of	
	yen	U.S. dollars
	2009	2009
Tangible fixed assets		
Buildings.....	¥52,681	\$536
Land .....	68,131	694
Other tangible fixed assets .....	59,460	605
Intangible fixed assets		
Software.....	0	0

(b) “Losses (gains) on sale of subsidiaries’ shares and gains on change in equity of subsidiary” which had been reported in “Net cash provided by operating activities” in the fiscal year ended March 31, 2008, were ¥(5,622) million (\$57 million) in the fiscal year ended March 31, 2009. They are included in “Other” from the fiscal year ended March 31, 2009 because they have been immaterial.

(22) 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 fiscal year ended March 31, 2009, such bonds have been carried at their reasonably estimated amounts in accordance with the “Practical Solution on Measurement of Fair Value of Financial Assets” (ASBJ Practical Issues Task Force No. 25, issued on October 28, 2008). As a result of this accounting change, compared with the former accounting method at March 31, 2009, “Securities,” “Net unrealized gains on other securities” and “Minority interests” increased by ¥117,757 million (\$1,199 million), ¥67,741 million (\$690 million) and ¥2,508 million (\$26 million), respectively, and “Deferred tax assets” decreased by ¥47,508 million (\$484 million).

SMFG has rationally calculated the fair values of floating-rate Japanese government bonds by discounting future cash flows estimated from their yields and other factors, using discount rates determined based on their yields. Yield and volatility are the main parameters for calculating the fair value.

(23) Transactions with related parties

SMFG has applied “Accounting Standard for Related Party Disclosures” (ASBJ Statement No. 11, issued on October 17, 2006) and “Guidance on Accounting Standard for Related Party Disclosures” (ASBJ Guidance No. 13, issued on October 17, 2006) from the fiscal year ended March 31, 2009. There are no material transactions with related parties to be reported in the fiscal years ended March 31, 2009 and 2008.

### 3. Trading Assets

Trading assets at March 31, 2009 and 2008 consisted of the following:

March 31	Millions of yen		Millions of
	2009	2008	U.S. dollars
Trading securities .....	¥ 293,956	¥ 230,442	\$ 2,992
Derivatives of trading securities .....	470	3,043	5
Derivatives of securities related to trading transactions .....	13,428	10,440	137
Trading-related financial derivatives .....	4,052,928	2,995,314	41,260
Other trading assets .....	564,178	884,370	5,743
	¥4,924,961	¥4,123,611	\$50,137

#### 4. Securities

Securities at March 31, 2009 and 2008 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
Japanese government bonds* <sup>1</sup> .....	¥14,734,419	¥ 9,339,978	\$149,999
Japanese local government bonds.....	338,688	439,228	3,448
Japanese corporate bonds* <sup>2</sup> .....	3,899,189	3,880,773	39,695
Japanese stocks* <sup>1, 3, 4</sup> .....	2,755,683	3,749,762	28,053
Other* <sup>1, 3, 4</sup> .....	6,970,184	6,107,758	70,958
	<b>¥28,698,164</b>	<b>¥23,517,501</b>	<b>\$292,153</b>

\*<sup>1</sup> Unsecured loaned securities for which borrowers have the right to sell or pledge in the amount of ¥33,312 million (\$339 million) and ¥81,071 million are included in Japanese government bonds, Japanese stocks and other at March 31, 2009 and 2008, respectively.

SMBC has the right to sell or pledge, some of the unsecured borrowed securities, securities under resale agreements and securities borrowed with cash collateral. Of these securities, ¥1,717,335 million (\$17,483 million) are pledged, and ¥188,715 million (\$1,921 million) are held in hand at March 31, 2009. The respective amounts at March 31, 2008 were ¥1,758,728 million and ¥504,363 million.

\*<sup>2</sup> Japanese corporate bonds include privately placed bonds (stipulated by Article 2-3 of the Financial Instruments and Exchange Act) which are guaranteed by banking subsidiaries in the amount of ¥2,304,890 million (\$23,464 million) and ¥2,179,347 million at March 31, 2009 and 2008, respectively.

\*<sup>3</sup> Japanese stocks and other include investments in unconsolidated subsidiaries and affiliates of ¥469,965 million (\$4,784 million) and ¥494,129 million at March 31, 2009 and 2008, respectively.

\*<sup>4</sup> Japanese stocks and other include investments in jointly controlled entities of ¥14,756 million (\$150 million) and ¥13,263 million at March 31, 2009 and 2008, respectively.

#### 5. Loans and Bills Discounted

(1) Loans and bills discounted at March 31, 2009 and 2008 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
Bills discounted.....	¥ 257,759	¥ 360,859	\$ 2,624
Loans on notes.....	2,852,998	3,241,541	29,044
Loans on deeds.....	53,489,947	50,169,292	544,538
Overdrafts.....	8,534,613	8,373,180	86,884
	<b>¥65,135,319</b>	<b>¥62,144,874</b>	<b>\$663,090</b>

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

March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
Risk-monitored loans:			
Bankrupt loans* <sup>1</sup> .....	¥ 292,088	¥ 73,472	\$ 2,974
Non-accrual loans* <sup>2</sup> .....	1,019,352	607,226	10,377
Past due loans (3 months or more)* <sup>3</sup> .....	36,162	26,625	368
Restructured loans* <sup>4</sup> .....	238,713	385,336	2,430
	<b>¥1,586,317</b>	<b>¥1,092,661</b>	<b>\$16,149</b>

\*<sup>1</sup> "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.

\*<sup>2</sup> "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.

\*<sup>3</sup> "Past due loans (3 months or more)" are loans on which the principal or interest is past due for 3 months or more, excluding "Bankrupt loans" and "Non-accrual loans."

\*<sup>4</sup> "Restructured loans" are loans on which terms and conditions have been amended in favor of the borrowers (e.g., reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt forgiveness) in order to support the borrowers' recovery from financial difficulties, excluding "Bankrupt loans," "Non-accrual loans" and "Past due loans (3 months or more)."

(3) Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24. SMFG's banking subsidiaries have rights to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions. The total face value at March 31, 2009 and 2008 was ¥686,407 million (\$6,988 million) and ¥807,712 million, respectively.

(4) Commitment line contracts on overdrafts and loans are agreements to lend to customers, up to a prescribed amount, as long as there is no violation of any condition established in the contracts. The amounts of unused commitments at March 31, 2009 and 2008 were ¥39,983,526 million (\$407,040 million) and ¥40,694,898 million, respectively, and the amounts of unused commitments whose original contract terms are within 1 year or unconditionally cancelable at any time at March 31, 2009 and 2008 were ¥34,012,566 million (\$346,254 million) and ¥34,502,051 million, respectively.

Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily represent actual future cash flow requirements. Many of these commitments include clauses under which SMBC and other consolidated subsidiaries can reject an application from customers or reduce the contract amounts in the event that economic conditions change, SMBC and other consolidated subsidiaries need to secure claims, or other events occur. In addition, SMBC and other consolidated subsidiaries may request the customers to pledge collateral such as premises and securities at the time of the contracts, and take necessary measures such as monitoring customers' financial positions, revising contracts when need arises and securing claims after the contracts are made.

## 6. Other Assets

Other assets at March 31, 2009 and 2008 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
Prepaid expenses.....	¥ 35,305	¥ 39,901	\$ 360
Accrued income.....	265,015	296,130	2,698
Deferred assets.....	868,188	1,423,253	8,838
Financial derivatives* .....	1,406,092	1,492,890	14,314
Other .....	1,682,648	1,699,412	17,130
	¥4,257,251	¥4,951,587	\$43,340

\* Referred to in Note 30

## 7. Tangible Fixed Assets

Tangible fixed assets at March 31, 2009 and 2008 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
Buildings.....	¥ 296,219	¥235,729	\$ 3,016
Land* .....	531,726	463,225	5,413
Lease assets .....	7,206	—	73
Construction in progress.....	3,527	3,755	36
Other tangible fixed assets .....	170,121	117,700	1,732
Total .....	¥1,008,801	¥820,411	\$10,270
Accumulated depreciation .....	¥ 616,324	¥557,958	\$ 6,274

\* Includes land revaluation excess referred to in Note 16.

## 8. Intangible Fixed Assets

Intangible fixed assets at March 31, 2009 and 2008 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
Software.....	¥163,522	¥141,419	\$1,665
Goodwill .....	186,793	178,645	1,901
Lease assets .....	480	—	5
Other intangible fixed assets.....	11,087	12,460	113
	¥361,884	¥332,525	\$3,684

## 9. Lease Assets

Lease assets at March 31, 2008 consisted of the following:

March 31	Millions of yen 2008
Equipment and others .....	¥3,781,960
Accumulated depreciation .....	(2,356,863)
	<u>¥1,425,097</u>

## 10. Assets Pledged as Collateral

Assets pledged as collateral at March 31, 2009 and 2008 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
Assets pledged as collateral:			
Cash and due from banks and Deposits with banks .....	¥ 339,948	¥ 158,679	\$ 3,461
Call loans and bills bought .....	259,186	—	2,639
Monetary claims bought .....	2,020	—	21
Trading assets .....	610,146	673,261	6,211
Securities .....	8,049,756	8,334,432	81,948
Loans and bills discounted .....	3,062,015	952,137	31,172
Lease receivables and investment assets .....	41,993	—	427
Tangible fixed assets .....	11,153	—	114
Other assets (installment account receivable etc.) .....	2,165	3,008	22
Liabilities corresponding to assets pledged as collateral:			
Deposits .....	27,060	25,381	275
Call money and bills sold .....	1,266,265	1,135,000	12,891
Payables under repurchase agreements .....	778,993	1,714,479	7,930
Payables under securities lending transactions .....	6,332,775	5,379,076	64,469
Trading liabilities .....	594,121	150,283	6,048
Borrowed money .....	1,970,209	1,447,744	20,057
Other liabilities .....	4,587	14,499	47
Acceptances and guarantees .....	134,530	140,917	1,370

In addition to the assets presented above, the following assets were pledged as collateral for cash settlements, variation margins of futures market transactions and certain other purposes at March 31, 2009 and 2008:

March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
Cash and due from banks and Deposits with banks .....	¥ 19,380	¥ 7,745	\$ 197
Trading assets .....	52,843	601,560	538
Securities .....	11,172,095	3,344,984	113,734
Monetary claims bought .....	—	427	—
Loans and bills discounted .....	284,157	888,532	2,893

At March 31, 2009, other assets included surety deposits of ¥85,892 million (\$874 million) and variation margins of futures market transactions of ¥6,252 million (\$64 million). At March 31, 2008, other assets included surety deposits of ¥85,979 million and variation margins of futures market transactions of ¥11,546 million.

## 11. Deposits

Deposits at March 31, 2009 and 2008 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
Current deposits .....	¥ 6,588,074	¥ 6,070,443	\$ 67,068
Ordinary deposits .....	34,078,361	33,876,958	346,924
Savings deposits .....	815,336	867,515	8,300
Deposits at notice .....	5,162,137	4,668,292	52,552
Time deposits .....	25,039,089	23,133,834	254,903
Negotiable certificates of deposit .....	7,461,284	3,078,149	75,957
Other deposits .....	3,886,497	4,073,580	39,565
	<b>¥83,030,782</b>	<b>¥75,768,773</b>	<b>\$845,269</b>

## 12. Trading Liabilities

Trading liabilities at March 31, 2009 and 2008 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
Trading securities sold for short sales .....	¥ 7,473	¥ 20,046	\$ 76
Derivatives of trading securities .....	407	3,881	4
Derivatives of securities related to trading transactions .....	13,997	10,196	143
Trading-related financial derivatives .....	3,575,780	2,637,192	36,402
	<b>¥3,597,658</b>	<b>¥2,671,316</b>	<b>\$36,625</b>

## 13. Borrowed Money

Borrowed money at March 31, 2009 and 2008 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars	Average interest rate*1	Due
	2009	2008	2009	2009	
Borrowed money*2 .....	¥4,644,699	¥4,279,034	\$47,284	0.98%	Jan. 2009 — Perpetual

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

\*2 Includes subordinated debt of ¥436,000 million (\$439 million) and ¥523,500 million at March 31, 2009 and 2008, respectively.

The repayment schedule over the next 5 years on borrowed money at March 31, 2009 was as follows:

March 31	Millions of yen	Millions of U.S. dollars
	2009	2009
Within 1 year .....	¥3,281,412	\$33,405
After 1 year through 2 years .....	345,727	3,520
After 2 years through 3 years .....	262,172	2,669
After 3 years through 4 years .....	201,250	2,049
After 4 years through 5 years .....	138,268	1,408

## 14. Bonds

Bonds at March 31, 2009 and 2008 consisted of the following:

March 31

Issuer	Millions of yen*1		Millions of	Interest rate*2	Due
	2009	2008	U.S. dollars	(%)	
Description	2009	2008	2009	2009	
<b>SMBC:</b>					
Short-term bonds, payable in Yen.....	¥ 114,242 [114,242]	¥ —	\$ 1,163	0.19–0.59	Apr. 2009–Jun. 2009
Straight bonds, payable in Yen .....	1,249,142 [398,291]	1,484,978 [389,700]	12,717	0.10–2.014	Apr. 2009–May 2025
Straight bonds, payable in Euroyen.....	25,400	26,900	259	0.00–2.08433	Mar. 2012–Feb. 2037
Subordinated bonds, payable in Yen .....	885,875	599,873	9,018	1.48063–2.80	Jun. 2010–Feb. 2019
Subordinated bonds, payable in Euroyen.....	690,800	813,500	7,032	0.88375–2.97	Nov. 2014–Perpetual
Subordinated bonds, payable in U.S. dollars .....	207,782	297,415	2,115	5.625–8.00	Nov. 2011–Perpetual
	(\$2,115,273 thousand)	(\$2,968,509 thousand)			
Subordinated bonds, payable in British pound sterling...	—	2,402 (£12,000 thousand)	—	—	—
Subordinated bonds, payable in Euro.....	90,312 ( 695,570 thousand)	109,889 ( 694,888 thousand)	919	4.375	Perpetual
Subordinated bonds, payable in Euro.....	162,234 ( 1,249,496 thousand)	197,436 ( 1,248,489 thousand)	1,652	4.375	Oct. 2014
<b>Other consolidated subsidiaries:</b>					
Straight bonds, payable in Yen .....	126,342 [65,621]	173,044 [80,000]	1,286	0.00–3.19375	Apr. 2009–Jul. 2017
Straight bonds, payable in U.S. dollars .....	910 (\$10,000 thousand)	1,141 (\$10,000 thousand)	10	7.00	May 2009
	[910]				
Straight bonds, payable in British pound sterling .....	—	1,811 (£8,000 thousand)	—	—	—
		[1,811]			
Subordinated bonds, payable in Yen .....	146,451 [23,815]	160,725 [5,000]	1,491	1.45–4.95	Aug. 2009–Perpetual
Subordinated bonds, payable in U.S. dollars .....	98,230 (\$1,000,000 thousand)	100,190 (\$1,000,000 thousand)	1,000	8.50	Jun. 2009
	[98,230]				
Short-term bonds, payable in Yen.....	905,100 [905,100]	769,100 [769,100]	9,214	0.27998–1.88742	Apr. 2009–Aug. 2009
	¥4,702,826	¥4,738,408	\$47,876		

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

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

The redemption schedule over the next 5 years on bonds at March 31, 2009 was as follows:

March 31	Millions of yen	Millions of U.S. dollars
	2009	2009
Within 1 year .....	¥1,606,211	\$16,352
After 1 year through 2 years.....	314,653	3,203
After 2 years through 3 years .....	271,915	2,768
After 3 years through 4 years .....	336,406	3,425
After 4 years through 5 years .....	277,472	2,825



## 15. Other Liabilities

Other liabilities at March 31, 2009 and 2008 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
Accrued expenses.....	¥ 268,050	¥ 235,326	\$ 2,729
Unearned income.....	177,998	192,974	1,812
Income taxes payable.....	45,105	56,772	459
Financial derivatives*1.....	1,317,303	1,404,616	13,411
Lease liabilities*2.....	23,594	—	240
Other .....	1,970,993	2,026,738	20,065
	<b>¥3,803,046</b>	<b>¥3,916,427</b>	<b>\$38,716</b>

\*1 Referred to in Note 30

\*2 Average interest rate on lease liabilities for the year ended March 31, 2009 was 3.75%. Non-transfer ownership finance lease with the lease term commenced before April 1, 2008 is excluded from calculations of average interest rate.

The repayment schedule over the next 5 years on lease liabilities at March 31, 2009 was as follows:

March 31	Millions of yen	Millions of U.S. dollars
	2009	2009
Within 1 year .....	¥6,592	\$67
After 1 year through 2 years.....	4,605	47
After 2 years through 3 years .....	2,743	28
After 3 years through 4 years .....	1,873	19
After 4 years through 5 years .....	1,172	12

## 16. Land Revaluation Excess

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 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.

## 17. Capital Stock

Capital stock consists of common stock and preferred stock. Common stock and preferred stock at March 31, 2009 and 2008 were as follows:

March 31	Number of shares			
	2009*		2008	
	Authorized	Issued	Authorized	Issued
Common stock.....	1,500,000,000	789,080,477	15,000,000	7,733,653.77
Preferred stock (Type 4).....	50,100	33,400	50,100	50,100
Preferred stock (Type 5).....	167,000	—	167,000	—
Preferred stock (Type 6).....	70,001	70,001	70,001	70,001
Preferred stock (Type 7).....	167,000	—	167,000	—
Preferred stock (Type 8).....	115,000	—	115,000	—
Preferred stock (Type 9).....	115,000	—	115,000	—
Total.....	1,500,684,101	789,183,878	15,684,101	7,853,754.77

\* SMFG implemented a 100-for-1 stock split of shares of common stock effective on January 4, 2009.

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

In the event that SMFG pays dividends, SMFG shall pay to holders of shares of its preferred stock, in preference to the holders of its common stock, cash dividends in the amounts as described below. If preferred interim dividends stipulated in the Articles of Incorporation of SMFG were paid during the relevant fiscal year, the amount of such preferred interim dividends shall be subtracted from such amount of annual preferred dividends. Preferred stock (Type 4) bears an annual noncumulative dividend of ¥135,000 per share and, in the event SMFG pays an interim dividend, holders are entitled to receive ¥67,500 in preference to common shareholders. Preferred stock (Type 6) bears an annual noncumulative dividend of ¥88,500 per share and, in the event SMFG pays an interim dividend, holders are entitled to receive ¥44,250 in preference to common shareholders. Holders of preferred stock are not entitled to any further dividends in excess of the amount as described above.

In the event of SMFG's voluntary or involuntary liquidation, holders of its preferred stock will be entitled, equally in rank as among themselves and in preference over shares of its common stock, to

receive out of SMFG's residual assets upon liquidation a distribution of ¥3,000,000 per share in the case of Type 4 and Type 6 preferred stock. Holders of preferred stock are not entitled to any further dividends or other participation or distribution of SMFG's residual assets upon SMFG's liquidation.

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

Preferred stock (Type 4) is convertible to common stock at any time through February 7, 2028. Such preferred stock is convertible at a conversion price, which is ¥3,188 as of March 31, 2009, subject to anti-dilution adjustment, and to downward reset if the market price of SMFG's common stock at the time of conversion is less than the then-applicable conversion price. The reset is subject to a floor price, which is ¥1,051 as of March 31, 2009 and is subject to anti-dilution adjustment. Preferred stock (Type 4) outstanding on the last day of the applicable conversion period will be mandatorily converted into shares of its common stock on the immediately following day.

Preferred stock (Type 6) is non-convertible.

## 18. Fees and Commissions

Fees and commissions for the fiscal years ended March 31, 2009 and 2008 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
Fees and commissions:			
Deposits and loans .....	¥ 77,840	¥ 73,822	\$ 792
Remittances and transfers .....	131,455	133,645	1,338
Securities-related business .....	33,872	35,118	345
Agency .....	14,673	16,028	149
Safe deposits .....	6,914	7,144	70
Guarantees .....	50,852	47,117	518
Credit card business .....	141,117	128,575	1,437
Investment trusts .....	37,370	72,376	381
Other .....	178,654	190,455	1,819
	<b>¥672,752</b>	<b>¥704,283</b>	<b>\$6,849</b>
Fees and commissions payments:			
Remittances and transfers .....	¥ 30,211	¥ 31,612	\$ 308
Other .....	85,362	60,677	869
	<b>¥115,574</b>	<b>¥ 92,289</b>	<b>\$1,177</b>

## 19. Trading Income

Trading income for the fiscal years ended March 31, 2009 and 2008 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
Gains on trading securities .....	¥ 23,876	¥ 21,406	\$ 243
Gains on securities related to trading transactions .....	1,221	2,934	12
Gains on trading-related financial derivatives .....	179,255	438,365	1,825
Other .....	7,386	6,865	75
	<b>¥211,738</b>	<b>¥469,571</b>	<b>\$2,155</b>

## 20. Other Operating Income

Other operating income for the fiscal years ended March 31, 2009 and 2008 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
Gains on sale of bonds .....	¥149,037	¥ 108,350	\$1,517
Gains on redemption of bonds .....	57	88	1
Lease-related income .....	252,966	893,448	2,575
Gains on financial derivatives .....	7,142	1,099	73
Other .....	120,396	209,648	1,225
	<b>¥529,599</b>	<b>¥1,212,635</b>	<b>\$5,391</b>

## 21. Other Operating Expenses

Other operating expenses for the fiscal years ended March 31, 2009 and 2008 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
Losses on sale of bonds .....	¥ 68,882	¥ 29,380	\$ 701
Losses on redemption of bonds .....	45,852	35,860	467
Losses on devaluation of bonds .....	7,049	67,045	72
Bond issuance costs .....	606	756	6
Lease-related expenses .....	194,349	794,468	1,978
Losses on foreign exchange transactions .....	14,984	254,927	153
Other .....	141,487	209,651	1,440
	¥473,212	¥1,392,089	\$4,817

## 22. Other Income

Other income for the fiscal years ended March 31, 2009 and 2008 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
Gains on sale of stocks and other securities .....	¥15,242	¥ 61,509	\$155
Gains on money held in trust .....	98	250	1
Gains on disposal of fixed assets .....	1,297	10,988	13
Recoveries of written-off claims .....	1,708	1,355	17
Gains on change in equity due to mergers of subsidiaries .....	—	103,133	—
Other .....	34,627	26,108	353
	¥52,973	¥203,346	\$539

## 23. Other Expenses

Other expenses for the fiscal years ended March 31, 2009 and 2008 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
Write-off of loans .....	¥302,353	¥141,750	\$3,078
Losses on sale of stocks and other securities .....	7,802	5,737	79
Losses on devaluation of stocks and other securities .....	191,117	62,835	1,946
Losses on money held in trust .....	232	23	2
Losses on sale of delinquent loans .....	62,549	35,300	637
Equity in losses of affiliates .....	94,876	41,760	966
Losses on disposal of fixed assets .....	12,144	12,538	124
Losses on impairment of fixed assets* .....	7,363	5,161	75
Other .....	44,692	35,355	455
	¥723,131	¥340,463	\$7,362

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

Year ended March 31	Area	Purpose of use 2009	Type	Millions of yen		Millions of U.S. dollars
				2009	2008	2009
Tokyo metropolitan area .....		Branch (1 branch)	Land and buildings, etc.	¥ 57	¥ 41	\$ 1
		Corporate assets (1 item)		4,700	—	48
		Idle assets (24 items)		664	1,196	7
		Other (6 items)		444	69	4
Kinki area .....		Branches (5 branches)	Land and buildings, etc.	389	298	4
		Idle assets (10 items)		607	3,086	6
		Other (4 items)		318	—	3
Other .....		Branches (—)	Land and buildings, etc.	—	17	—
		Idle assets (9 items)		179	451	2

At SMBC, a branch, which continuously manages and determines its income and expenses, is the smallest unit of asset group for recognition and measurement of impairment loss of fixed assets. 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 corporate assets. As for idle assets, impairment loss is measured individually. At other consolidated subsidiaries, a branch or other group is the smallest asset grouping unit as well.

In the fiscal year under review, SMBC and other subsidiaries reduced the carrying amounts of long-lived assets of which investments are not expected to be fully recovered to their recoverable amounts, and recognized the losses as "losses on impairment of fixed assets," which is included in "Other expenses." SMBC reduced the carrying amounts of corporate assets and idle assets, and other consolidated subsidiaries reduced the carrying amounts of long-lived assets of their branches and idle assets. 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.

## 24. Deferred Tax Assets and Liabilities

(1) Significant components of deferred tax assets and liabilities at March 31, 2009 and 2008 were as follows:

March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
Deferred tax assets:			
Net operating loss carryforwards .....	¥ 718,553	¥ 863,604	\$ 7,315
Write-off of securities .....	354,168	332,355	3,606
Reserve for possible loan losses .....	307,586	212,043	3,131
Write-off of loans .....	141,102	104,729	1,437
Net unrealized gains (losses) on other securities.....	72,185	—	735
Reserve for employee retirement benefits.....	64,968	66,012	661
Net deferred losses on hedges .....	14,125	51,455	144
Depreciation .....	9,058	8,730	92
Other .....	132,911	127,474	1,353
Subtotal .....	1,814,660	1,766,405	18,474
Valuation allowance .....	(851,725)	(491,685)	(8,671)
Total deferred tax assets .....	962,935	1,274,720	9,803
Deferred tax liabilities:			
Net unrealized gains (losses) on other securities.....	(26,133)	(191,661)	(266)
Leveraged lease.....	(29,167)	(62,256)	(297)
Gains on securities contributed to employee retirement benefits trust ...	(42,263)	(42,263)	(430)
Securities returned from employee retirement benefits trust .....	(14,711)	(20,282)	(150)
Undistributed earnings of overseas subsidiaries .....	(2,206)	(12,506)	(23)
Other .....	(18,082)	(12,268)	(184)
Total deferred tax liabilities .....	(132,564)	(341,238)	(1,350)
Net deferred tax assets .....	¥ 830,370	¥ 933,481	\$ 8,453

(2) SMFG and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes, which, in the aggregate, would result in an effective statutory tax rate of approximately 40.69% for the years ended March 31, 2009 and 2008. A reconciliation of the effective income tax rate reflected in the accompanying consolidated statements of operations to the statutory tax rate for the years ended March 31, 2009 and 2008 was as follows:

	2009	2008
Statutory tax rate.....	40.69%	40.69%
Valuation allowance .....	1,033.93	2.10
Equity in losses of affiliates.....	130.88	1.83
Gains on changes in equity .....	—	(4.52)
Unrealized gains.....	—	3.04
Undistributed earnings of overseas subsidiaries.....	(34.92)	—
Dividends exempted for income tax purposes .....	(6.24)	—
Other .....	(29.80)	(1.54)
Effective income tax rate .....	1,134.54%	41.60%

## 25. Changes in Net Assets

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

Year ended March 31, 2009	Number of shares			March 31, 2009
	March 31, 2008	Increase	Decrease	
<b>Shares issued</b>				
Common stock .....	7,733,653.77	781,346,823.23* <sup>1</sup>	—	789,080,477
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* <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	—	—	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
<b>Total .....</b>	<b>7,853,754.77</b>	<b>781,346,823.23</b>	<b>16,700</b>	<b>789,183,878</b>
<b>Treasury shares</b>				
Common stock .....	168,997.41	16,887,475.04* <sup>3</sup>	28,006.45* <sup>3</sup>	17,028,466
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>16,904,175.04</b>	<b>44,706.45</b>	<b>17,028,466</b>

**\*<sup>1</sup> 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
- 781,189,672.23 shares due to the stock split implemented on January 4, 2009

**\*<sup>2</sup> 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

**\*<sup>3</sup> Increase in number of treasury common shares:**

- 68,904.66 shares due to purchase of fractional shares and shares less than one unit
- 539 shares due to acquisition of shares owned by shareholders who opposed the exchange of subsidiary company shares for SMFG shares
- 16,818,031.38 shares due to the stock split implemented on January 4, 2009

**Decrease in number of treasury common shares:**

- 28,006.45 shares due to sale of fractional shares and shares less than one unit

Year ended March 31, 2008	Number of shares			March 31, 2008
	March 31, 2007	Increase	Decrease	
<b>Shares issued</b>				
Common stock.....	7,733,653.77	—	—	7,733,653.77
Preferred stock (1st series Type 4).....	4,175	—	—	4,175
Preferred stock (2nd series Type 4).....	4,175	—	—	4,175
Preferred stock (3rd series Type 4).....	4,175	—	—	4,175
Preferred stock (4th series Type 4).....	4,175	—	—	4,175
Preferred stock (5th series Type 4).....	4,175	—	—	4,175
Preferred stock (6th series Type 4).....	4,175	—	—	4,175
Preferred stock (7th series Type 4).....	4,175	—	—	4,175
Preferred stock (8th series Type 4).....	4,175	—	—	4,175
Preferred stock (9th series Type 4).....	4,175	—	—	4,175
Preferred stock (10th series Type 4).....	4,175	—	—	4,175
Preferred stock (11th series Type 4).....	4,175	—	—	4,175
Preferred stock (12th series Type 4).....	4,175	—	—	4,175
Preferred stock (1st series Type 6).....	70,001	—	—	70,001
Total.....	7,853,754.77	—	—	7,853,754.77
<b>Treasury shares</b>				
Common stock.....	168,630.95	895.01*1	528.55*2	168,997.41
Total.....	168,630.95	895.01	528.55	168,997.41

\*1 Increase in number of treasury common shares:

- 895.01 shares due to purchase of fractional shares

\*2 Decrease in number of treasury common shares:

- 234.55 shares due to sale of fractional shares and delivery of shares in connection with exercising of stock options
- 294 shares due to sale of shares of SMFG's common stock owned by subsidiaries

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

Year ended March 31, 2009	Detail of stock acquisition rights	Type of shares	Number of shares			Millions of yen		Millions of U.S. dollars
			March 31, 2008	Increase	Decrease	March 31, 2009	March 31, 2009	March 31, 2009
SMFG.....	Stock options	—	—	—	—	¥ —	\$ —	
Consolidated subsidiaries.....	—	—	—	—	—	66	1	
Total.....						¥ 66	\$ 1	

Year ended March 31, 2008	Detail of stock acquisition rights	Type of shares	Number of shares			Millions of yen	
			March 31, 2007	Increase	Decrease	March 31, 2008	March 31, 2008
SMFG.....	Stock options	—	—	—	—	¥ —	
Consolidated subsidiaries.....	—	—	—	—	—	43	
Total.....						¥ 43	

(3) Information on dividends is as follows:

(a) Dividends paid in the fiscal year ended March 31, 2008

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

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

Millions of yen, except per share amount

Type of shares	Aggregate amount of dividends	Cash dividends per share	Record date	Effective date
Common stock	¥38,326	¥ 5,000	September 30, 2007	December 7, 2007
Preferred stock (1st series Type 4)	281	67,500	September 30, 2007	December 7, 2007
Preferred stock (2nd series Type 4)	281	67,500	September 30, 2007	December 7, 2007
Preferred stock (3rd series Type 4)	281	67,500	September 30, 2007	December 7, 2007
Preferred stock (4th series Type 4)	281	67,500	September 30, 2007	December 7, 2007
Preferred stock (5th series Type 4)	281	67,500	September 30, 2007	December 7, 2007
Preferred stock (6th series Type 4)	281	67,500	September 30, 2007	December 7, 2007
Preferred stock (7th series Type 4)	281	67,500	September 30, 2007	December 7, 2007
Preferred stock (8th series Type 4)	281	67,500	September 30, 2007	December 7, 2007
Preferred stock (9th series Type 4)	281	67,500	September 30, 2007	December 7, 2007
Preferred stock (10th series Type 4)	281	67,500	September 30, 2007	December 7, 2007
Preferred stock (11th series Type 4)	281	67,500	September 30, 2007	December 7, 2007
Preferred stock (12th series Type 4)	281	67,500	September 30, 2007	December 7, 2007
Preferred stock (1st series Type 6)	3,097	44,250	September 30, 2007	December 7, 2007

Date of resolution: Meeting of the Board of Directors held on November 19, 2007

## (b) Dividends paid in the fiscal year ended March 31, 2009

Millions of yen, except per share amount

Type of shares	Aggregate amount of dividends	Cash dividends per share	Record date	Effective date
Common stock	¥53,655	¥ 7,000	March 31, 2008	June 27, 2008
Preferred stock (1st series Type 4)	281	67,500	March 31, 2008	June 27, 2008
Preferred stock (2nd series Type 4)	281	67,500	March 31, 2008	June 27, 2008
Preferred stock (3rd series Type 4)	281	67,500	March 31, 2008	June 27, 2008
Preferred stock (4th series Type 4)	281	67,500	March 31, 2008	June 27, 2008
Preferred stock (5th series Type 4)	281	67,500	March 31, 2008	June 27, 2008
Preferred stock (6th series Type 4)	281	67,500	March 31, 2008	June 27, 2008
Preferred stock (7th series Type 4)	281	67,500	March 31, 2008	June 27, 2008
Preferred stock (8th series Type 4)	281	67,500	March 31, 2008	June 27, 2008
Preferred stock (9th series Type 4)	281	67,500	March 31, 2008	June 27, 2008
Preferred stock (10th series Type 4)	281	67,500	March 31, 2008	June 27, 2008
Preferred stock (11th series Type 4)	281	67,500	March 31, 2008	June 27, 2008
Preferred stock (12th series Type 4)	281	67,500	March 31, 2008	June 27, 2008
Preferred stock (1st series Type 6)	3,097	44,250	March 31, 2008	June 27, 2008

Date of resolution: Ordinary general meeting of shareholders held on June 27, 2008

Millions of yen, except per share amount

Type of shares	Aggregate amount of dividends	Cash dividends per share	Record date	Effective date
Common stock	¥54,753	¥ 7,000	September 30, 2008	December 5, 2008
Preferred stock (1st series Type 4)	281	67,500	September 30, 2008	December 5, 2008
Preferred stock (2nd series Type 4)	281	67,500	September 30, 2008	December 5, 2008
Preferred stock (3rd series Type 4)	281	67,500	September 30, 2008	December 5, 2008
Preferred stock (4th series Type 4)	281	67,500	September 30, 2008	December 5, 2008
Preferred stock (9th series Type 4)	281	67,500	September 30, 2008	December 5, 2008
Preferred stock (10th series Type 4)	281	67,500	September 30, 2008	December 5, 2008
Preferred stock (11th series Type 4)	281	67,500	September 30, 2008	December 5, 2008
Preferred stock (12th series Type 4)	281	67,500	September 30, 2008	December 5, 2008
Preferred stock (1st series Type 6)	3,097	44,250	September 30, 2008	December 5, 2008

Date of resolution: Meeting of the Board of Directors held on November 14, 2008



## (c) Dividends to be paid in the fiscal year ending March 31, 2010

Millions of yen, except per share amount					
Type of shares	Aggregate amount of dividends	Source of dividends	Cash dividends per share	Record date	Effective date
Common stock .....	¥15,707	Retained earnings	¥ 20	March 31, 2009	June 26, 2009
Preferred stock (1st series Type 4) .....	281	Retained earnings	67,500	March 31, 2009	June 26, 2009
Preferred stock (2nd series Type 4) .....	281	Retained earnings	67,500	March 31, 2009	June 26, 2009
Preferred stock (3rd series Type 4) .....	281	Retained earnings	67,500	March 31, 2009	June 26, 2009
Preferred stock (4th series Type 4) .....	281	Retained earnings	67,500	March 31, 2009	June 26, 2009
Preferred stock (9th series Type 4) .....	281	Retained earnings	67,500	March 31, 2009	June 26, 2009
Preferred stock (10th series Type 4) .....	281	Retained earnings	67,500	March 31, 2009	June 26, 2009
Preferred stock (11th series Type 4) .....	281	Retained earnings	67,500	March 31, 2009	June 26, 2009
Preferred stock (12th series Type 4) .....	281	Retained earnings	67,500	March 31, 2009	June 26, 2009
Preferred stock (1st series Type 6) .....	3,097	Retained earnings	44,250	March 31, 2009	June 26, 2009

Date of resolution: Ordinary general meeting of shareholders held on June 26, 2009

**26. Cash Flows**

Fiscal year ended March 31, 2008

- (1) QUOQ Inc. and 2 other companies became consolidated subsidiaries of SMFG due to increases in the voting rights in the fiscal year ended March 31, 2008. Their major assets and liabilities are as follows:

	Millions of yen
Assets .....	¥1,504,288
Other assets .....	548,428
Customers' liabilities for acceptances and guarantees .....	891,593
Liabilities .....	¥1,471,831
Borrowed money .....	436,628
Acceptances and guarantees .....	891,593

- (2) The major assets and liabilities which were acquired due to a merger between SMBC Leasing Company, Limited and Sumisho Lease Co., Ltd. are as follows:

	Millions of yen
Assets .....	¥1,392,490
Lease assets .....	632,224
Loans and bills discounted .....	329,069
Liabilities .....	¥1,249,703
Borrowed money .....	571,741
Short-term bonds .....	393,000

- (3) SMBC Auto Leasing Company, Limited and 1 other company were excluded from the scope of consolidation due to a merger with Sumisho Auto Leasing Corporation in the fiscal year ended March 31, 2008. Their major assets and liabilities are as follows:

	Millions of yen
Assets .....	¥305,751
Lease assets .....	221,725
Liabilities .....	¥289,379
Borrowed money .....	144,561
Short-term bonds .....	106,000

## 27. Employee Retirement Benefits

### (1) Outline of employee retirement benefits

Consolidated subsidiaries in Japan have contributory funded defined benefit pension plans such as employee pension plans, qualified pension plans and lump-sum severance indemnity plans. A consolidated subsidiary in Japan adopts defined-contribution pension plan. Certain domestic consolidated subsidiaries have a general type of employee pension plans. They may grant additional benefits in cases where certain requirements are met when employees retire.

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

### (2) Projected benefit obligation

March 31		Millions of yen		Millions of
		2009	2008	U.S. dollars
				2009
Projected benefit obligation	(A) .....	¥(918,081)	¥(919,082)	\$ (9,346)
Plan assets	(B) .....	742,917	975,920	7,563
Unfunded projected benefit obligation	(C)=(A)+(B) .....	(175,164)	56,838	(1,783)
Unrecognized net actuarial gain or loss	(D) .....	382,151	153,949	3,890
Unrecognized prior service cost	(E) .....	(26,420)	(37,118)	(269)
Net amount recorded on the consolidated balance sheet	(F)=(C)+(D)+(E) .....	180,566	173,669	1,838
Prepaid pension cost	(G) .....	216,209	212,370	2,201
Reserve for employee retirement benefits	(F)-(G) .....	¥ (35,643)	¥ (38,701)	\$ (363)

Note: Some consolidated subsidiaries adopt the simple method in calculating the projected benefit obligation.

### (3) Pension expenses

Year ended March 31	Millions of yen		Millions of
	2009	2008	U.S. dollars
			2009
Service cost .....	¥20,574	¥19,947	\$209
Interest cost on projected benefit obligation .....	22,445	22,414	229
Expected return on plan assets .....	(31,192)	(32,407)	(317)
Amortization of unrecognized net actuarial gain or loss .....	33,301	4,546	339
Amortization of unrecognized prior service cost .....	(11,159)	(11,182)	(114)
Other (nonrecurring additional retirement allowance paid and other) .....	3,934	2,544	40
Total .....	¥37,902	¥ 5,863	\$386

Notes: 1. Pension expenses of consolidated subsidiaries which adopt the simple method are included in "Service cost."

2. Premium paid to defined-contribution pension is included in "Other."

### (4) Assumptions

The principal assumptions used in determining benefit obligation and pension expenses at or for the fiscal years ended March 31, 2009 and 2008 were as follows:

Year ended March 31	2009	2008
Discount rate .....	1.4% to 2.5%	1.4% to 2.5%
Expected rate of return on plan assets .....	0% to 4.1%	0% to 4.5%

Estimated amounts of retirement benefits are allocated to each period by the straight-line method.

Unrecognized prior service cost is amortized using the straight-line method within the employees' average remaining service period from the fiscal year of its incurrence, over mainly 9 years for the fiscal years ended March 31, 2009 and 2008.

Unrecognized net actuarial gain or loss is amortized using the straight-line method within the employees' average remaining service period, commencing from the next fiscal year of incurrence, over mainly 9 years for the fiscal years ended March 31, 2009 and 2008.

## 28. Lease Transactions

Fiscal year ended March 31, 2009

### (1) Financing leases

#### (a) Lessee side

##### (i) Lease assets

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

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

Depreciation method of lease assets is reported in Note 2. (5) Depreciation.

#### (b) Lessor side

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

March 31, 2009	Millions of yen	Millions of U.S. dollars
Lease receivables .....	¥1,444,731	\$14,708
Residual value .....	111,273	1,133
Unearned interest income .....	(247,788)	(2,523)
Total .....	¥1,308,216	\$13,318

##### (ii) The scheduled collections of lease receivables and investment assets are as follows:

Lease payments receivable related to lease receivables

March 31, 2009	Millions of yen	Millions of U.S. dollars
Within 1 year .....	¥244,758	\$2,492
More than 1 year to 2 years .....	179,297	1,825
More than 2 years to 3 years .....	129,660	1,320
More than 3 years to 4 years .....	79,425	809
More than 4 years to 5 years .....	49,624	505
More than 5 years .....	56,683	577
Total .....	¥739,450	\$7,528

Lease payments receivable related to investment assets

March 31, 2009	Millions of yen	Millions of U.S. dollars
Within 1 year .....	¥ 445,841	\$ 4,539
More than 1 year to 2 years .....	324,231	3,301
More than 2 years to 3 years .....	232,671	2,369
More than 3 years to 4 years .....	155,177	1,580
More than 4 years to 5 years .....	91,276	929
More than 5 years .....	195,533	1,990
Total .....	¥1,444,731	\$14,708

(iii) Non-transfer ownership finance leases, which commenced in fiscal years beginning before April 1, 2008, are valued at their appropriate book value, net of accumulated depreciation, as of March 31, 2008, and recorded as the beginning balance of "Lease receivables and investment assets." Moreover, interest on such non-transfer ownership finance leases during the remaining term of the leases is allocated over the lease term using the straight-line method. As a result of this accounting treatment, income before income taxes for the fiscal year ended March 31, 2009 was ¥58,833 million (\$599 million) less than it would have been if such transactions had been treated in a similar way to sales of the underlying assets.

### (2) Operating leases

#### (a) Lessee side

Future minimum lease payments on operating leases which were not cancelable at March 31, 2009 were as follows:

March 31, 2009	Millions of yen	Millions of U.S. dollars
Due within 1 year .....	¥13,122	\$133
Due after 1 year .....	52,925	539
Total .....	¥66,047	\$672

#### (b) Lessor side

Future minimum lease payments on operating leases which were not cancelable at March 31, 2009 were as follows:

March 31, 2009	Millions of yen	Millions of U.S. dollars
Due within 1 year .....	¥18,435	\$188
Due after 1 year .....	79,007	804
Total .....	¥97,442	\$992

Future lease payments receivable on operating leases which were not cancelable amounting to ¥1,438 million (\$15 million) on the lessor side were pledged as collateral for borrowings.

Fiscal year ended March 31, 2008

(1) Financing leases

A summary of assumed amounts of acquisition cost, accumulated depreciation and net book value for financing leases without transfer of ownership at March 31, 2008 was as follows:

(a) Lessee side

	Millions of yen		
	2008		
March 31	Acquisition cost	Accumulated depreciation	Net book value
Equipment .....	¥14,741	¥6,544	¥8,196
Other.....	483	313	170
Total .....	¥15,224	¥6,858	¥8,366

Future minimum lease payments excluding interests at March 31, 2008 were as follows:

March 31	Millions of yen
	2008
Due within 1 year .....	¥4,007
Due after 1 year .....	4,791
	¥8,798

Total lease expenses for the year ended March 31, 2008 were ¥3,914 million. Assumed depreciation for the year ended March 31, 2008 amounted to ¥3,702 million. Assumed depreciation is calculated using the straight-line method over the lease term of the respective assets without residual values. The difference between the minimum lease payments and the acquisition costs of the lease assets represents interest expenses. The allocation of such interest expenses over the lease term is calculated using the effective interest method. Interest expenses for the year ended March 31, 2008 amounted to ¥177 million.

(b) Lessor side

	Millions of yen		
	2008		
March 31	Acquisition cost	Accumulated depreciation	Net book value
Equipment .....	¥3,111,499	¥2,021,324	¥1,090,174
Other.....	557,804	322,065	235,739
Total .....	¥3,669,303	¥2,343,389	¥1,325,914

Future lease payments receivable excluding interests at March 31, 2008 were as follows:

March 31	Millions of yen
	2008
Due within 1 year .....	¥ 446,616
Due after 1 year .....	928,716
	¥1,375,333

At March 31, 2008, future lease payments receivable shown above included subleases of ¥6,693 million (due within 1 year: ¥3,331 million) on the lessor side. The amount on the lessee side was almost the same and was included in the future minimum lease payments shown in (a).

Total lease income for the year ended March 31, 2008 was ¥478,069 million. Depreciation for the year ended March 31, 2008 amounted to ¥392,325 million. Interest income represents the difference between the sum of the lease payments receivable and estimated residual values, and the acquisition costs of the lease assets. The allocation of such interest income over the lease term is calculated using the effective interest method. Interest income for the year ended March 31, 2008 amounted to ¥68,576 million.

(2) Operating leases

(a) Lessee side

Future minimum lease payments at March 31, 2008 were as follows:

March 31	Millions of yen
	2008
Due within 1 year .....	¥14,287
Due after 1 year .....	63,723
	¥78,010

(b) Lessor side

Future lease payments receivable at March 31, 2008 were as follows:

March 31	Millions of yen 2008
Due within 1 year .....	¥12,848
Due after 1 year .....	42,130
	¥54,978

Future lease payments receivable at March 31, 2008 amounting to ¥36,396 million on the lessor side referred to in (1) and (2) above were pledged as collateral for borrowings.

## 29. Fair Value of Marketable Securities and Money Held in Trust

### (1) Securities

The amounts shown in the following tables include trading securities and short-term bonds classified as "Trading assets," negotiable certificates of deposit bought classified as "Deposits with banks," and beneficiary claims on loan trusts classified as "Monetary claims bought," in addition to "Securities" stated in the consolidated balance sheets.

(a) Securities classified as trading purposes

March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
Consolidated balance sheet amount .....	¥858,134	¥1,114,812	\$8,736
Valuation gains included in the earnings for the fiscal year .....	502	313	5

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

March 31	Millions of yen				
	2009				
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds .....	¥1,574,004	¥1,596,291	¥22,286	¥22,582	¥ 295
Japanese local government bonds .....	96,312	97,265	953	962	9
Japanese corporate bonds .....	392,209	396,215	4,006	4,611	605
Other .....	9,181	8,676	(504)	—	504
Total .....	¥2,071,708	¥2,098,449	¥26,741	¥28,155	¥1,414

March 31	Millions of yen				
	2008				
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds .....	¥ 614,281	¥ 625,028	¥10,747	¥12,035	¥1,287
Japanese local government bonds .....	97,311	98,903	1,591	1,591	—
Japanese corporate bonds .....	390,070	394,679	4,608	4,752	143
Other .....	9,178	8,985	(192)	—	192
Total .....	¥1,110,841	¥1,127,597	¥16,755	¥18,379	¥1,623

March 31	Millions of U.S. dollars				
	2009				
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds .....	\$16,024	\$16,251	\$227	\$230	\$ 3
Japanese local government bonds .....	980	990	10	10	0
Japanese corporate bonds .....	3,993	4,034	41	47	6
Other .....	93	88	(5)	—	5
Total .....	\$21,090	\$21,363	\$273	\$287	\$14

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

## (c) Other securities with fair value

	Millions of yen				
	2009				
March 31	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks.....	¥ 1,978,015	¥ 1,985,078	¥ 7,062	¥287,380	¥280,317
Bonds.....	14,010,902	14,008,076	(2,826)	21,534	24,360
Japanese government bonds.....	13,158,932	13,160,414	1,482	20,029	18,547
Japanese local government bonds.....	242,419	242,376	(43)	499	542
Japanese corporate bonds.....	609,550	605,286	(4,264)	1,005	5,270
Other.....	6,048,145	6,010,732	(37,412)	47,920	85,332
Total.....	¥22,037,063	¥22,003,887	¥(33,176)	¥356,834	¥390,011

	Millions of yen				
	2008				
March 31	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks.....	¥ 1,954,723	¥ 2,890,952	¥936,228	¥ 999,414	¥ 63,186
Bonds.....	9,864,246	9,731,353	(132,892)	18,645	151,537
Japanese government bonds.....	8,858,202	8,725,687	(132,515)	16,924	149,439
Japanese local government bonds.....	342,677	341,916	(760)	308	1,069
Japanese corporate bonds.....	663,366	663,750	383	1,412	1,028
Other.....	5,295,371	5,237,455	(57,915)	24,469	82,385
Total.....	¥17,114,341	¥17,859,762	¥745,420	¥1,042,530	¥297,109

	Millions of U.S. dollars				
	2009				
March 31	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks.....	\$ 20,137	\$ 20,209	\$ 72	\$2,926	\$2,854
Bonds.....	142,634	142,605	(29)	219	248
Japanese government bonds.....	133,961	133,976	15	204	189
Japanese local government bonds.....	2,468	2,467	(1)	5	6
Japanese corporate bonds.....	6,205	6,162	(43)	10	53
Other.....	61,571	61,190	(381)	488	869
Total.....	\$224,342	\$224,004	\$(338)	\$3,633	\$3,971

Notes: 1. Consolidated balance sheet amount is calculated as follows:

Stocks (including foreign stocks): Average market prices during 1 month before the fiscal year-end

Bonds and other: Market prices at the fiscal year-end or fair value based on DCF method on certain Japanese government bonds at March 31, 2009

2. Other securities with fair value are considered as impaired if the fair value declines materially below the acquisition cost and such decline is not considered as recoverable. In such a case, the fair value is recognized as the consolidated balance sheet amount and the amount of write-down is accounted for as valuation loss for the fiscal year. Valuation losses for the fiscal years ended March 31, 2009 and 2008 were ¥156,721 million (\$1,595 million) and ¥96,455 million, respectively. The rule for determining "material decline" is as follows and is based on the classification of the issuing company under self-assessment of assets.

Bankrupt/Effectively bankrupt/Potentially bankrupt issuers: Fair value is lower than acquisition cost.

Issuers requiring caution: Fair value is 30% or more lower than acquisition cost.

Normal issuers: Fair value is 50% or more lower than acquisition cost.

Bankrupt issuers: Issuers that are legally bankrupt or formally declared bankrupt.

Effectively bankrupt issuers: Issuers that are not legally bankrupt but regarded as substantially bankrupt.

Potentially bankrupt issuers: Issuers that are not bankrupt now, but are perceived to have a high risk of falling into bankruptcy.

Issuers requiring caution: Issuers that are identified for close monitoring.

Normal issuers: Issuers other than the above 4 categories of issuers.

## (d) Held-to-maturity bonds sold during the years ended March 31, 2009 and 2008

There are no corresponding transactions.

## (e) Other securities sold during the years ended March 31, 2009 and 2008

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
Sales amount.....	¥34,610,449	¥35,013,724	\$352,341
Gains on sales.....	158,285	169,352	1,611
Losses on sales.....	75,997	33,521	774

## (f) Securities with no available market value

	Millions of yen		Millions of U.S. dollars
	Consolidated balance sheet amount		Consolidated balance sheet amount
	2009	2008	2009
March 31			
Bonds classified as held-to-maturity			
Beneficiary claims on accounts receivable, etc. ....	¥ 9,996	¥ 11,672	\$ 102
Unlisted foreign securities.....	—	7	—
Other securities			
Unlisted stocks (excluding OTC stocks).....	332,450	377,123	3,384
Unlisted bonds.....	2,901,693	2,826,953	29,540
Unlisted foreign securities.....	800,543	724,557	8,150
Other.....	564,348	567,374	5,745

## (g) Change of classification of securities

There are no corresponding transactions.

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

	Millions of yen			
	2009			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
March 31				
Bonds .....	¥3,416,761	¥11,895,495	¥1,987,483	¥1,659,495
Japanese government bonds .....	2,802,254	9,376,045	1,133,529	1,422,588
Japanese local government bonds .....	32,001	232,744	73,889	52
Japanese corporate bonds .....	582,504	2,286,704	780,064	236,853
Other.....	1,077,576	4,272,647	788,691	609,101
Total.....	¥4,494,337	¥16,168,143	¥2,776,174	¥2,268,597

	Millions of yen			
	2008			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
March 31				
Bonds .....	¥2,572,065	¥ 7,672,897	¥1,675,020	¥1,739,846
Japanese government bonds .....	1,919,514	5,205,946	521,200	1,693,316
Japanese local government bonds .....	142,310	142,937	153,582	398
Japanese corporate bonds .....	510,240	2,324,013	1,000,238	46,131
Other.....	825,298	3,847,580	580,263	562,258
Total.....	¥3,397,364	¥11,520,477	¥2,255,284	¥2,302,105

	Millions of U.S. dollars			
	2009			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
March 31				
Bonds .....	\$34,783	\$121,098	\$20,233	\$16,894
Japanese government bonds .....	28,527	95,450	11,540	14,482
Japanese local government bonds .....	326	2,369	752	1
Japanese corporate bonds .....	5,930	23,279	7,941	2,411
Other.....	10,970	43,497	8,029	6,201
Total.....	\$45,753	\$164,595	\$28,262	\$23,095

## (2) Money held in trust

## (a) Money held in trust classified as trading purposes

	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
	March 31		
Consolidated balance sheet amount .....	¥1,416	¥1,488	\$14
Valuation gains (losses) included in the earnings for the fiscal year .....	(3)	3	(0)

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

There are no corresponding transactions.

## (c) Other money held in trust

March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
Acquisition cost .....	¥7,830	¥5,870	\$80
Consolidated balance sheet amount .....	7,568	5,841	77
Net unrealized gains (losses) .....	(262)	(29)	(3)
Unrealized gains .....	—	—	—
Unrealized losses .....	262	29	3

Note: Consolidated balance sheet amount is calculated using market prices at the fiscal year-end.

## (3) Net unrealized gains (losses) on other securities and other money held in trust

March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
Net unrealized gains (losses) .....	¥(34,044)	¥745,330	\$(347)
Other securities .....	(33,781)	745,359	(344)
Other money held in trust .....	(262)	(29)	(3)
(-) Deferred tax liabilities .....	14,428	192,478	146
Net unrealized gains (losses) on other securities (before following adjustment) .....	(48,472)	552,851	(493)
(-) Minority interests .....	(5,400)	1,632	(55)
(+) SMFG's interest in net unrealized gains (losses) on valuation of other securities held by affiliates accounted for by the equity method .....	28,422	(570)	289
Net unrealized gains (losses) on other securities .....	¥(14,649)	¥550,648	\$(149)

Note: Net unrealized gains (losses) included foreign currency translation adjustments on non-marketable securities denominated in foreign currency.

## 30. Derivative Transactions

## (1) Interest rate derivatives

March 31	Millions of yen			
	2009		Fair value	Valuation gains (losses)
	Contract amount			
	Total	Over 1 year		
<b>Transactions listed on exchange</b>				
Interest rate futures:				
Sold .....	¥ 17,636,094	¥ 1,254,229	¥ (41,578)	¥ (41,578)
Bought .....	19,571,966	1,557,621	51,493	51,493
<b>Over-the-counter transactions</b>				
Forward rate agreements:				
Sold .....	—	—	—	—
Bought .....	15,742,690	97,966	114	114
Interest rate swaps:				
Receivable fixed rate/payable floating rate .....	395,948,961	283,809,494	207,729	207,729
Receivable floating rate/payable fixed rate .....	186,295,438	135,517,151	4,508,393	4,508,393
Receivable floating rate/payable floating rate .....	186,981,391	132,487,292	(4,300,450)	(4,300,450)
Receivable floating rate/payable floating rate .....	22,579,384	15,712,303	4,399	4,399
Interest rate swaptions:				
Sold .....	2,690,323	1,789,900	(65,983)	(65,983)
Bought .....	2,802,501	2,143,328	65,627	65,627
Caps:				
Sold .....	27,834,072	12,451,630	(5,342)	(5,342)
Bought .....	13,867,378	6,122,525	3,263	3,263
Floors:				
Sold .....	3,351,169	1,816,123	(21,272)	(21,272)
Bought .....	5,116,400	2,810,008	8,036	8,036
Other:				
Sold .....	1,177,521	575,022	(32,707)	(32,707)
Bought .....	3,454,028	2,000,040	100,656	100,656
Total .....	/	/	¥ 270,036	¥ 270,036



March 31	Millions of yen			
	2008			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Transactions listed on exchange</b>				
Interest rate futures:				
Sold.....	¥ 28,529,253	¥ 1,219,498	¥ (79,013)	¥ (79,013)
Bought.....	31,429,238	2,102,835	84,575	84,575
Interest rate options:				
Sold.....	411,164	—	(49)	(49)
Bought.....	411,164	—	51	51
<b>Over-the-counter transactions</b>				
Forward rate agreements:				
Sold.....	—	—	—	—
Bought.....	5,487,572	189,577	31	31
Interest rate swaps:				
Receivable fixed rate/payable floating rate.....	431,702,347	306,921,182	171,368	171,368
Receivable floating rate/payable fixed rate.....	204,294,602	148,030,995	1,948,325	1,948,325
Receivable floating rate/payable fixed rate.....	204,725,780	143,672,565	(1,770,092)	(1,770,092)
Receivable floating rate/payable floating rate.....	22,565,295	15,101,309	(1,749)	(1,749)
Interest rate swaptions:				
Sold.....	3,948,380	2,108,111	(62,141)	(62,141)
Bought.....	3,332,135	2,261,063	66,519	66,519
Caps:				
Sold.....	31,659,913	20,654,248	(13,437)	(13,437)
Bought.....	15,801,704	9,592,055	7,195	7,195
Floors:				
Sold.....	3,612,695	1,156,798	(10,171)	(10,171)
Bought.....	5,876,742	2,307,702	2,566	2,566
Other:				
Sold.....	2,366,908	1,161,375	(23,224)	(23,224)
Bought.....	4,965,301	3,143,768	59,900	59,900
Total.....	/	/	¥ 204,169	¥ 204,169

March 31	Millions of U.S. dollars			
	2009			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Transactions listed on exchange</b>				
Interest rate futures:				
Sold.....	\$ 179,539	\$ 12,768	\$ (423)	\$ (423)
Bought.....	199,246	15,857	524	524
<b>Over-the-counter transactions</b>				
Forward rate agreements:				
Sold.....	—	—	—	—
Bought.....	160,264	997	1	1
Interest rate swaps:				
Receivable fixed rate/payable floating rate.....	4,030,835	2,889,234	2,115	2,115
Receivable floating rate/payable fixed rate.....	1,896,523	1,379,590	45,896	45,896
Receivable floating rate/payable fixed rate.....	1,903,506	1,348,746	(43,779)	(43,779)
Receivable floating rate/payable floating rate.....	229,862	159,954	45	45
Interest rate swaptions:				
Sold.....	27,388	18,222	(672)	(672)
Bought.....	28,530	21,819	668	668
Caps:				
Sold.....	283,356	126,760	(54)	(54)
Bought.....	141,173	62,328	33	33
Floors:				
Sold.....	34,116	18,488	(217)	(217)
Bought.....	52,086	28,606	82	82
Other:				
Sold.....	11,987	5,854	(333)	(333)
Bought.....	35,163	20,361	1,025	1,025
Total.....	/	/	\$ 2,749	\$ 2,749

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

## (2) Currency derivatives

	Millions of yen			
	2009			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
March 31				
<b>Over-the-counter transactions</b>				
Currency swaps .....	¥22,343,204	¥14,918,715	¥(138,309)	¥(107,046)
Currency swaptions:				
Sold .....	863,862	863,862	(13,907)	(13,907)
Bought .....	964,627	955,373	30,040	30,040
Forward foreign exchange .....	44,250,845	4,431,723	108,517	108,517
Currency options:				
Sold .....	4,448,659	2,475,706	(269,220)	(269,220)
Bought .....	4,356,557	2,411,169	303,847	303,847
Total .....	/	/	¥ 20,967	¥ 52,231
	Millions of yen			
	2008			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
March 31				
<b>Over-the-counter transactions</b>				
Currency swaps .....	¥22,379,597	¥13,103,269	¥(43,029)	¥160,284
Currency swaptions:				
Sold .....	829,741	824,731	(10,592)	(10,592)
Bought .....	930,422	908,013	27,161	27,161
Forward foreign exchange .....	56,377,725	5,755,015	140,241	140,241
Currency options:				
Sold .....	6,126,597	2,706,432	(289,853)	(289,853)
Bought .....	5,963,302	2,662,166	315,610	315,610
Total .....	/	/	¥139,537	¥342,851
	Millions of U.S. dollars			
	2009			
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
March 31				
<b>Over-the-counter transactions</b>				
Currency swaps .....	\$227,458	\$151,875	\$(1,408)	\$(1,090)
Currency swaptions:				
Sold .....	8,794	8,794	(141)	(141)
Bought .....	9,820	9,726	306	306
Forward foreign exchange .....	450,482	45,116	1,105	1,105
Currency options:				
Sold .....	45,288	25,203	(2,741)	(2,741)
Bought .....	44,351	24,546	3,093	3,093
Total .....	/	/	\$ 214	\$ 532

- Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of operations. The amounts above do not include the following:
- Derivative transactions to which the deferred hedge accounting method is applied;
  - Those that are allotted to financial assets/liabilities denominated in foreign currency and whose fair values are already reflected to the consolidated balance sheets; and
  - Those that are allotted to financial assets/liabilities denominated in foreign currency, and the financial assets/liabilities are eliminated in the process of consolidation.
2. Fair value is calculated using discounted present value and option pricing models.

## (3) Equity derivatives

	Millions of yen			
	2009			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
March 31				
<b>Transactions listed on exchange</b>				
Equity price index futures:				
Sold.....	¥ 14,239	¥ —	¥ (632)	¥ (632)
Bought.....	14,533	—	636	636
Equity price index options:				
Sold.....	2,218	—	(17)	(17)
Bought.....	144	—	3	3
<b>Over-the-counter transactions</b>				
Equity options:				
Sold.....	219,238	145,209	(63,785)	(63,785)
Bought.....	219,238	145,209	63,785	63,785
Total.....	/	/	¥ (9)	¥ (9)

	Millions of yen			
	2008			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
March 31				
<b>Transactions listed on exchange</b>				
Equity price index futures:				
Sold.....	¥ 86,574	¥ —	¥ 64	¥ 64
Bought.....	41,498	—	151	151
<b>Over-the-counter transactions</b>				
Equity options:				
Sold.....	260,068	260,068	(32,730)	(32,730)
Bought.....	260,068	260,068	32,730	32,730
Total.....	/	/	¥ 216	¥ 216

	Millions of U.S. dollars			
	2009			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
March 31				
<b>Transactions listed on exchange</b>				
Equity price index futures:				
Sold.....	\$ 145	\$ —	\$ (6)	\$ (6)
Bought.....	148	—	6	6
Equity price index options:				
Sold.....	23	—	(0)	(0)
Bought.....	1	—	0	0
<b>Over-the-counter transactions</b>				
Equity options:				
Sold.....	2,232	1,478	(649)	(649)
Bought.....	2,232	1,478	649	649
Total.....	/	/	\$ (0)	\$ (0)

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

## (4) Bond derivatives

March 31	Millions of yen			
	2009			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Transactions listed on exchange</b>				
Bond futures:				
Sold.....	¥976,285	¥ —	¥(9,158)	¥(9,158)
Bought.....	964,958	—	8,638	8,638
Bond futures options:				
Sold.....	15,000	—	1	1
Bought.....	—	—	—	—
<b>Over-the-counter transactions</b>				
Forward bond agreements:				
Sold.....	—	—	—	—
Bought.....	44,076	44,059	561	561
Bond options:				
Sold.....	450,000	—	—	—
Bought.....	450,000	—	1	1
Total.....	/	/	¥ 44	¥ 44

March 31	Millions of yen			
	2008			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Transactions listed on exchange</b>				
Bond futures:				
Sold.....	¥1,659,033	¥ —	¥ 173	¥ 173
Bought.....	1,635,163	—	(762)	(762)
Bond futures options:				
Sold.....	—	—	—	—
Bought.....	14,500	—	65	65
<b>Over-the-counter transactions</b>				
Forward bond agreements:				
Sold.....	—	—	—	—
Bought.....	59,577	57,239	1,246	1,246
Bond options:				
Sold.....	240,000	—	(425)	(425)
Bought.....	240,000	—	975	975
Total.....	/	/	¥1,272	¥1,272

March 31	Millions of U.S. dollars			
	2009			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Transactions listed on exchange</b>				
Bond futures:				
Sold.....	\$9,939	\$ —	\$(93)	\$(93)
Bought.....	9,823	—	88	88
Bond futures options:				
Sold.....	153	—	0	0
Bought.....	—	—	—	—
<b>Over-the-counter transactions</b>				
Forward bond agreements:				
Sold.....	—	—	—	—
Bought.....	449	449	5	5
Bond options:				
Sold.....	4,581	—	—	—
Bought.....	4,581	—	0	0
Total.....	/	/	\$ 0	\$ 0

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of operations.

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

2. Fair value of transactions listed on exchange is calculated using the closing prices on the Tokyo Stock Exchange and others.

Fair value of OTC transactions is calculated using discounted present value and option pricing models.

## (5) Commodity derivatives

March 31	Millions of yen			
	2009			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Transactions listed on exchange</b>				
Commodity futures:				
Sold.....	¥ —	¥ —	¥ —	¥ —
Bought.....	156	—	25	25
<b>Over-the-counter transactions</b>				
Commodity swaps:				
Receivable fixed price/payable floating price .....	295,434	246,531	37,408	37,408
Receivable floating price/payable fixed price .....	243,608	194,760	27,707	27,707
Commodity options:				
Sold.....	14,335	11,786	(779)	(779)
Bought.....	39,276	33,637	2,015	2,015
Total.....	/	/	¥66,376	¥66,376

March 31	Millions of yen			
	2008			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Transactions listed on exchange</b>				
Commodity futures:				
Sold.....	¥ —	¥ —	¥ —	¥ —
Bought.....	208	—	2	2
<b>Over-the-counter transactions</b>				
Commodity swaps:				
Receivable fixed price/payable floating price .....	296,505	267,523	(137,666)	(137,666)
Receivable floating price/payable fixed price .....	220,340	193,772	213,001	213,001
Commodity options:				
Sold.....	18,211	7,165	(2,011)	(2,011)
Bought.....	38,455	26,786	6,595	6,595
Total.....	/	/	¥ 79,921	¥ 79,921

March 31	Millions of U.S. dollars			
	2009			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Transactions listed on exchange</b>				
Commodity futures:				
Sold.....	\$ —	\$ —	\$ —	\$ —
Bought.....	2	—	0	0
<b>Over-the-counter transactions</b>				
Commodity swaps:				
Receivable fixed price/payable floating price .....	3,008	2,510	381	381
Receivable floating price/payable fixed price .....	2,480	1,983	282	282
Commodity options:				
Sold.....	146	120	(8)	(8)
Bought.....	400	342	21	21
Total.....	/	/	\$676	\$676

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

## (6) Credit derivative transactions

Millions of yen				
2009				
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
March 31				
<b>Over-the-counter transactions</b>				
Credit default options:				
Sold.....	¥1,179,621	¥1,167,801	¥(209,630)	¥(209,630)
Bought.....	1,325,430	1,308,288	229,275	229,275
Total.....	/	/	¥ 19,644	¥ 19,644
Millions of yen				
2008				
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
March 31				
<b>Over-the-counter transactions</b>				
Credit default options:				
Sold.....	¥1,421,367	¥1,302,732	¥(39,531)	¥(39,531)
Bought.....	1,912,377	1,710,521	77,378	77,378
Other:				
Sold.....	10	—	(2)	(2)
Bought.....	10	—	2	2
Total.....	/	/	¥ 37,846	¥ 37,846
Millions of U.S. dollars				
2009				
	Contract amount		Fair value	Valuation gains (losses)
	Total	Over 1 year		
March 31				
<b>Over-the-counter transactions</b>				
Credit default options:				
Sold.....	\$12,009	\$11,888	\$(2,134)	\$(2,134)
Bought.....	13,493	13,319	2,334	2,334
Total.....	/	/	\$ 200	\$ 200

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of operations.

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

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

3. "Sold" represents transactions in which the credit risk is accepted; "Bought" represents transactions in which the credit risk is transferred.

### 31. Stock Options

Share-based compensation expenses of ¥22 million (\$0 million) and ¥29 million are accounted for as general and administrative expenses in the fiscal years ended March 31, 2009 and 2008, respectively.

Outline of stock options and changes is as follows:

(1) SMFG

(a) Outline of stock options

Date of resolution	June 27, 2002
Title and number of grantees .....	Directors and employees of SMFG and SMBC: 677
Number of stock options* .....	Common shares: 162,000
Grant date .....	August 30, 2002
Condition for vesting .....	N.A.
Requisite service period .....	N.A.
Exercise period .....	June 28, 2004 to June 27, 2012

\* "Number of stock options" is reported in consideration of the 100-for-1 stock split implemented on January 4, 2009.

(b) Stock options granted and changes

Number of stock options

Date of resolution	June 27, 2002
Before vested	
Previous fiscal year-end .....	—
Granted .....	—
Forfeited .....	—
Vested .....	—
Outstanding .....	—
After vested	
Previous fiscal year-end* .....	108,100
Vested .....	—
Exercised .....	—
Forfeited .....	—
Exercisable .....	108,100

\* Number of stock as of the previous fiscal year-end is reported in consideration of the 100-for-1 stock split implemented on January 4, 2009.

Price information (Yen)

Date of resolution	June 27, 2002
Exercise price .....	¥6,698
Average exercise price .....	—
Fair value at the grant date .....	—

(2) A consolidated subsidiary, Kansai Urban Banking Corporation

(a) Outline of stock options

Date of resolution	June 28, 2001	June 27, 2002	June 27, 2003	June 29, 2004	June 29, 2005
Title and number of grantees .....	Directors and employees 45	Directors and employees 44	Directors and employees 65	Directors and employees 174	Directors and employees 183
Number of stock options .....	Common shares 238,000	Common shares 234,000	Common shares 306,000	Common shares 399,000	Common shares 464,000
Grant date .....	July 31, 2001	July 31, 2002	July 31, 2003	July 30, 2004	July 29, 2005
Condition for vesting .....	N.A.	N.A.	N.A.	N.A.	N.A.
Requisite service period .....	N.A.	N.A.	N.A.	N.A.	N.A.
Exercise period .....	June 29, 2003 to June 28, 2011	June 28, 2004 to June 27, 2012	June 28, 2005 to June 27, 2013	June 30, 2006 to June 29, 2014	June 30, 2007 to June 29, 2015

Date of resolution	June 29, 2006	June 29, 2006	June 28, 2007	June 28, 2007	June 27, 2008
Title and number of grantees .....	Directors 9	Officers not doubling as directors 14 Employees 46	Directors 10	Officers not doubling as directors 14 Employees 48	Directors 9 Officers not doubling as directors 16 Employees 45
Number of stock options .....	Common shares 162,000	Common shares 115,000	Common shares 174,000	Common shares 112,000	Common shares 289,000
Grant date .....	July 31, 2006	July 31, 2006	July 31, 2007	July 31, 2007	July 31, 2008
Condition for vesting .....	N.A.	N.A.	N.A.	N.A.	N.A.
Requisite service period .....	N.A.	N.A.	N.A.	N.A.	N.A.
Exercise period .....	June 30, 2008 to June 29, 2016	June 30, 2008 to June 29, 2016	June 29, 2009 to June 28, 2017	June 29, 2009 to June 28, 2017	June 28, 2010 to June 27, 2018

## (b) Stock options granted and changes

## Number of stock options

Date of resolution	June 28, 2001	June 27, 2002	June 27, 2003	June 29, 2004	June 29, 2005
Before vested					
Previous fiscal year-end .....	—	—	—	—	—
Granted .....	—	—	—	—	—
Forfeited .....	—	—	—	—	—
Vested .....	—	—	—	—	—
Outstanding .....	—	—	—	—	—
After vested					
Previous fiscal year-end .....	122,000	158,000	230,000	330,000	451,000
Vested .....	—	—	—	—	—
Exercised .....	4,000	—	2,000	1,000	—
Forfeited .....	6,000	—	—	—	—
Exercisable .....	112,000	158,000	228,000	329,000	451,000

Date of resolution	June 29, 2006	June 29, 2006	June 28, 2007	June 28, 2007	June 27, 2008
Before vested					
Previous fiscal year-end .....	162,000	115,000	174,000	112,000	—
Granted .....	—	—	—	—	289,000
Forfeited .....	—	—	—	—	—
Vested .....	162,000	115,000	—	—	—
Outstanding .....	—	—	174,000	112,000	289,000
After vested					
Previous fiscal year-end .....	—	—	—	—	—
Vested .....	162,000	115,000	—	—	—
Exercised .....	—	—	—	—	—
Forfeited .....	—	—	—	—	—
Exercisable .....	162,000	115,000	—	—	—

## Price information (Yen)

Date of resolution	June 28, 2001	June 27, 2002	June 27, 2003	June 29, 2004	June 29, 2005
Exercise price .....	¥155	¥131	¥179	¥202	¥313
Average exercise price .....	317	—	313	313	—
Fair value at the grant date .....	—	—	—	—	—

Date of resolution	June 29, 2006	June 29, 2006	June 28, 2007	June 28, 2007	June 27, 2008
Exercise price .....	¥490	¥490	¥461	¥461	¥302
Average exercise price .....	—	—	—	—	—
Fair value at the grant date .....	138	138	96	96	37



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

Stock options granted in the fiscal year ended March 31, 2009 were valued using the Black-Scholes option pricing model and the principal parameters were as follows:

Date of resolution	June 27, 2008
Expected volatility *1 .....	39.99%
Average expected life *2 .....	5 years
Expected dividends *3 .....	¥5 per share
Risk-free interest rate *4 .....	1.13%

\*1 Calculated based on the actual stock prices during the 5 years from June 2003 to June 2008

\*2 The average expected life could not be estimated rationally due to an insufficient amount of data. Therefore, it was estimated assuming that the options were exercised at the midpoint of the exercise period.

\*3 The actual dividends on common stock for the fiscal year ended March 31, 2008

\*4 Japanese government bond yield corresponding to the average expected life

## (d) Method of estimating number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

## 32. Segment Information

## (1) Business segment information

Year ended March 31	Millions of yen					
	2009					
	Banking business	Leasing business	Other business	Total	Elimination	Consolidated
I. Ordinary income						
(1) External customers.....	¥ 2,773,183	¥ 332,465	¥ 447,194	¥ 3,552,843	¥ —	¥ 3,552,843
(2) Intersegment .....	65,756	5,511	306,084	377,352	(377,352)	—
Total .....	2,838,940	337,976	753,279	3,930,196	(377,352)	3,552,843
Ordinary expenses .....	2,800,453	306,585	681,077	3,788,116	(280,583)	3,507,532
Ordinary profit.....	¥ 38,486	¥ 31,391	¥ 72,201	¥ 142,080	¥ (96,769)	¥ 45,311
II. Assets, depreciation, losses on impairment of fixed assets and capital expenditure						
Assets.....	¥114,704,051	¥2,918,254	¥8,222,027	¥125,844,333	¥(6,207,109)	¥119,637,224
Depreciation .....	70,803	25,491	26,722	123,017	7	123,025
Losses on impairment of fixed assets...	6,541	—	821	7,363	—	7,363
Capital expenditure.....	124,546	102,240	23,326	250,113	7	250,121
	Millions of yen					
	2008					
Year ended March 31	Banking business	Leasing business	Other business	Total	Elimination	Consolidated
I. Ordinary income						
(1) External customers.....	¥ 3,185,057	¥ 945,193	¥ 493,293	¥ 4,623,545	¥ —	¥ 4,623,545
(2) Intersegment .....	58,113	20,644	249,030	327,788	(327,788)	—
Total .....	3,243,171	965,837	742,324	4,951,333	(327,788)	4,623,545
Ordinary expenses .....	2,501,702	921,338	669,064	4,092,105	(299,720)	3,792,384
Ordinary profit.....	¥ 741,469	¥ 44,499	¥ 73,259	¥ 859,228	¥ (28,067)	¥ 831,160
II. Assets, depreciation, losses on impairment of fixed assets and capital expenditure						
Assets.....	¥107,336,930	¥3,020,106	¥6,707,715	¥117,064,752	¥(5,108,833)	¥111,955,918
Depreciation .....	61,223	399,910	25,972	487,106	16	487,122
Losses on impairment of fixed assets...	4,740	109	310	5,161	—	5,161
Capital expenditure.....	99,277	458,002	36,007	593,286	3	593,290

Year ended March 31	Millions of U.S. dollars					
	2009					
	Banking business	Leasing business	Other business	Total	Elimination	Consolidated
<b>I. Ordinary income</b>						
(1) External customers.....	\$ 28,231	\$ 3,385	\$ 4,553	\$ 36,169	\$ —	\$ 36,169
(2) Intersegment .....	670	56	3,115	3,841	(3,841)	—
Total .....	28,901	3,441	7,668	40,010	(3,841)	36,169
Ordinary expenses .....	28,509	3,122	6,933	38,564	(2,856)	35,708
Ordinary profit .....	\$ 392	\$ 319	\$ 735	\$ 1,446	\$ (985)	\$ 461
<b>II. Assets, depreciation, losses on impairment of fixed assets and capital expenditure</b>						
Assets.....	\$1,167,709	\$29,708	\$83,702	\$1,281,119	\$(63,189)	\$1,217,930
Depreciation .....	721	259	272	1,252	0	1,252
Losses on impairment of fixed assets...	67	—	8	75	—	75
Capital expenditure.....	1,268	1,041	237	2,546	0	2,546

- Notes: 1. The business segmentation is classified based on SMFG's internal management purpose. Ordinary income and ordinary profit are presented as counterparts of sales and operating profit of companies in other industries.
2. "Other business" includes securities, credit card, investment banking, loans, venture capital, system development and information processing.
3. Assets in Elimination include unallocated corporate assets of ¥4,117,977 million (\$41,922 million) and ¥4,101,536 million at March 31, 2009 and 2008, respectively, which mainly consist of investments in subsidiaries and affiliates.
4. Ordinary income represents total income excluding gains on disposal of fixed assets, recoveries of written-off claims and others. Ordinary expenses represent total expenses excluding losses on disposal of fixed assets, losses on impairment of fixed assets and others.
5. As mentioned in Note 2. (20) (b), non-transfer ownership finance leases were formerly accounted for using the same method as for operating leases. "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, and SMFG has applied them from the fiscal year ended March 31, 2009. As a result of the accounting change, Ordinary income of "Leasing business" for the year ended March 31, 2009 decreased by ¥691,719 million (\$7,042 million) as compared with the former method. Ordinary expenses of "Banking business" and "Other business" increased by ¥22 million (\$0 million) and ¥1 million (\$0 million), respectively, and Ordinary expenses of "Leasing business" decreased by ¥694,173 million (\$7,067 million). In terms of Ordinary profit, "Banking business" decreased by ¥22 million (\$0 million) and "Other business" decreased by ¥1 million (\$0 million), while "Leasing business" increased by ¥2,453 million (\$25 million). Assets of "Banking business" and "Other business" increased by ¥7,447 million (\$76 million) and ¥27,348 million (\$278 million), respectively, while Assets of "Leasing business" decreased by ¥36,473 million (\$371 million).
6. As mentioned in Note 2. (11), formerly, deposits which were derecognized as liabilities were expensed when they were actually reimbursed. However, from the fiscal year ended March 31, 2008, such reserve is provided in the estimated amount based on the historical reimbursement experience in accordance with the "Treatment for Auditing of Reserve under Special Taxation Measures Law, Reserve under Special Laws and Reserve for Retirement Benefits to Directors and Corporate Auditors" (JICPA Audit and Assurance Practice Committee Report No. 42) of April 13, 2007. As a result, Ordinary profit of "Banking business" for the year ended March 31, 2008 decreased by ¥10,417 million as compared with the former method.

## (2) Geographic segment information

Year ended March 31	Millions of yen						
	2009						
	Japan	The Americas	Europe and Middle East	Asia and Oceania	Total	Elimination	Consolidated
<b>I. Ordinary income</b>							
(1) External customers ....	¥ 2,886,164	¥ 230,755	¥ 245,279	¥ 190,644	¥ 3,552,843	¥ —	¥ 3,552,843
(2) Intersegment .....	125,334	95,462	6,959	22,639	250,396	(250,396)	—
Total .....	3,011,499	326,218	252,238	213,284	3,803,239	(250,396)	3,552,843
Ordinary expenses.....	3,026,816	282,617	255,544	172,847	3,737,825	(230,293)	3,507,532
Ordinary profit (loss) .....	¥ (15,317)	¥ 43,600	¥ (3,305)	¥ 40,436	¥ 65,414	¥ (20,102)	¥ 45,311
II. Assets .....	¥102,162,307	¥10,054,434	¥5,537,019	¥5,157,482	¥122,911,244	¥(3,274,020)	¥119,637,224

Year ended March 31	Millions of yen						
	2008						
	Japan	The Americas	Europe and Middle East	Asia and Oceania	Total	Elimination	Consolidated
<b>I. Ordinary income</b>							
(1) External customers ....	¥ 3,911,887	¥ 280,556	¥ 249,321	¥ 181,780	¥ 4,623,545	¥ —	¥ 4,623,545
(2) Intersegment .....	121,804	59,437	11,000	39,046	231,289	(231,289)	—
Total .....	4,033,692	339,994	260,321	220,826	4,854,834	(231,289)	4,623,545
Ordinary expenses.....	3,359,217	240,378	249,869	156,831	4,006,298	(213,913)	3,792,384
Ordinary profit .....	¥ 674,474	¥ 99,615	¥ 10,451	¥ 63,994	¥ 848,536	¥ (17,375)	¥ 831,160
II. Assets .....	¥96,694,481	¥7,590,359	¥4,875,150	¥5,501,957	¥114,661,949	¥(2,706,030)	¥111,955,918

Year ended March 31	Millions of U.S. dollars						
	2009						
	Japan	The Americas	Europe and Middle East	Asia and Oceania	Total	Elimination	Consolidated
I. Ordinary income							
(1) External customers ....	\$ 29,382	\$ 2,349	\$ 2,497	\$ 1,941	\$ 36,169	\$ —	\$ 36,169
(2) Intersegment .....	1,276	972	71	230	2,549	(2,549)	—
Total .....	30,658	3,321	2,568	2,171	38,718	(2,549)	36,169
Ordinary expenses.....	30,814	2,877	2,602	1,759	38,052	(2,344)	35,708
Ordinary profit (loss) .....	\$ (156)	\$ 444	\$ (34)	\$ 412	\$ 666	\$ (205)	\$ 461
II. Assets .....	\$1,040,032	\$102,356	\$56,368	\$52,504	\$1,251,260	\$(33,330)	\$1,217,930

- 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 China, Singapore, Australia and others except Japan.
3. Assets in Elimination include unallocated corporate assets of ¥4,117,977 million (\$41,922 million) and ¥4,101,536 million at March 31, 2009 and 2008, respectively, which mainly consist of investments in subsidiaries and affiliates.
4. Ordinary income represents total income excluding gains on disposal of fixed assets, recoveries of written-off claims and others. Ordinary expenses represent total expenses excluding losses on disposal of fixed assets, losses on impairment of fixed assets and others.
5. As mentioned in Note 2. (20) (b), non-transfer ownership finance leases were formerly accounted for using the same method as for operating leases. "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, and SMFG has applied them from the fiscal year ended March 31, 2009. As a result of the accounting change, Ordinary income of "Japan" and Ordinary expenses of "Japan" for the year ended March 31, 2009 decreased by ¥676,849 million (\$6,890 million) and ¥679,279 million (\$6,915 million) as compared with the former method; Ordinary profit of "Japan" increased by ¥2,430 million (\$25 million). Assets of "Japan" decreased by ¥29,782 million (\$303 million).
6. As mentioned in Note 2. (11), formerly, deposits which were derecognized as liabilities were expensed when they were actually reimbursed. However, from the fiscal year ended March 31, 2008, such reserve is provided in the estimated amount based on the historical reimbursement experience in accordance with the "Treatment for Auditing of Reserve under Special Taxation Measures Law, Reserve under Special Laws and Reserve for Retirement Benefits to Directors and Corporate Auditors" (JICPA Audit and Assurance Practice Committee Report No. 42) of April 13, 2007. As a result, Ordinary profit of "Japan" for the year ended March 31, 2008 decreased by ¥10,417 million as compared with the former method.

### (3) Ordinary income from overseas operations

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
Consolidated ordinary income from overseas operations (A) .....	¥ 666,679	¥ 711,657	\$ 6,787
Consolidated ordinary income (B).....	3,552,843	4,623,545	36,169
(A) / (B).....	18.8%	15.4%	18.8%

- Notes: 1. Consolidated ordinary income from overseas operations is presented as a counterpart of overseas sales of companies in other industries.
2. The table above shows ordinary income from transactions of overseas branches of SMBC and transactions of overseas consolidated subsidiaries, excluding internal income. These extensive transactions are not categorized by transaction party, and the geographic segment information is not presented because such information is not available.

## 33. Business Combinations

Fiscal year ended March 31, 2009

There is no material information to be reported.

Fiscal year ended March 31, 2008

<A merger of leasing companies and a merger of auto leasing companies>

SMFG, SMBC Leasing Company, Limited ("SMBC Leasing") and SMBC Auto Leasing Company, Limited ("SMBC Auto Leasing") reached a final agreement with Sumitomo Corporation, Sumisho Lease Co., Ltd. ("Sumisho Lease") and Sumisho Auto Leasing Corporation ("Sumisho Auto Lease") on July 30, 2007 concerning strategic joint businesses in leasing and auto leasing business and mergers of two businesses (a merger between SMBC Leasing and

Sumisho Lease, and a merger between SMBC Auto Leasing and Sumisho Auto Lease). They also concluded "Basic Agreement Concerning the Joint Business" and "Merger Agreement" with respect to the two businesses. In accordance with the merger agreements, SMBC Leasing and Sumisho Lease merged on October 1, 2007, and SMBC Auto Leasing and Sumisho Auto Lease also merged on the same day.

## &lt;Purchase method&gt;

## A merger of leasing companies

## 1. Outline of the business combination of leasing companies

## (1) Name and business of the acquired company

Sumisho Lease (Leasing business)

## (2) Reason for the business combination

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

## (3) Date of the business combination

October 1, 2007

## (4) Legal form of business combination

The merger was a merger procedure by absorption with Sumisho Lease as the surviving company and SMBC Leasing was dissolved. (Name of the merged company: Sumitomo Mitsui Finance and Leasing Company, Limited)

## (5) Name of a controlling entity after the business combination

Sumitomo Mitsui Financial Group, Inc.

## (6) Percentage share of voting rights SMFG has acquired

55%

## 2. Period of the acquired company's financial results included in the consolidated financial statements

From October 1, 2007 to March 31, 2008

## 3. Acquisition cost of the acquired company

	Millions of yen
45% of the fair value of SMBC Leasing's common stock .....	¥140,648
45% of the fair value of SMBC Leasing's preferred stock .....	24,750
Acquisition cost .....	<u>¥165,398</u>

## 4. Merger ratio, calculation method, number of shares delivered and valuation

## (1) Merger ratio

Common stock

Sumisho Lease 1 : SMBC Leasing 1.4859\*

Preferred stock

Sumisho Lease 1 : SMBC Leasing 5.7050\*

\* The amounts are rounded down to the nearest ten-thousandth.

## (2) Basis for calculation of the merger ratio

In order to ensure the fairness and reasonableness of the merger ratio (hereinafter referred to as the "merger ratio"), SMBC Leasing and Sumisho Lease conducted negotiation and discussion based on the analysis of the merger ratio provided by each financial advisor, Daiwa Securities SMBC Co. Ltd., appointed by SMBC Leasing, and Nomura Securities Co., Ltd., appointed by Sumisho Lease, respectively.

## (3) Number of shares delivered and value

52,422,762 shares of common stock of Sumisho Lease were allocated for 31,375,000 shares (30,000,000 shares of common stock and 1,375,000 shares of preferred stock) of SMBC Leasing (44,578,289 shares of Sumisho Lease's common stock for SMBC Leasing's common stock and 7,844,473 shares of Sumisho Lease's common stock for SMBC Leasing's preferred stock). Total estimated value amounted to ¥367,552 million.

## 5. Goodwill, reason for recognizing goodwill, amortization method and amortization period

## (1) Amount of goodwill

¥88,090 million

## (2) Reason for recognizing goodwill

SMFG accounted for the difference between the acquisition cost and the increased amount of interests in Sumisho Lease as goodwill.

## (3) Method and term to amortize goodwill

Straight-line method over 20 years

## 6. Amounts of assets and liabilities acquired on the day of the business combination

## (1) Assets

	Millions of yen
Total assets .....	¥1,392,490
Lease assets .....	632,224
Loans and bills discounted .....	<u>329,069</u>

## (2) Liabilities

	Millions of yen
Total liabilities .....	¥1,249,703
Borrowed money .....	571,741
Short-term bonds .....	<u>393,000</u>

## 7. Approximate amounts of impact on the consolidated statement of income for the fiscal year ended March 31, 2008, assuming that the business combinations had completed on the commencement date of the fiscal year.

(1) The difference between the pro-forma ordinary income and other income information, assuming that the business combinations had completed on the commencement date of the fiscal year and the actual ordinary income and other income information which is recorded in the consolidated statement of income is as follows:

	Millions of yen
Ordinary income .....	¥277,442
Ordinary profit .....	35,319
Net income .....	<u>30,938</u>

## (2) Calculation method of the pro-forma amounts and material assumptions

The pro-forma amounts are calculated retroactively to the commencement date of the fiscal year based on the amounts stated in Sumisho Lease's statement of income for the period from April 1, 2007 to September 30, 2007. However, such amounts do not indicate the results of operations in cases where the business combinations were actually completed on the commencement date of the fiscal year.

The pro-forma information mentioned above has not been audited by KPMG AZSA & Co.

## &lt;Business combination of consolidated subsidiary&gt;

## A merger of auto leasing companies

Auto Leasing was dissolved. (Name of the merged company:  
Sumitomo Mitsui Auto Service Company, Limited)

## 1. Outline of the business combination of auto leasing companies

## (1) Name and business of the companies

Acquiring company: Sumisho Auto Lease (Auto leasing business)  
Acquired company: SMBC Auto Leasing (Auto leasing business)

## (2) Reason for the business combination

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

## (3) Date of the business combination

October 1, 2007

## (4) Legal form of business combination

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

## 2. Outline of accounting method

SMFG will apply the accounting procedures stipulated by Article 20 of the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7).

## 3. Name of the business segment, in which the subsidiary was included, in the segment information

Leasing business

## 4. Consolidated statement of income for the fiscal year included the following earnings of SMBC Auto Leasing: (approximate amounts)

	Millions of yen
Ordinary income .....	¥69,752
Ordinary profit.....	2,237
Net income .....	1,254

## 5. Status after the business combination

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

## 34. Per Share Data

March 31	Yen		U.S. dollars
	2009	2008	2009
Net assets per share.....	¥2,790.27	¥424,546.01	\$28.41

Year ended March 31	Yen		U.S. dollars
	2009	2008	2009
Net income (loss) per share .....	¥(497.39)	¥59,298.24	\$(5.06)
Net income per share (diluted).....	—	56,657.41	—

Notes: 1. Net income (loss) per share and net income per share (diluted) are calculated based on the following. Net income per share (diluted) for the fiscal year ended March 31, 2009 is not reported due to a net loss.

Year ended March 31	Millions of yen, except number of shares		Millions of U.S. dollars
	2009	2008	2009
Net income (loss) per share:			
Net income (loss) .....	¥(373,456)	¥461,536	\$(3,802)
Amount not attributable to common stockholders.....	10,704	12,958	109
Dividends on preferred stock .....	10,704	12,958	109
Net income (loss) attributable to common stock .....	(384,160)	448,577	(3,911)
Average number of common stock during the year (in thousands).....	772,348	7,564	/
Net income per share (diluted):			
Adjustment for net income .....	—	6,751	—
Dividends on preferred stock .....	—	6,763	—
Stock acquisition rights issued by subsidiaries and affiliates .....	—	(11)	—
Increase in number of common stock (in thousands).....	—	471	/
Preferred stock .....	—	471	/
Stock acquisition rights.....	—	0	/

Outline of dilutive securities which were not included in the calculation of "Net income per share (diluted)" for the fiscal year ended March 31, 2009 because they do not have dilutive effect:

Preferred stock (type 4)  
33 thousand shares outstanding  
Stock acquisition rights: 1 type  
(Number of stock acquisition rights: 1,081 units)

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

March 31	Millions of yen, except number of shares		Millions of U.S. dollars
	2009	2008	2009
Net assets .....	¥4,611,764	¥5,224,076	\$46,949
Amounts excluded from Net assets .....	2,457,530	2,012,532	25,018
Preferred stock .....	310,203	360,303	3,158
Dividends on preferred stock .....	5,352	6,479	54
Stock acquisition rights .....	66	43	1
Minority interests .....	2,141,908	1,645,705	21,805
Net assets attributable to common stock at the fiscal year-end .....	2,154,233	3,211,544	21,931
Number of common stock at the fiscal year-end used for the calculation of Net assets per share (in thousands) .....	772,052	7,564	/

3. SMFG implemented a 100-for-1 stock split of common stock effective on January 4, 2009. If the stock split had been implemented in the previous fiscal year, per share information would be as follows:

As of and year ended March 31	Yen
	2008
Net assets per share .....	¥4,245.46
Net income per share .....	592.98
Net income per share (diluted) .....	566.57

### 35. Subsequent Events

1. Business combinations of subsidiaries: Merger of credit card companies

(1) Outline of the merger

(a) 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)

(b) 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, the companies need to restructure their operations in order to establish new business models.

On April 1, 2009, Central Finance Co., Ltd., OMC Card, Inc. ("OMC Card") and QUOQ Inc. ("QUOQ") merged 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 3 companies.

(c) Date of merger

April 1, 2009

(d) Legal form of the business combinations

The merger was a merger procedure by absorption with OMC Card as the surviving company. (New name of the company: Cedyna Financial Corporation)

(2) Outline of accounting method

SMFG applies the accounting procedures stipulated by Articles 39, 42 and 48 of the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7).

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

Other business

(4) Approximate amounts of the subsidiary's earnings included in the consolidated statement of operations for the fiscal year ended March 31, 2009:

Ordinary income: ¥44,596 million (\$454 million)

Ordinary loss: ¥8,454 million (\$86 million)

Net loss: ¥3,206 million (\$33 million)

(5) Status after the business combination

QUOQ and its subsidiaries are excluded from the scope of consolidation, and Cedyna Financial Corporation has become an affiliated company accounted for by the equity method.

2. SMFG resolved at the meeting of the Board of Directors held on April 28, 2009 to authorize the redemption in full of the preferred securities issued by its overseas special purpose subsidiary. Outline of the preferred securities to be redeemed is as follows.

(1) Issuer

SB Equity Securities (Cayman), Limited

(2) Type of securities issued

Non-cumulative perpetual preferred securities

(3) Redemption amount

¥340,000 million (\$3,461 million)

(4) Scheduled redemption date

June 30, 2009

(5) Reason for redemption

Optional redemption

3. Acquisition of Nikko Cordial Securities Inc. and other businesses

(1) Objectives

SMBC reached an agreement on May 1, 2009 with Nikko Citi Holdings Inc. ("Nikko Citi HD"), a wholly owned subsidiary of Citigroup Inc. ("Citigroup"), and other related entities wherein SMBC would acquire 1) all shares in New Nikko Securities (tentative name; the shares referred to hereinafter as

“New Nikko Securities Stock”) which will succeed to all operations of Nikko Cordial Securities Inc. (“Nikko Cordial”), which engages mainly in the retail securities business (excluding selected assets and liabilities; the “Retail Business”), and some businesses including the domestic debt and equity underwriting and other businesses of Nikko Citigroup Limited (“Nikko Citi”), which engages mainly in the wholesale securities business (the “Wholesale Business”; the Retail Business and the Wholesale Business collectively referred to hereinafter as the “Target Businesses”), 2) shares or partnership interests in affiliates and Civil Law partnerships relating to the Target Businesses (“Affiliates, etc.”; the shares referred to hereinafter as “Affiliate Stock, etc.”) and 3) other assets (such as trademarks relating to the “Nikko” brand and shares held for strategic reasons; hereafter “Other Assets”; New Nikko Securities Stock, Affiliate Stock, etc., and Other Assets collectively referred to hereinafter as “Target Shares, etc.”), all of which are either directly or indirectly owned by Nikko Citi HD, pursuant to approval of relevant authorities.

SMFG’s growth principle is to offer valuable services based on “Spirit of innovation,” “Speed,” and “Solution & Execution” to expand the customer base as a financial services group centered on a commercial bank. Through this transaction, SMFG plans to create a new leading financial services group and increase potential growth by combining stability and reliability that a commercial bank holds with New Nikko Securities’ high-quality customer services.

- (2) Counterparties to the acquisition of New Nikko Securities Stock  
 Nikko Citi Holdings Inc.  
 Nikko Cordial Securities Inc.  
 Nikko Citi Business Services Inc.
- (3) Overview of New Nikko Securities  
 (a) Business line  
 Securities business  
 (b) Operating performance and financial position of New Nikko Securities  
 Operating performance and financial position of New Nikko Securities are not reported because it has not yet been established. Non-consolidated operating performance and financial position of Nikko Cordial Securities Inc., which will be at the core of New Nikko Securities’ operations, are as follows:

Fiscal year ended March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
Operating revenues ...	¥ 164,135	¥ 222,810	\$ 1,671
Net operating revenues .....	158,942	217,878	1,618
Operating profit .....	19,685	50,945	200
Ordinary profit .....	22,158	51,182	226
Net income (loss) .....	(3,626)	23,890	(37)
Net assets .....	393,392	420,600	4,005
Total assets .....	1,466,956	1,523,908	14,934

- (4) Effective Date  
 October 1, 2009 (tentative)
- (5) Acquisition price, etc.  
 (a) Acquisition price  
 (i) Total acquisition value for Target Shares, etc. (excluding shares held for strategic policy reasons (listed stock))  
 ¥545 billion (\$5.5 billion) (note that this figure will be adjusted based on net assets, etc. at New Nikko Securities and Affiliates, etc. at the point in time on the effective date)  
 (ii) Shares held for strategic reasons (listed stock)  
 Price equivalent to 95% of the market closing price as of 4 business days prior to the date immediately preceding the effective date (¥28.5 billion (\$0.3 billion) if calculated by using 95% of the closing price as of March 31, 2009)  
 (b) Shares held and shareholding ratio before and after the transaction  
 While the number of New Nikko Securities Stock to be acquired is unclear as New Nikko Securities is an entity which has not yet been established, SMBC plans to acquire 100% of New Nikko Securities Stock.  
 (6) Fund for the acquisition  
 Entire amount is expected to be funds on hand.

4. SMFG resolved at the meeting of the Board of Directors held on May 28, 2009 to issue and offer new shares with a payment date of June 22, 2009, as set forth below:

- (1) Type and number of shares issued:  
 Total number of shares of common stock of SMFG set forth in (a) through (c) below:  
 219,700,000 shares  
 (a) Number of shares in the Japanese public offering:  
 102,200,000 shares  
 (b) Number of shares to be purchased by the international managers (“International Managers,” and collectively with the Japanese underwriters, the “Underwriters”) in the overseas offering (the “International Offering”):  
 102,200,000 shares  
 (c) Number of shares subject to an option to purchase additional newly issued shares of common stock granted to the International Managers in connection with the International Offering:  
 15,300,000 shares
- (2) Issue price:  
 ¥3,766 per share (\$38 per share)
- (3) Total issue price:  
 ¥827,390 million (\$8,423 million)
- (4) Amount of capital stock increase:  
 ¥413,695 million (\$4,211 million)
- (5) Use of proceeds:  
 SMFG planned to use the proceeds to subscribe for newly issued shares of SMBC common stock.

SMFG resolved at the meeting of the Board of Directors held on May 28, 2009 to issue 15,300,000 shares of its common stock by way of third-party allotment to Daiwa Securities SMBC Co. Ltd. in connection with SMFG's secondary offering of shares through Daiwa Securities SMBC's exercise of an over-allotment option, as set forth below:

- (1) Type and number of shares issued:  
SMFG Common stock  
15,300,000 shares (maximum)
- (2) Issue price:  
¥3,766 per share (\$38 per share)
- (3) Total issue price:  
¥57,619 million (\$587 million) (maximum)
- (4) Amount of capital stock increase:  
¥28,809 million (\$293 million) (maximum)
- (5) Allottee:  
Daiwa Securities SMBC Co. Ltd.
- (6) Subscription date:  
July 24, 2009
- (7) Payment date:  
July 27, 2009
- (8) Use of proceeds:  
SMFG planned to use the proceeds to subscribe for newly issued shares of SMBC common stock.
- (9) Other:  
Daiwa Securities SMBC planned to accept the number of new shares of SMFG common stock that are issued (15,300,000 shares) via over-allotment excluding the number of shares purchased through stabilization and syndicate cover transactions in order to return borrowed shares. Accordingly, all or a part of the new shares issued via allotment may not be subscribed for, resulting in a decrease in the maximum number of new shares issued via allotment or in the cancellation of the entire issuance due to forfeiture.



## 36. Parent Company

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

March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2009	2008	2009
<b>Assets</b>			
Current assets .....	¥ 23,730	¥ 68,956	\$ 242
Cash and due from banks .....	1,281	53,735	13
Prepaid expenses .....	22	21	0
Deferred tax assets .....	39	359	1
Accrued income .....	19	56	0
Accrued income tax refunds .....	21,844	14,267	223
Other current assets .....	522	515	5
Fixed assets .....	4,033,583	3,952,260	41,062
Tangible fixed assets .....	2	4	0
Buildings .....	0	0	0
Equipment .....	2	4	0
Intangible fixed assets .....	11	9	0
Software .....	11	9	0
Investments and other assets .....	4,033,568	3,952,246	41,062
Investments in subsidiaries and affiliates .....	4,028,093	3,950,642	41,007
Deferred tax assets .....	5,475	1,603	55
<b>Total assets .....</b>	<b>¥4,057,313</b>	<b>¥4,021,217</b>	<b>\$41,304</b>
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
Current liabilities .....	¥1,079,566	¥1,052,242	\$10,990
Short-term borrowings .....	1,078,030	1,049,030	10,975
Accounts payable .....	298	223	3
Accrued expenses .....	120	173	1
Income taxes payable .....	372	1,539	4
Business office taxes payable .....	5	4	0
Reserve for employees bonuses .....	102	81	1
Reserve for executive bonuses .....	—	74	—
Other current liabilities .....	637	1,114	6
Fixed liabilities .....	199	225	2
Reserve for executive retirement benefits .....	199	225	2
<b>Total liabilities .....</b>	<b>1,079,766</b>	<b>1,052,468</b>	<b>10,992</b>
<b>Net assets</b>			
<b>Stockholders' equity</b>			
Capital stock .....	1,420,877	1,420,877	14,465
Capital surplus .....	916,163	930,386	9,327
Capital reserve .....	642,355	642,355	6,539
Other capital surplus .....	273,808	288,031	2,788
Retained earnings .....	683,907	700,679	6,962
Other retained earnings			
Voluntary reserve .....	30,420	30,420	310
Retained earnings brought forward .....	653,487	670,259	6,652
Treasury stock .....	(43,400)	(83,194)	(442)
<b>Total stockholders' equity .....</b>	<b>2,977,547</b>	<b>2,968,749</b>	<b>30,312</b>
<b>Total net assets .....</b>	<b>2,977,547</b>	<b>2,968,749</b>	<b>30,312</b>
<b>Total liabilities and net assets .....</b>	<b>¥4,057,313</b>	<b>¥4,021,217</b>	<b>\$41,304</b>



(3) Nonconsolidated Statements of Changes in Net Assets  
Sumitomo Mitsui Financial Group, Inc.

Year ended March 31	Millions of yen		Millions of
	2009	2008	U.S. dollars (Note 1)
<b>Stockholders' equity</b>			
<b>Capital stock</b>			
Balance at the end of the previous fiscal year .....	¥1,420,877	¥1,420,877	\$14,465
Changes in the fiscal year:			
Net changes in the fiscal year .....	—	—	—
Balance at the end of the fiscal year .....	¥1,420,877	¥1,420,877	\$14,465
<b>Capital surplus</b>			
<b>Capital reserve</b>			
Balance at the end of the previous fiscal year .....	642,355	642,355	6,539
Changes in the fiscal year:			
Net changes in the fiscal year .....	—	—	—
Balance at the end of the fiscal year .....	¥ 642,355	¥ 642,355	\$ 6,539
<b>Other capital surplus</b>			
Balance at the end of the previous fiscal year .....	288,031	288,113	2,933
Changes in the fiscal year:			
Disposal of treasury stock .....	(14,222)	(82)	(145)
Net changes in the fiscal year .....	(14,222)	(82)	(145)
Balance at the end of the fiscal year .....	¥ 273,808	¥ 288,031	\$ 2,788
<b>Total capital surplus</b>			
Balance at the end of the previous fiscal year .....	930,386	930,469	9,472
Changes in the fiscal year:			
Disposal of treasury stock .....	(14,222)	(82)	(145)
Net changes in the fiscal year .....	(14,222)	(82)	(145)
Balance at the end of the fiscal year .....	¥ 916,163	¥ 930,386	\$ 9,327

(Continued)

Year ended March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2009	2008	2009
<b>Retained earnings</b>			
Other retained earnings			
Voluntary reserve			
Balance at the end of the previous fiscal year .....	¥ 30,420	¥ 30,420	\$ 310
Changes in the fiscal year:			
Net changes in the fiscal year .....	—	—	—
Balance at the end of the fiscal year .....	¥ 30,420	¥ 30,420	\$ 310
Retained earnings brought forward			
Balance at the end of the previous fiscal year .....	670,259	698,709	6,823
Changes in the fiscal year:			
Cash dividends .....	(120,240)	(111,425)	(1,224)
Net income .....	103,468	82,975	1,053
Net changes in the fiscal year .....	(16,772)	(28,450)	(171)
Balance at the end of the fiscal year .....	¥ 653,487	¥ 670,259	\$ 6,652
<b>Total retained earnings</b>			
Balance at the end of the previous fiscal year .....	700,679	729,129	7,133
Changes in the fiscal year:			
Cash dividends .....	(120,240)	(111,425)	(1,224)
Net income .....	103,468	82,975	1,053
Net changes in the fiscal year .....	(16,772)	(28,450)	(171)
Balance at the end of the fiscal year .....	¥ 683,907	¥ 700,679	\$ 6,962
<b>Treasury stock</b>			
Balance at the end of the previous fiscal year .....	(83,194)	(82,578)	(847)
Changes in the fiscal year:			
Purchase of treasury stock .....	(943)	(901)	(9)
Disposal of treasury stock .....	40,736	285	414
Net changes in the fiscal year .....	39,793	(616)	405
Balance at the end of the fiscal year .....	¥ (43,400)	¥ (83,194)	\$ (442)
<b>Total stockholders' equity</b>			
Balance at the end of the previous fiscal year .....	2,968,749	2,997,898	30,223
Changes in the fiscal year:			
Cash dividends .....	(120,240)	(111,425)	(1,224)
Net income .....	103,468	82,975	1,053
Purchase of treasury stock .....	(943)	(901)	(9)
Disposal of treasury stock .....	26,513	202	269
Net changes in the fiscal year .....	8,798	(29,149)	89
Balance at the end of the fiscal year .....	¥2,977,547	¥2,968,749	\$30,312
<b>Total net assets</b>			
Balance at the end of the previous fiscal year .....	2,968,749	2,997,898	30,223
Changes in the fiscal year:			
Cash dividends .....	(120,240)	(111,425)	(1,224)
Net income .....	103,468	82,975	1,053
Purchase of treasury stock .....	(943)	(901)	(9)
Disposal of treasury stock .....	26,513	202	269
Net changes in the fiscal year .....	8,798	(29,149)	89
Balance at the end of the fiscal year .....	¥2,977,547	¥2,968,749	\$30,312

# Independent Auditors' Report

To the Board of Directors of  
Sumitomo Mitsui Financial Group, Inc.:

We have audited the accompanying consolidated balance sheets of Sumitomo Mitsui Financial Group, Inc. ("SMFG") and subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of SMFG's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of SMFG and subsidiaries as of March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

As discussed in Note 35 to the consolidated financial statements,

1. SMFG resolved at the meeting of the Board of Directors held on April 28, 2009 to authorize the redemption in full of the preferred securities issued by its overseas special purpose subsidiary.
2. Sumitomo Mitsui Banking Corporation, a consolidated subsidiary of SMFG, reached an agreement on May 1, 2009 with Nikko Citi Holdings Inc. and other related entities to acquire Nikko Cordial Securities Inc. and other businesses.
3. SMFG resolved at the meeting of the Board of Directors held on May 28, 2009 to issue and offer new shares and received payments for issuance of new shares by way of public offering on June 22, 2009.

The consolidated financial statements as of and for the year ended March 31, 2009 have been translated into United States dollars solely for convenience of the readers. We have recomputed the translation, and, in our opinion, the consolidated financial statements expressed in Japanese yen have been translated into United States dollars on the basis set forth in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan  
June 26, 2009

# Supplemental Information

## Consolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Banking Corporation and Subsidiaries

March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
<b>Assets</b>			
Cash and due from banks .....	¥ 3,771,699	¥ 2,720,542	\$ 38,397
Deposits with banks .....	1,383,618	2,226,977	14,086
Call loans and bills bought .....	633,655	570,802	6,451
Receivables under resale agreements.....	10,487	357,075	107
Receivables under securities borrowing transactions .....	1,815,195	1,940,170	18,479
Monetary claims bought .....	964,849	1,091,663	9,822
Trading assets.....	4,836,484	4,081,480	49,236
Money held in trust.....	8,985	7,329	91
Securities .....	28,295,724	23,160,903	288,056
Loans and bills discounted.....	66,082,719	62,972,601	672,735
Foreign exchanges.....	885,082	893,567	9,010
Lease receivables and investment assets .....	131,869	—	1,342
Other assets.....	2,670,337	3,024,123	27,185
Tangible fixed assets .....	786,755	756,449	8,009
Intangible fixed assets.....	141,522	125,013	1,441
Lease assets .....	—	27,125	—
Deferred tax assets.....	792,081	920,834	8,064
Customers' liabilities for acceptances and guarantees .....	3,650,162	4,609,160	37,159
Reserve for possible loan losses .....	(1,011,845)	(848,031)	(10,301)
<b>Total assets .....</b>	<b>¥115,849,385</b>	<b>¥108,637,791</b>	<b>\$1,179,369</b>

(Continued)

March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
Deposits .....	¥ 83,124,568	¥ 75,892,384	\$ 846,224
Call money and bills sold .....	2,499,113	2,653,142	25,442
Payables under repurchase agreements .....	778,993	1,828,672	7,930
Payables under securities lending transactions .....	7,577,109	5,732,042	77,136
Trading liabilities .....	3,606,319	2,671,554	36,713
Borrowed money .....	2,908,479	2,742,166	29,609
Foreign exchanges .....	281,145	301,123	2,862
Short-term bonds .....	114,242	—	1,163
Bonds .....	3,565,376	3,804,208	36,296
Due to trust account .....	60,918	80,796	620
Other liabilities .....	3,037,797	3,087,166	30,925
Reserve for employee bonuses .....	19,963	20,427	203
Reserve for executive bonuses .....	167	688	2
Reserve for employee retirement benefits .....	13,506	17,084	138
Reserve for executive retirement benefits .....	6,613	6,695	67
Reserve for reimbursement of deposits .....	11,767	10,417	120
Reserve under the special laws .....	0	0	0
Deferred tax liabilities .....	27,275	51,868	278
Deferred tax liabilities for land revaluation .....	47,217	47,446	481
Acceptances and guarantees .....	3,650,162	4,609,160	37,159
<b>Total liabilities</b> .....	<b>111,330,737</b>	<b>103,557,043</b>	<b>1,133,368</b>
<b>Net assets</b>			
Capital stock .....	664,986	664,986	6,770
Capital surplus .....	1,603,672	1,603,512	16,326
Retained earnings .....	448,750	861,508	4,568
<b>Total stockholders' equity</b> .....	<b>2,717,409</b>	<b>3,130,008</b>	<b>27,664</b>
Net unrealized gains (losses) on other securities .....	(60,148)	558,013	(612)
Net deferred losses on hedges .....	(20,306)	(74,990)	(207)
Land revaluation excess .....	35,099	34,844	357
Foreign currency translation adjustments .....	(120,606)	(28,468)	(1,228)
<b>Total valuation and translation adjustments</b> .....	<b>(165,961)</b>	<b>489,398</b>	<b>(1,690)</b>
Stock acquisition rights .....	66	43	1
Minority interests .....	1,967,133	1,461,297	20,026
<b>Total net assets</b> .....	<b>4,518,647</b>	<b>5,080,747</b>	<b>46,001</b>
<b>Total liabilities and net assets</b> .....	<b>¥115,849,385</b>	<b>¥108,637,791</b>	<b>\$1,179,369</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 ¥98.23 to US\$1, the exchange rate prevailing at March 31, 2009.

## Consolidated Statements of Operations (Unaudited)

Sumitomo Mitsui Banking Corporation and Subsidiaries

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
<b>Income</b>			
Interest income.....	¥1,986,520	¥2,122,630	\$20,223
Interest on loans and discounts .....	1,544,701	1,564,343	15,725
Interest and dividends on securities .....	297,938	333,692	3,033
Interest on receivables under resale agreements .....	1,748	7,044	18
Interest on receivables under securities borrowing transactions .....	4,496	7,032	46
Interest on deposits with banks.....	42,446	100,826	432
Interest on lease transactions .....	3,962	—	40
Other interest income.....	91,227	109,692	929
Trust fees .....	2,074	3,710	21
Fees and commissions .....	518,688	550,053	5,280
Trading income .....	191,842	449,141	1,953
Other operating income.....	250,475	227,270	2,550
Other income .....	42,238	64,803	430
<b>Total income.....</b>	<b>2,991,839</b>	<b>3,417,611</b>	<b>30,457</b>
<b>Expenses</b>			
Interest expenses.....	721,585	913,651	7,345
Interest on deposits.....	374,568	547,205	3,813
Interest on borrowings and rediscounts .....	66,617	57,306	678
Interest on payables under repurchase agreements .....	7,261	7,384	74
Interest on payables under securities lending transactions .....	59,958	45,499	610
Interest on bonds and short-term bonds .....	81,380	89,279	828
Other interest expenses.....	131,798	166,975	1,342
Fees and commissions payments.....	124,611	117,869	1,269
Other operating expenses.....	196,656	461,276	2,002
General and administrative expenses .....	900,572	821,897	9,168
Provision for reserve for possible loan losses.....	389,786	56,364	3,968
Other expenses.....	607,796	320,546	6,188
<b>Total expenses.....</b>	<b>2,941,009</b>	<b>2,691,606</b>	<b>29,940</b>
<b>Income before income taxes and minority interests.....</b>	<b>50,830</b>	<b>726,004</b>	<b>517</b>
Income taxes:			
Current.....	35,294	40,791	359
Deferred .....	277,961	265,384	2,829
Minority interests in net income .....	54,882	68,007	559
<b>Net income (loss) .....</b>	<b>¥ (317,306)</b>	<b>¥ 351,820</b>	<b>\$(3,230)</b>
	Yen	U.S. dollars	
<b>Per share data:</b>			
Net income (loss) .....	¥(5,740.34)	¥6,132.91	\$(58.43)
Net income — diluted.....	—	6,132.75	—

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 ¥98.23 to US\$1, the exchange rate prevailing at March 31, 2009.



## Nonconsolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Banking Corporation

March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
<b>Assets</b>			
Cash and due from banks .....	¥ 2,597,429	¥ 2,526,553	\$ 26,442
Deposits with banks .....	2,697,579	2,421,977	27,462
Call loans and bills bought .....	255,095	374,083	2,597
Receivables under resale agreements .....	48,113	328,544	490
Receivables under securities borrowing transactions .....	1,815,195	1,900,294	18,479
Monetary claims bought .....	396,183	447,538	4,033
Trading assets .....	3,885,704	3,638,676	39,557
Money held in trust .....	8,985	7,329	92
Securities .....	28,000,515	22,758,241	285,051
Loans and bills discounted .....	60,241,266	56,957,813	613,268
Foreign exchanges .....	748,149	836,917	7,616
Other assets .....	2,259,982	2,196,999	23,007
Tangible fixed assets .....	696,680	676,072	7,092
Intangible fixed assets .....	126,070	106,469	1,283
Deferred tax assets .....	668,343	823,251	6,804
Customers' liabilities for acceptances and guarantees .....	3,826,694	4,665,062	38,957
Reserve for possible loan losses .....	(791,885)	(620,004)	(8,062)
Reserve for possible losses on investments .....	(1,888)	(12,801)	(19)
<b>Total assets .....</b>	<b>¥107,478,218</b>	<b>¥100,033,020</b>	<b>\$1,094,149</b>
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
Deposits .....	¥ 76,905,708	¥ 69,382,834	\$ 782,915
Call money and bills sold .....	2,479,743	2,656,142	25,244
Payables under repurchase agreements .....	773,534	1,825,481	7,875
Payables under securities lending transactions .....	7,561,013	5,732,042	76,973
Trading liabilities .....	2,705,478	2,307,304	27,542
Borrowed money .....	4,663,553	3,798,333	47,476
Foreign exchanges .....	282,360	301,958	2,875
Short-term bonds .....	114,242	—	1,163
Bonds .....	3,319,693	3,539,110	33,795
Due to trust account .....	60,918	80,796	620
Other liabilities .....	2,163,237	2,178,263	22,022
Reserve for employee bonuses .....	10,720	8,857	109
Reserve for executive bonuses .....	—	496	—
Reserve for executive retirement benefits .....	4,992	4,800	51
Reserve for point service program .....	2,359	1,870	24
Reserve for reimbursement of deposits .....	10,873	9,587	111
Reserve under the special laws .....	0	0	0
Deferred tax liabilities for land revaluation .....	46,599	46,827	474
Acceptances and guarantees .....	3,826,694	4,665,062	38,956
<b>Total liabilities .....</b>	<b>104,931,725</b>	<b>96,539,771</b>	<b>1,068,225</b>
<b>Net assets</b>			
Capital stock .....	664,986	664,986	6,769
Capital surplus .....	1,367,548	1,367,548	13,922
Retained earnings .....	499,666	894,839	5,087
<b>Total stockholders' equity .....</b>	<b>2,532,201</b>	<b>2,927,374</b>	<b>25,778</b>
Net unrealized gains (losses) on other securities .....	(52,741)	558,103	(537)
Net deferred gains (losses) on hedges .....	45,359	(13,787)	462
Land revaluation excess .....	21,673	21,558	221
<b>Total valuation and translation adjustments .....</b>	<b>14,291</b>	<b>565,874</b>	<b>146</b>
<b>Total net assets .....</b>	<b>2,546,493</b>	<b>3,493,249</b>	<b>25,924</b>
<b>Total liabilities and net assets .....</b>	<b>¥107,478,218</b>	<b>¥100,033,020</b>	<b>\$1,094,149</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 ¥98.23 to US\$1, the exchange rate prevailing at March 31, 2009.

## Nonconsolidated Statements of Operations (Unaudited)

Sumitomo Mitsui Banking Corporation

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2009	2008	2009
<b>Income</b>			
Interest income.....	¥1,758,423	¥1,866,277	\$17,901
Interest on loans and discounts .....	1,346,185	1,346,282	13,704
Interest and dividends on securities .....	293,992	322,287	2,993
Interest on receivables under resale agreements .....	1,341	3,762	14
Interest on receivables under securities borrowing transactions .....	4,488	6,955	46
Interest on deposits with banks.....	38,040	92,946	387
Other interest income.....	74,376	94,042	757
Trust fees .....	2,074	3,710	21
Fees and commissions .....	415,228	452,527	4,227
Trading income .....	175,038	440,985	1,782
Other operating income.....	163,277	121,812	1,662
Other income .....	34,029	59,364	347
<b>Total income.....</b>	<b>2,548,073</b>	<b>2,944,677</b>	<b>25,940</b>
<b>Expenses</b>			
Interest expenses.....	740,065	895,469	7,534
Interest on deposits.....	320,243	474,314	3,260
Interest on borrowings and rediscounts .....	152,905	126,925	1,557
Interest on payables under repurchase agreements .....	7,066	6,189	72
Interest on payables under securities lending transactions .....	59,885	45,496	610
Interest on bonds and short-term bonds.....	68,418	76,463	696
Other interest expenses.....	131,546	166,080	1,339
Fees and commissions payments.....	121,404	120,165	1,236
Other operating expenses.....	127,747	384,906	1,300
General and administrative expenses .....	722,285	659,992	7,353
Provision for reserve for possible loan losses.....	260,749	—	2,655
Other expenses.....	548,033	376,689	5,579
<b>Total expenses.....</b>	<b>2,520,286</b>	<b>2,437,222</b>	<b>25,657</b>
<b>Income before income taxes.....</b>	<b>27,786</b>	<b>507,454</b>	<b>283</b>
Income taxes:			
Current.....	23,748	16,031	242
Deferred .....	305,154	285,680	3,107
<b>Net income (loss) .....</b>	<b>¥ (301,116)</b>	<b>¥ 205,742</b>	<b>\$ (3,066)</b>

Per share data:	Yen		U.S. dollars
	Net income (loss) .....	¥(5,453.06)	¥3,540.84
Net income — diluted.....	—	—	—

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 ¥98.23 to US\$1, the exchange rate prevailing at March 31, 2009.

# Income Analysis (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

## Operating Income, Classified by Domestic and Overseas Operations

Year ended March 31	Millions of yen							
	2009				2008			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Interest income .....	¥1,561,085	¥618,228	¥(91,965)	¥2,087,348	¥1,542,313	¥669,690	¥(66,551)	¥2,145,451
Interest expenses .....	495,194	341,615	(87,945)	748,863	529,520	457,127	(51,591)	935,056
Net interest income .....	1,065,890	276,613	(4,019)	1,338,484	1,012,792	212,562	(14,960)	1,210,394
Trust fees .....	2,122	—	—	2,122	3,752	—	—	3,752
Fees and commissions .....	592,845	80,926	(1,019)	672,752	633,655	71,996	(1,368)	704,283
Fees and commissions payments .....	105,882	10,590	(899)	115,574	82,800	10,537	(1,047)	92,289
Net fees and commissions .....	486,962	70,335	(119)	557,178	550,855	61,459	(320)	611,993
Trading income .....	194,201	29,779	(12,241)	211,738	470,388	30,848	(31,665)	469,571
Trading losses .....	3,449	8,791	(12,241)	—	15,242	16,423	(31,665)	—
Net trading income .....	190,751	20,987	—	211,738	455,145	14,425	—	469,571
Other operating income .....	503,422	26,403	(226)	529,599	1,165,090	47,612	(67)	1,212,635
Other operating expenses .....	438,969	34,574	(331)	473,212	1,362,029	30,081	(21)	1,392,089
Net other operating income (expenses) .....	64,453	(8,171)	105	56,386	(196,938)	17,530	(45)	(179,453)

- 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 (2009, ¥30 million; 2008, ¥10 million) related to the management of money held in trust.
3. Intersegment transactions are reported in the "Elimination" column.

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

### Domestic Operations

Year ended March 31	Millions of yen					
	2009			2008		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets .....	¥80,327,278	¥1,561,085	1.94%	¥74,364,561	¥1,542,313	2.07%
Loans and bills discounted .....	53,272,205	1,145,251	2.15	51,170,802	1,135,110	2.22
Securities .....	21,707,712	270,374	1.25	18,046,377	287,879	1.60
Call loans and bills bought .....	392,838	5,403	1.38	644,293	13,186	2.05
Receivables under resale agreements .....	17,008	89	0.53	67,129	382	0.57
Receivables under securities borrowing transactions .....	687,341	4,506	0.66	980,818	7,032	0.72
Deposits with banks .....	848,609	11,257	1.33	1,891,531	34,957	1.85
Lease receivables and investment assets .....	1,837,506	70,747	3.85	—	—	—
Interest-bearing liabilities .....	¥87,827,514	¥ 495,194	0.56%	¥81,183,731	¥ 529,520	0.65%
Deposits .....	66,460,734	196,916	0.30	65,494,311	244,013	0.37
Negotiable certificates of deposit .....	4,072,822	24,331	0.60	2,557,627	15,057	0.59
Call money and bills sold .....	2,727,860	12,527	0.46	2,087,888	10,853	0.52
Payables under repurchase agreements .....	436,712	2,066	0.47	103,567	601	0.58
Payables under securities lending transactions .....	4,182,183	59,962	1.43	2,041,013	45,499	2.23
Borrowed money .....	5,463,776	125,225	2.29	4,400,327	75,888	1.72
Short-term bonds .....	765,144	6,678	0.87	494,241	4,105	0.83
Bonds .....	3,481,382	65,248	1.87	3,726,666	73,497	1.97

- Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries.
2. In principle, average balances are calculated by using daily balances. However, some domestic consolidated subsidiaries use weekly, monthly or semiannual balances instead.
3. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2009, ¥824,712 million; 2008, ¥804,987 million).
4. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (2009, ¥8,583 million; 2008, ¥2,771 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2009, ¥8,583 million; 2008, ¥2,771 million) and corresponding interest (2009, ¥30 million; 2008, ¥10 million).

## Overseas Operations

Year ended March 31	Millions of yen					
	2009			2008		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥16,094,115	¥618,228	3.84%	¥12,801,800	¥669,690	5.23%
Loans and bills discounted.....	11,650,846	486,109	4.17	8,859,850	467,419	5.28
Securities .....	1,350,840	35,424	2.62	1,139,851	62,162	5.45
Call loans and bills bought .....	384,028	9,283	2.42	268,662	12,827	4.77
Receivables under resale agreements .....	103,425	1,661	1.61	278,935	6,661	2.39
Receivables under securities borrowing transactions.....	—	—	—	—	—	—
Deposits with banks .....	1,936,988	35,982	1.86	1,850,524	71,221	3.85
Lease receivables and investment assets...	160,047	7,025	4.39	—	—	—
Interest-bearing liabilities .....	¥ 9,633,089	¥341,615	3.55%	¥ 8,952,948	¥457,127	5.11%
Deposits .....	6,968,130	134,070	1.92	7,101,518	256,776	3.62
Negotiable certificates of deposit .....	710,309	23,579	3.32	660,930	36,045	5.45
Call money and bills sold .....	580,174	9,996	1.72	314,091	12,675	4.04
Payables under repurchase agreements ...	546,903	5,232	0.96	207,412	6,802	3.28
Payables under securities lending transactions .....	—	—	—	—	—	—
Borrowed money .....	452,531	20,929	4.62	316,935	18,465	5.83
Short-term bonds .....	—	—	—	—	—	—
Bonds .....	265,035	17,328	6.54	268,000	17,447	6.51

Notes: 1. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

2. In principle, average balances are calculated by using daily balances. However, some overseas consolidated subsidiaries use weekly, monthly or semiannual balances instead.

3. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2009, ¥89,200 million; 2008, ¥75,496 million).

## Total of Domestic and Overseas Operations

Year ended March 31	Millions of yen					
	2009			2008		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥94,925,190	¥2,087,348	2.20%	¥86,343,910	¥2,145,451	2.48%
Loans and bills discounted.....	63,459,263	1,550,081	2.44	59,129,159	1,557,823	2.63
Securities .....	23,342,579	299,616	1.28	19,485,192	333,255	1.71
Call loans and bills bought .....	776,867	14,686	1.89	912,955	26,014	2.85
Receivables under resale agreements .....	120,433	1,750	1.45	346,065	7,044	2.04
Receivables under securities borrowing transactions.....	687,341	4,506	0.66	980,818	7,032	0.72
Deposits with banks .....	2,470,670	42,738	1.73	3,523,849	101,120	2.87
Lease receivables and investment assets...	1,997,553	77,772	3.89	—	—	—
Interest-bearing liabilities .....	¥95,678,084	¥ 748,863	0.78%	¥89,014,453	¥ 935,056	1.05%
Deposits .....	73,111,647	326,447	0.45	72,376,887	495,690	0.68
Negotiable certificates of deposit .....	4,783,132	47,911	1.00	3,218,557	51,103	1.59
Call money and bills sold .....	3,308,035	22,524	0.68	2,401,980	23,529	0.98
Payables under repurchase agreements ...	983,616	7,298	0.74	310,979	7,404	2.38
Payables under securities lending transactions .....	4,182,183	59,962	1.43	2,041,013	45,499	2.23
Borrowed money .....	4,452,520	62,750	1.41	3,815,693	47,862	1.25
Short-term bonds .....	765,144	6,678	0.87	494,241	4,105	0.83
Bonds .....	3,746,418	82,577	2.20	3,994,667	90,945	2.28

Notes: 1. The figures above comprise totals for domestic and overseas operations after intersegment eliminations.

2. In principle, average balances are calculated by using daily balances. However, some consolidated subsidiaries use weekly, monthly or semiannual balances instead.

3. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2009, ¥913,415 million; 2008, ¥881,666 million).

4. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (2009, ¥8,583 million; 2008, ¥2,771 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2009, ¥8,583 million; 2008, ¥2,771 million) and corresponding interest (2009, ¥30 million; 2008, ¥10 million).

## Fees and Commissions

Year ended March 31	Millions of yen							
	2009				2008			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Fees and commissions .....	¥592,845	¥80,926	¥(1,019)	¥672,752	¥633,655	¥71,996	¥(1,368)	¥704,283
Deposits and loans .....	21,805	56,034	—	77,840	24,604	49,217	—	73,822
Remittances and transfers .....	123,080	8,535	(161)	131,455	125,254	8,568	(177)	133,645
Securities-related business .....	33,872	0	—	33,872	35,060	58	—	35,118
Agency .....	14,673	—	—	14,673	16,028	—	—	16,028
Safe deposits .....	6,911	3	—	6,914	7,140	4	—	7,144
Guarantees .....	43,792	7,360	(300)	50,852	43,376	4,150	(410)	47,117
Credit card business .....	141,117	—	—	141,117	128,575	—	—	128,575
Fees and commissions payments .....	¥105,882	¥10,590	¥ (899)	¥115,574	¥ 82,800	¥10,537	¥(1,047)	¥ 92,289
Remittances and transfers .....	26,796	3,576	(161)	30,211	26,683	5,103	(174)	31,612

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

Year ended March 31	Millions of yen							
	2009				2008			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading income .....	¥194,201	¥29,779	¥(12,241)	¥211,738	¥470,388	¥30,848	¥(31,665)	¥469,571
Gains on trading securities .....	23,210	666	—	23,876	21,082	324	—	21,406
Gains on securities related to trading transactions .....	1,174	46	—	1,221	2,705	228	—	2,934
Gains on trading-related financial derivatives .....	162,430	29,066	(12,241)	179,255	439,734	30,296	(31,665)	438,365
Others .....	7,386	—	—	7,386	6,865	—	—	6,865
Trading losses .....	¥ 3,449	¥ 8,791	¥(12,241)	¥ —	¥ 15,242	¥16,423	¥(31,665)	¥ —
Losses on trading securities .....	—	—	—	—	—	—	—	—
Losses on securities related to trading transactions .....	—	—	—	—	—	—	—	—
Losses on trading-related financial derivatives .....	3,449	8,791	(12,241)	—	15,242	16,423	(31,665)	—
Others .....	—	—	—	—	—	—	—	—

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

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

# Assets and Liabilities (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

## Deposits and Negotiable Certificates of Deposit

### Year-End Balance

March 31	Millions of yen	
	2009	2008
Domestic operations:		
Liquid deposits .....	¥41,462,895	¥40,874,881
Fixed-term deposits .....	23,463,313	21,905,957
Others .....	3,882,490	4,066,787
Subtotal .....	68,808,699	66,847,626
Negotiable certificates of deposit .....	6,032,611	2,261,006
Total .....	¥74,841,310	¥69,108,632
Overseas operations:		
Liquid deposits .....	¥ 5,181,014	¥ 4,608,327
Fixed-term deposits .....	1,575,776	1,227,876
Others .....	4,007	6,793
Subtotal .....	6,760,798	5,842,997
Negotiable certificates of deposit .....	1,428,673	817,143
Total .....	¥ 8,189,471	¥ 6,660,140
Grand total .....	¥83,030,782	¥75,768,773

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

### Year-End Balance

March 31	Millions of yen			
	2009		2008	
Domestic operations:				
Manufacturing .....	¥ 6,992,808	12.75%	¥ 5,695,551	10.81%
Agriculture, forestry, fisheries and mining .....	149,678	0.27	146,244	0.28
Construction .....	1,274,948	2.32	1,360,402	2.58
Transportation, communications and public enterprises .....	3,387,724	6.17	3,061,792	5.81
Wholesale and retail .....	5,051,330	9.21	5,343,724	10.14
Finance and insurance .....	4,306,969	7.85	4,469,767	8.48
Real estate .....	7,627,384	13.90	7,790,969	14.79
Services .....	5,605,333	10.22	5,924,091	11.24
Municipalities .....	1,058,239	1.93	846,982	1.61
Others .....	19,409,786	35.38	18,047,914	34.26
Subtotal .....	¥54,864,204	100.00%	¥52,687,441	100.00%
Overseas operations:				
Public sector .....	¥ 35,350	0.34%	¥ 32,848	0.35%
Financial institutions .....	501,739	4.88	621,385	6.57
Commerce and industry .....	8,602,419	83.75	7,862,965	83.14
Others .....	1,131,605	11.03	940,234	9.94
Subtotal .....	¥10,271,115	100.00%	¥ 9,457,433	100.00%
Total .....	¥65,135,319	—	¥62,144,874	—

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.

## Reserve for Possible Loan Losses

March 31	Millions of yen	
	2009	2008
General reserve .....	¥ 691,539	¥593,714
Specific reserve.....	385,050	300,987
Loan loss reserve for specific overseas countries .....	1,261	0
Reserve for possible loan losses .....	¥1,077,852	¥894,702
Amount of direct reduction .....	¥ 717,010	¥518,594

## Risk-Monitored Loans

March 31	Millions of yen	
	2009	2008
Bankrupt loans .....	¥ 292,088	¥ 73,472
Non-accrual loans .....	1,019,352	607,226
Past due loans (3 months or more).....	36,162	26,625
Restructured loans .....	238,713	385,336
Total .....	¥1,586,317	¥1,092,661
Amount of direct reduction .....	¥ 607,936	¥ 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.

## Problem Assets Based on the Financial Reconstruction Law

March 31	Millions of yen	
	2009	2008
Bankrupt and quasi-bankrupt assets.....	¥ 505,666	¥ 206,634
Doubtful assets .....	865,603	507,167
Substandard loans .....	281,917	418,841
Total of problem assets.....	1,653,186	1,132,643
Normal assets .....	70,894,602	69,001,954
Total .....	¥72,547,788	¥70,134,597
Amount of direct reduction .....	¥ 717,010	¥ 518,594

Notes: **Definition of problem asset categories**

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 3 categories above

## Securities

## Year-End Balance

March 31	Millions of yen	
	2009	2008
Domestic operations:		
Japanese government bonds.....	¥14,734,419	¥ 9,339,978
Japanese local government bonds .....	338,688	439,228
Japanese corporate bonds .....	3,899,189	3,880,773
Japanese stocks .....	2,536,410	3,492,468
Others .....	5,136,736	4,236,572
Subtotal .....	¥26,645,444	¥21,389,021
Overseas operations:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds .....	—	—
Japanese corporate bonds .....	—	—
Japanese stocks .....	—	—
Others .....	1,833,447	1,871,186
Subtotal .....	¥ 1,833,447	¥ 1,871,186
Unallocated corporate assets:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds .....	—	—
Japanese corporate bonds .....	—	—
Japanese stocks .....	219,272	257,294
Others .....	—	—
Subtotal .....	¥ 219,272	¥ 257,294
Total .....	¥28,698,164	¥23,517,501

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

March 31	Millions of yen							
	2009				2008			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading assets: .....	¥3,934,682	¥1,011,003	¥(20,723)	¥4,924,961	¥3,664,024	¥490,723	¥(31,135)	¥4,123,611
Trading securities .....	287,025	6,931	—	293,956	223,360	7,082	—	230,442
Derivatives of trading securities.....	470	—	—	470	3,043	—	—	3,043
Securities related to trading transactions.....	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions .....	13,428	—	—	13,428	10,440	—	—	10,440
Trading-related financial derivatives .....	3,069,579	1,004,072	(20,723)	4,052,928	2,542,809	483,640	(31,135)	2,995,314
Other trading assets .....	564,178	—	—	564,178	884,370	—	—	884,370
Trading liabilities: .....	¥2,684,086	¥ 934,296	¥(20,723)	¥3,597,658	¥2,310,732	¥391,720	¥(31,135)	¥2,671,316
Trading securities sold for short sales .....	7,131	341	—	7,473	19,312	733	—	20,046
Derivatives of trading securities.....	407	—	—	407	3,881	—	—	3,881
Securities related to trading transactions sold for short sales.....	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions .....	13,997	—	—	13,997	10,196	—	—	10,196
Trading-related financial derivatives .....	2,662,549	933,954	(20,723)	3,575,780	2,277,341	390,986	(31,135)	2,637,192
Other trading liabilities .....	—	—	—	—	—	—	—	—

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

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



# Capital (Nonconsolidated)

Sumitomo Mitsui Financial Group, Inc.

## Change in Number of Shares Issued and Capital Stock

	Millions of yen					
	Number of shares issued		Capital stock		Capital reserve	
	Changes	Balances	Changes	Balances	Changes	Balances
April 1, 2004 — March 31, 2005*1 ...	332,869.96	7,260,979.49	¥ —	¥1,247,650	¥ —	¥1,247,762
March 29, 2005*2 .....	70,001	7,330,980.49	105,001	1,352,651	105,001	1,352,764
April 1, 2005 — March 31, 2006*3 ...	922,593.28	8,253,573.77	—	1,352,651	—	1,352,764
January 31, 2006*4 .....	80,000	8,333,573.77	45,220	1,397,871	45,220	1,397,984
February 28, 2006*5 .....	40,700	8,374,273.77	23,005	1,420,877	23,005	1,420,989
May 17, 2006*6 .....	(68,000)	8,306,273.77	—	1,420,877	—	1,420,989
August 11, 2006*7 .....	—	8,306,273.77	—	1,420,877	(1,000,000)	420,989
September 1, 2006*8 .....	249,015	8,555,288.77	—	1,420,877	221,365	642,355
September 6, 2006*9 .....	(67,000)	8,488,288.77	—	1,420,877	—	642,355
September 29, 2006*10 .....	(439,534)	8,048,754.77	—	1,420,877	—	642,355
October 11, 2006*11 .....	(195,000)	7,853,754.77	—	1,420,877	—	642,355
April 30, 2008*12 .....	157,151	8,010,905.77	—	1,420,877	—	642,355
May 16, 2008*13 .....	(16,700)	7,994,205.77	—	1,420,877	—	642,355
January 4, 2009*14 .....	781,189,672.23	789,183,878	—	1,420,877	—	642,355

### Remarks:

\*1 Conversion of 32,000 shares of preferred stock (Type 1), 105,000 shares of preferred stock (Type 3) and 7,912 shares of preferred stock (13th series Type 4) to 477,781.96 shares of common stock

\*2 Allotment to third parties: Preferred stock (1st series Type 6): 70,001 shares  
Issue price: ¥3,000 thousand Capitalization: ¥1,500 thousand

\*3 Conversion of 107,087 shares of preferred stock (13th series Type 4) to 1,029,680.28 shares of common stock

\*4 Public offering: Common stock: 80,000 shares  
Issue price: ¥1,130 thousand Capitalization: ¥565 thousand

\*5 Allotment to third parties: Common stock: 40,700 shares  
Issue price: ¥1,130 thousand Capitalization: ¥565 thousand

\*6 Repurchase and cancellation of 35,000 shares of preferred stock (Type 1) and 33,000 shares of preferred stock (Type 2)

\*7 Capital reserve was transferred to other capital surplus pursuant to Article 448-1 of the Company Act.

\*8 Increase in the number of common stock as a result of share exchange for making SMBC Friend Securities Co., Ltd. as our wholly-owned subsidiary (share exchange ratio: 1-to-0.0008)

\*9 Repurchase and cancellation of 67,000 shares of preferred stock (Type 2)

\*10 Repurchase and cancellation of 500,000 shares of preferred stock (Type 3) and increase in shares of common stock of 60,466

\*11 Repurchase and cancellation of 195,000 shares of preferred stock (Type 3)

\*12 Increase in shares of common stock of 157,151 as a result of exercise of rights to purchase all the shares of preferred stock (5th to 8th series Type 4)

\*13 Decrease in shares of preferred stock (Type 4) of 16,700 as a result of cancellation of all the shares of preferred stock (5th to 8th series Type 4)

\*14 Increase in shares of common stock of 781,189,672.23 as a result of 100-for-1 stock split

Note: Capital stock and capital reserve increased by ¥413,695 million each and the number of shares of common stock increased by 219,700,000 as a result of the public offering on June 22, 2009.

### Number of Shares Issued

March 31, 2009	Number of shares issued
Common stock .....	789,080,477
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 .....	789,183,878

## Stock Exchange Listings

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

## Number of Common Shares, Classified by Type of Shareholders

March 31, 2009	Number of shareholders	Number of units	Percentage of total
Japanese government and local government.....	7	4,887	0.06%
Financial institutions .....	404	2,840,389	36.10
Securities companies .....	87	89,465	1.14
Other institutions.....	7,586	1,418,712	18.03
Foreign institutions .....	992	2,601,110	33.05
Foreign individuals.....	66	263	0.00
Individuals and others.....	208,691	914,621	11.62
<b>Total.....</b>	<b>217,833</b>	<b>7,869,447</b>	<b>100.00%</b>
Fractional shares (shares).....	—	2,135,777	—

Notes: 1. Of 3,688,418 shares in treasury stock, 36,884 units are included in "Individuals and others" and the remaining 18 shares are included in "Fractional shares."

2. "Other institutions" includes 237 units held by the Securities Custody Association.

3. The number of shares constituting one unit is 100.

## Principal Shareholders

### a. Common Stock

March 31, 2009	Number of shares	Percentage of shares outstanding
Japan Trustee Services Bank, Ltd. (Trust Account).....	60,645,100	7.68%
Japan Trustee Services Bank, Ltd. (Trust Account 4G).....	50,694,100	6.42
The Master Trust Bank of Japan, Ltd. (Trust Account) .....	42,597,400	5.39
Nippon Life Insurance Company .....	15,466,682	1.96
Sumitomo Mitsui Banking Corporation.....	13,340,000	1.69
Mellon Bank, N.A. as Agent for its Client Mellon Omnibus US Pension* .....	9,571,835	1.21
SSBT OD05 Omnibus Account China Treaty Clients** .....	9,091,200	1.15
The Bank of New York Mellon as Depository Bank for Depository Receipt Holders** .....	8,359,500	1.05
Japan Trustee Services Bank, Ltd. (The Sumitomo Trust & Banking Co., Ltd.'s ReTrust Account and Sumitomo Life Insurance Company Retirement Benefit Trust Account) .....	7,700,000	0.97
Sumitomo Life Insurance Company .....	7,140,000	0.90
<b>Total .....</b>	<b>224,605,817</b>	<b>28.46%</b>

\* 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

### b. Preferred Stock (1st series Type 4)

March 31, 2009 Shareholder	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)

March 31, 2009 Shareholder	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)

March 31, 2009 Shareholder	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)

March 31, 2009 Shareholder	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)**

March 31, 2009 Shareholder	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)**

March 31, 2009 Shareholder	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)**

March 31, 2009 Shareholder	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)**

March 31, 2009 Shareholder	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)**

March 31, 2009 Shareholder	Number of shares	Percentage of shares outstanding
Sumitomo Life Insurance Company....	23,334	33.33%
Nippon Life Insurance Company .....	20,000	28.57
MITSUI LIFE INSURANCE COMPANY LIMITED .....	16,667	23.81
Mitsui Sumitomo Insurance Company, Limited.....	10,000	14.29
Total.....	70,001	100.00%

Notes: 1. Pursuant to Article 67 of the Enforcement Ordinance of the Company Act, 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 March 31, 2009, we did not include them in the list of principal shareholders shown above. The contents of the reports are summarized as follows:

Submitters	Filing date	Number of shares <sup>1,2,3</sup>	Percentage of shares outstanding
Alliance Bernstein L.P. ....	Sept. 19, 2008	336,354	4.26%

\*1 Includes shares held by co-shareholders.

\*2 As of September 15, 2008

\*3 Does not reflect the 100-for-1 stock split effective on January 4, 2009.

**Stock Options**

March 31	2009
Number of shares granted .....	108,100 shares
Type of stock.....	Common stock
Issue price.....	¥6,698 per share
Amount capitalized when shares are issued.....	¥3,349 per share
Exercise period of stock options .....	From June 28, 2004 to June 27, 2012

Note: Former SMBC issued and granted stock options to certain directors and employees pursuant to the resolution of the ordinary general meeting of shareholders held on June 27, 2002. SMFG succeeded the obligations related to the stock options at the time of its establishment pursuant to the resolution of the preferred shareholders' meeting held on September 26, 2002 and the extraordinary shareholders' meeting held on September 27, 2002.

**Common Stock Price Range****Stock Price Performance**

Year ended March 31	Yen				
	2009	2008	2007	2006	2005
High .....	¥9,640	¥1,210,000	¥1,390,000	¥1,370,000	¥854,000
Low .....	2,585	633,000	1,010,000	659,000	599,000

Notes: 1. Stock prices of common shares as quoted on the Tokyo Stock Exchange (First Section).

2. SMFG implemented 100-for-1 stock split on January 4, 2009. Stock prices for the year ended March 31, 2009 are reported assuming that the stock split had been effective from April 1, 2008.

3. Preferred stocks are not listed on exchanges.

**Six-Month Performance**

	Yen					
	October 2008	November 2008	December 2008	January 2009	February 2009	March 2009
High.....	¥6,720	¥4,610	¥4,110	¥4,250	¥3,770	¥4,070
Low.....	3,150	2,685	2,926	3,050	2,735	2,585

Notes: 1. Stock prices of common shares as quoted on the Tokyo Stock Exchange (First Section).

2. SMFG implemented 100-for-1 stock split on January 4, 2009. Stock prices above are reported assuming that the stock split had been effective from April 1, 2008.

3. Preferred stocks are not listed on exchanges.

# Income Analysis (Consolidated)

Sumitomo Mitsui Banking Corporation and Subsidiaries

## Operating Income, Classified by Domestic and Overseas Operations

Year ended March 31	Millions of yen							
	2009				2008			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Interest income .....	¥1,466,092	¥610,270	¥(89,841)	¥1,986,520	¥1,518,852	¥668,838	¥(65,060)	¥2,122,630
Interest expenses .....	469,307	335,909	(83,661)	721,554	503,975	457,941	(48,276)	913,640
Net interest income.....	996,784	274,360	(6,179)	1,264,966	1,014,876	210,897	(16,784)	1,208,989
Trust fees.....	2,074	—	—	2,074	3,710	—	—	3,710
Fees and commissions .....	438,721	80,929	(962)	518,688	479,366	71,996	(1,309)	550,053
Fees and commissions payments .....	114,918	10,590	(897)	124,611	108,379	10,537	(1,047)	117,869
Net fees and commissions .....	323,803	70,338	(65)	394,077	370,986	61,459	(261)	432,184
Trading income .....	174,304	29,779	(12,241)	191,842	449,958	30,848	(31,665)	449,141
Trading losses .....	3,449	8,791	(12,241)	—	15,242	16,423	(31,665)	—
Net trading income .....	170,854	20,987	—	191,842	434,715	14,425	—	449,141
Other operating income .....	230,448	20,051	(24)	250,475	208,285	18,986	(2)	227,270
Other operating expenses .....	170,926	25,730	—	196,656	459,726	1,550	(0)	461,276
Net other operating income (expenses) .....	59,521	(5,678)	(24)	53,818	(251,440)	17,436	(2)	(234,006)

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its 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 (2009, ¥30 million; 2008, ¥10 million) related to the management of money held in trust.

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

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

### Domestic Operations

Year ended March 31	Millions of yen					
	2009			2008		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥79,343,082	¥1,466,092	1.85%	¥75,205,377	¥1,518,852	2.02%
Loans and bills discounted.....	54,408,361	1,124,991	2.07	52,218,671	1,115,012	2.14
Securities .....	21,519,840	268,696	1.25	17,931,827	288,315	1.61
Call loans and bills bought .....	375,755	5,287	1.41	632,627	13,128	2.08
Receivables under resale agreements .....	16,674	87	0.52	67,129	382	0.57
Receivables under securities borrowing transactions .....	684,275	4,496	0.66	980,818	7,032	0.72
Deposits with banks .....	801,981	10,986	1.37	1,840,501	34,684	1.88
Interest-bearing liabilities .....	¥85,639,021	¥ 469,307	0.55%	¥79,264,153	¥ 503,975	0.64%
Deposits .....	66,523,917	196,972	0.30	65,551,997	244,101	0.37
Negotiable certificates of deposit .....	4,094,711	24,451	0.60	2,600,739	15,325	0.59
Call money and bills sold .....	2,736,245	12,571	0.46	2,094,184	10,894	0.52
Payables under repurchase agreements .....	430,988	2,028	0.47	101,085	582	0.58
Payables under securities lending transactions .....	4,179,957	59,958	1.43	2,041,013	45,499	2.23
Borrowed money .....	4,036,960	107,661	2.67	3,030,071	66,531	2.20
Short-term bonds .....	67,214	478	0.71	1,450	9	0.68
Bonds .....	3,332,131	63,573	1.91	3,565,619	71,821	2.01

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries.

2. In principle, average balances are calculated by using daily balances. However, some domestic consolidated subsidiaries use weekly, monthly or semiannual balances instead.

3. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2009, ¥818,050 million; 2008, ¥791,342 million).

4. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (2009, ¥8,583 million; 2008, ¥2,771 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2009, ¥8,583 million; 2008, ¥2,771 million) and corresponding interest (2009, ¥30 million; 2008, ¥10 million).

## Overseas Operations

Year ended March 31	Millions of yen					
	2009			2008		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥15,945,396	¥610,270	3.83%	¥12,724,231	¥668,838	5.26%
Loans and bills discounted.....	11,584,510	484,291	4.18	8,789,302	466,604	5.31
Securities .....	1,350,798	35,424	2.62	1,139,822	62,162	5.45
Call loans and bills bought.....	384,028	9,283	2.42	268,662	12,827	4.77
Receivables under resale agreements .....	103,425	1,661	1.61	278,935	6,661	2.39
Receivables under securities borrowing transactions .....	—	—	—	—	—	—
Deposits with banks .....	1,930,859	35,964	1.86	1,844,837	71,185	3.86
Interest-bearing liabilities .....	¥ 9,534,917	¥335,909	3.52%	¥ 8,833,141	¥457,941	5.18%
Deposits .....	6,968,130	134,070	1.92	7,101,518	256,777	3.62
Negotiable certificates of deposit .....	710,309	23,579	3.32	660,930	36,045	5.45
Call money and bills sold .....	580,174	9,996	1.72	314,091	12,675	4.04
Payables under repurchase agreements ...	546,903	5,232	0.96	207,412	6,802	3.28
Payables under securities lending transactions .....	—	—	—	—	—	—
Borrowed money .....	354,359	15,544	4.39	197,127	10,436	5.29
Short-term bonds .....	—	—	—	—	—	—
Bonds.....	265,035	17,328	6.54	268,000	17,447	6.51

Notes: 1. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.

2. In principle, average balances are calculated by using daily balances. However, some overseas consolidated subsidiaries use weekly, monthly or semiannual balances instead.

3. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2009, ¥88,670 million; 2008, ¥75,204 million).

## Total of Domestic and Overseas Operations

Year ended March 31	Millions of yen					
	2009			2008		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥93,549,650	¥1,986,520	2.12%	¥86,842,369	¥2,122,630	2.44%
Loans and bills discounted.....	64,569,148	1,530,130	2.37	60,139,056	1,538,387	2.56
Securities .....	22,870,639	297,938	1.30	19,071,650	333,692	1.75
Call loans and bills bought.....	759,784	14,570	1.92	901,289	25,955	2.88
Receivables under resale agreements .....	120,099	1,748	1.46	346,065	7,044	2.04
Receivables under securities borrowing transactions .....	684,275	4,496	0.66	980,818	7,032	0.72
Deposits with banks .....	2,419,248	42,446	1.75	3,468,732	100,826	2.91
Interest-bearing liabilities .....	¥93,434,902	¥ 721,554	0.77%	¥87,009,800	¥ 913,640	1.05%
Deposits .....	73,178,249	326,538	0.45	72,436,730	495,834	0.68
Negotiable certificates of deposit .....	4,805,020	48,030	1.00	3,261,670	51,370	1.57
Call money and bills sold .....	3,316,420	22,567	0.68	2,408,276	23,570	0.98
Payables under repurchase agreements ...	977,892	7,261	0.74	308,497	7,384	2.39
Payables under securities lending transactions .....	4,179,957	59,958	1.43	2,041,013	45,499	2.23
Borrowed money .....	2,967,596	44,050	1.48	2,358,205	33,736	1.43
Short-term bonds .....	67,214	478	0.71	1,450	9	0.68
Bonds.....	3,597,166	80,902	2.25	3,833,620	89,269	2.33

Notes: 1. The figures above comprise totals for domestic and overseas operations after intersegment eliminations.

2. In principle, average balances are calculated by using daily balances. However, some consolidated subsidiaries use weekly, monthly or semiannual balances instead.

3. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2009, ¥906,513 million; 2008, ¥866,367 million).

4. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (2009, ¥8,583 million; 2008, ¥2,771 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2009, ¥8,583 million; 2008, ¥2,771 million) and corresponding interest (2009, ¥30 million; 2008, ¥10 million).

## Fees and Commissions

Year ended March 31	Millions of yen							
	2009				2008			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Fees and commissions.....	¥438,721	¥80,929	¥(962)	¥518,688	¥479,366	¥71,996	¥(1,309)	¥550,053
Deposits and loans.....	22,533	56,034	—	78,568	25,285	49,217	—	74,503
Remittances and transfers.....	124,143	8,535	(161)	132,518	126,743	8,568	(177)	135,135
Securities-related business.....	20,291	0	—	20,291	15,118	58	—	15,176
Agency.....	14,691	—	—	14,691	16,044	—	—	16,044
Safe deposits.....	6,911	3	—	6,915	7,140	4	—	7,144
Guarantees.....	41,790	7,360	(276)	48,875	42,864	4,150	(393)	46,621
Credit card business.....	6,493	—	—	6,493	6,878	—	—	6,878
Fees and commissions payments.....	¥114,918	¥10,590	¥(897)	¥124,611	¥108,379	¥10,537	¥(1,047)	¥117,869
Remittances and transfers.....	26,796	3,576	(161)	30,211	26,683	5,103	(174)	31,612

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.

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

## Trading Income

Year ended March 31	Millions of yen							
	2009				2008			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading income.....	¥174,304	¥29,779	¥(12,241)	¥191,842	¥449,958	¥30,848	¥(31,665)	¥449,141
Gains on trading securities.....	3,313	666	—	3,979	652	324	—	976
Gains on securities related to trading transactions.....	1,174	46	—	1,221	2,705	228	—	2,934
Gains on trading-related financial derivatives.....	162,430	29,066	(12,241)	179,255	439,734	30,296	(31,665)	438,365
Others.....	7,386	—	—	7,386	6,865	—	—	6,865
Trading losses.....	¥ 3,449	¥ 8,791	¥(12,241)	¥ —	¥ 15,242	¥16,423	¥(31,665)	¥ —
Losses on trading securities.....	—	—	—	—	—	—	—	—
Losses on securities related to trading transactions.....	—	—	—	—	—	—	—	—
Losses on trading-related financial derivatives.....	3,449	8,791	(12,241)	—	15,242	16,423	(31,665)	—
Others.....	—	—	—	—	—	—	—	—

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.

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

# Assets and Liabilities (Consolidated)

Sumitomo Mitsui Banking Corporation and Subsidiaries

## Deposits and Negotiable Certificates of Deposit

### Year-End Balance

March 31	Millions of yen	
	2009	2008
<b>Domestic operations:</b>		
Liquid deposits .....	¥41,544,906	¥40,937,520
Fixed-term deposits .....	23,465,803	21,906,417
Others .....	3,884,852	4,076,061
Subtotal .....	68,895,562	66,919,999
Negotiable certificates of deposit .....	6,035,411	2,307,506
Total .....	¥74,930,974	¥69,227,505
<b>Overseas operations:</b>		
Liquid deposits .....	¥ 5,185,137	¥ 4,613,034
Fixed-term deposits .....	1,575,776	1,227,907
Others .....	4,007	6,793
Subtotal .....	6,764,920	5,847,735
Negotiable certificates of deposit .....	1,428,673	817,143
Total .....	¥ 8,193,594	¥ 6,664,878
<b>Grand total .....</b>	<b>¥83,124,568</b>	<b>¥75,892,384</b>

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its 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

### Year-End Balance

March 31	Millions of yen			
	2009		2008	
<b>Domestic operations:</b>				
Manufacturing .....	¥ 6,986,393	12.50%	¥ 5,647,304	10.55%
Agriculture, forestry, fisheries and mining .....	149,268	0.28	145,627	0.27
Construction .....	1,274,261	2.28	1,358,113	2.54
Transportation, communications and public enterprises .....	3,380,038	6.05	3,054,126	5.70
Wholesale and retail .....	5,030,129	9.00	5,319,595	9.94
Finance and insurance .....	5,496,504	9.84	5,543,367	10.35
Real estate .....	7,598,081	13.60	7,755,616	14.48
Services .....	5,762,527	10.31	6,084,951	11.36
Municipalities .....	1,058,239	1.89	846,982	1.58
Others .....	19,133,674	34.25	17,796,195	33.23
Subtotal .....	¥55,869,119	100.00%	¥53,551,882	100.00%
<b>Overseas operations:</b>				
Public sector .....	¥ 35,350	0.35%	¥ 32,848	0.35%
Financial institutions .....	501,739	4.91	621,385	6.60
Commerce and industry .....	8,544,905	83.66	7,826,252	83.07
Others .....	1,131,604	11.08	940,232	9.98
Subtotal .....	¥10,213,599	100.00%	¥ 9,420,719	100.00%
<b>Total .....</b>	<b>¥66,082,719</b>	<b>—</b>	<b>¥62,972,601</b>	<b>—</b>

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

## Risk-Monitored Loans

March 31	Millions of yen	
	2009	2008
Bankrupt loans .....	¥ 290,237	¥ 73,176
Non-accrual loans .....	997,888	589,280
Past due loans (3 months or more).....	36,119	26,625
Restructured loans .....	237,579	384,388
Total .....	¥1,561,824	¥1,073,471
Amount of direct reduction .....	¥ 590,174	¥ 416,706

## 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

## Year-End Balance

March 31	Millions of yen	
	2009	2008
Domestic operations:		
Japanese government bonds.....	¥14,734,414	¥ 9,339,958
Japanese local government bonds .....	338,688	439,228
Japanese corporate bonds .....	3,878,294	3,876,433
Japanese stocks .....	2,407,718	3,431,541
Others .....	5,103,160	4,202,554
Subtotal .....	¥26,462,276	¥21,289,716
Overseas operations:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds .....	—	—
Japanese corporate bonds .....	—	—
Japanese stocks .....	—	—
Others .....	1,833,447	1,871,186
Subtotal .....	¥ 1,833,447	¥ 1,871,186
Total .....	¥28,295,724	¥23,160,903

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

## Trading Assets and Liabilities

March 31	Millions of yen							
	2009				2008			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading assets: .....	¥3,846,205	¥1,011,003	¥(20,723)	¥4,836,484	¥3,621,893	¥490,723	¥(31,135)	¥4,081,480
Trading securities .....	185,122	6,931	—	192,053	180,670	7,082	—	187,753
Derivatives of trading securities.....	455	—	—	455	3,026	—	—	3,026
Securities related to trading transactions.....	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions .....	13,428	—	—	13,428	10,440	—	—	10,440
Trading-related financial derivatives.....	3,083,019	1,004,072	(20,723)	4,066,368	2,543,384	483,640	(31,135)	2,995,890
Other trading assets .....	564,178	—	—	564,178	884,370	—	—	884,370
Trading liabilities: .....	¥2,692,747	¥ 934,296	¥(20,723)	¥3,606,319	¥2,310,969	¥391,720	¥(31,135)	¥2,671,554
Trading securities sold for short sales .....	2,370	341	—	2,711	18,984	733	—	19,718
Derivatives of trading securities.....	389	—	—	389	3,871	—	—	3,871
Securities related to trading transactions sold for short sales.....	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions .....	13,997	—	—	13,997	10,196	—	—	10,196
Trading-related financial derivatives.....	2,675,989	933,954	(20,723)	3,589,220	2,277,917	390,986	(31,135)	2,637,768
Other trading liabilities .....	—	—	—	—	—	—	—	—

- Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.
2. Intersegment transactions are reported in the "Elimination" column.



# Income Analysis (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

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

Year ended March 31	Millions of yen					
	2009			2008		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Interest income .....	¥1,184,053	¥583,654	¥1,758,423	¥1,172,852	¥702,275	¥1,866,277
			[9,284]			[8,851]
Interest expenses.....	253,773	495,545	740,034	258,227	646,082	895,458
			[9,284]			[8,851]
Net interest income .....	930,279	88,109	1,018,389	914,625	56,193	970,818
Trust fees .....	2,074	—	2,074	3,710	—	3,710
Fees and commissions .....	322,455	92,772	415,228	361,444	91,082	452,527
Fees and commissions payments.....	102,214	19,190	121,404	98,409	21,755	120,165
Net fees and commissions .....	220,241	73,582	293,824	263,035	69,327	332,362
Trading income .....	10,763	164,275	175,038	8,531	432,454	440,985
Trading losses.....	—	—	—	—	—	—
Net trading income .....	10,763	164,275	175,038	8,531	432,454	440,985
Other operating income .....	46,440	116,837	163,277	59,530	62,281	121,812
Other operating expenses.....	62,596	65,150	127,747	51,146	333,759	384,906
Net other operating income (expenses) .....	(16,156)	51,686	35,530	8,383	(271,477)	(263,093)
Gross banking profit.....	¥1,147,202	¥377,654	¥1,524,856	¥1,198,285	¥286,497	¥1,484,783
Gross banking profit rate (%) .....	1.65%	1.96%	1.76%	1.82%	1.75%	1.86%

- 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 (2009, ¥30 million; 2008, ¥10 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. Gross banking profit rate = Gross banking profit / Average balance of interest-earning assets x 100

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

### Domestic Operations

Year ended March 31	Millions of yen					
	2009			2008		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥69,174,259	¥1,184,053	1.71%	¥65,570,970	¥1,172,852	1.78%
	[2,101,755]	[9,284]		[2,187,759]	[8,851]	
Loans and bills discounted.....	48,534,275	962,176	1.98	46,675,889	944,703	2.02
Securities .....	17,380,685	190,320	1.09	15,123,121	192,292	1.27
Call loans .....	102,047	851	0.83	317,648	2,369	0.74
Receivables under resale agreements .....	1,806	8	0.49	25,001	137	0.55
Receivables under securities borrowing transactions.....	682,464	4,488	0.65	967,810	6,955	0.71
Bills bought .....	54,955	1,074	1.95	21,588	600	2.78
Deposits with banks .....	45,750	422	0.92	9,639	34	0.35
Interest-bearing liabilities .....	¥70,686,399	¥ 253,773	0.35%	¥67,276,143	¥ 258,227	0.38%
Deposits .....	57,747,050	123,812	0.21	57,309,691	126,555	0.22
Negotiable certificates of deposit .....	4,062,350	24,063	0.59	2,538,711	14,781	0.58
Call money.....	2,661,112	10,653	0.40	2,098,638	10,190	0.48
Payables under repurchase agreements ...	434,189	2,043	0.47	110,193	630	0.57
Payables under securities lending transactions .....	1,877,785	8,422	0.44	1,095,930	5,872	0.53
Borrowed money.....	1,716,288	17,185	1.00	1,901,820	19,738	1.03
Short-term bonds .....	67,214	478	0.71	—	—	—
Bonds.....	2,020,588	27,771	1.37	2,105,556	25,297	1.20

- Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2009, ¥756,651 million; 2008, ¥740,846 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2009, ¥8,583 million; 2008, ¥2,771 million) and corresponding interest (2009, ¥30 million; 2008, ¥10 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

Year ended March 31	Millions of yen					
	2009			2008		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥19,248,223	¥583,654	3.03%	¥16,324,446	¥702,275	4.30%
Loans and bills discounted.....	10,196,514	375,128	3.67	7,573,047	381,575	5.03
Securities .....	5,079,312	103,672	2.04	3,528,429	129,994	3.68
Call loans .....	279,225	6,953	2.49	368,569	17,033	4.62
Receivables under resale agreements .....	116,634	1,332	1.14	242,821	3,625	1.49
Receivables under securities borrowing transactions.....	—	—	—	—	—	—
Bills bought .....	—	—	—	—	—	—
Deposits with banks .....	2,370,678	37,617	1.58	3,424,782	92,911	2.71
Interest-bearing liabilities .....	¥19,236,867	¥495,545	2.57%	¥16,253,405	¥646,082	3.97%
	[2,101,755]	[9,284]		[2,187,759]	[8,851]	
Deposits .....	8,892,776	149,683	1.68	8,670,545	300,291	3.46
Negotiable certificates of deposit .....	693,692	22,685	3.27	608,181	32,686	5.37
Call money .....	654,909	11,920	1.82	336,120	13,746	4.08
Payables under repurchase agreements ...	545,774	5,022	0.92	186,890	5,558	2.97
Payables under securities lending transactions .....	2,281,411	51,463	2.25	944,513	39,623	4.19
Borrowed money .....	2,536,355	113,145	4.46	1,593,890	83,250	5.22
Bonds .....	1,316,342	40,168	3.05	1,473,709	51,165	3.47

Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2009, ¥92,824 million; 2008, ¥78,914 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

Year ended March 31	Millions of yen					
	2009			2008		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥86,320,727	¥1,758,423	2.03%	¥79,707,657	¥1,866,277	2.34%
Loans and bills discounted.....	58,730,789	1,337,305	2.27	54,248,936	1,326,278	2.44
Securities .....	22,459,998	293,992	1.30	18,651,550	322,287	1.72
Call loans .....	381,273	7,805	2.04	686,218	19,403	2.82
Receivables under resale agreements .....	118,440	1,341	1.13	267,822	3,762	1.40
Receivables under securities borrowing transactions.....	682,464	4,488	0.65	967,810	6,955	0.71
Bills bought .....	54,955	1,074	1.95	21,588	600	2.78
Deposits with banks .....	2,416,428	38,040	1.57	3,434,421	92,946	2.70
Interest-bearing liabilities .....	¥87,821,511	¥ 740,034	0.84%	¥81,341,789	¥ 895,458	1.10%
Deposits .....	66,639,826	273,495	0.41	65,980,237	426,846	0.64
Negotiable certificates of deposit .....	4,756,043	46,748	0.98	3,146,892	47,467	1.50
Call money .....	3,316,021	22,573	0.68	2,434,759	23,936	0.98
Payables under repurchase agreements ...	979,963	7,066	0.72	297,083	6,189	2.08
Payables under securities lending transactions .....	4,159,197	59,885	1.43	2,040,443	45,496	2.22
Borrowed money .....	4,252,644	130,331	3.06	3,495,710	102,988	2.94
Short-term bonds .....	67,214	478	0.71	—	—	—
Bonds .....	3,336,931	67,939	2.03	3,579,266	76,463	2.13

Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest earning deposits (2009, ¥849,475 million; 2008, ¥819,761 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2009, ¥8,583 million; 2008, ¥2,771 million) and corresponding interest (2009, ¥30 million; 2008, ¥10 million).

2. Figures in the table above indicate the net average balances of amounts adjusted for interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses.

## Breakdown of Interest Income and Interest Expenses

## Domestic Operations

	Millions of yen					
	2009			2008		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Year ended March 31						
Interest income.....	¥61,677	¥(50,476)	¥11,200	¥ (494)	¥135,953	¥135,459
Loans and bills discounted.....	36,842	(19,368)	17,473	(653)	127,514	126,860
Securities .....	24,720	(26,693)	(1,972)	(9,691)	4,445	(5,246)
Call loans .....	(1,608)	90	(1,517)	(6)	1,223	1,217
Receivables under resale agreements .....	(115)	(13)	(128)	10	89	99
Receivables under securities borrowing transactions .....	(1,915)	(551)	(2,467)	(552)	2,680	2,127
Bills bought .....	652	(178)	474	(31)	528	497
Deposits with banks.....	272	115	388	(82)	(86)	(169)
Interest expenses.....	¥12,243	¥(16,696)	¥ (4,453)	¥ (30)	¥125,053	¥125,023
Deposits .....	937	(3,681)	(2,743)	(0)	67,430	67,429
Negotiable certificates of deposit .....	9,020	260	9,281	(23)	8,621	8,597
Call money .....	2,251	(1,788)	463	381	6,076	6,458
Payables under repurchase agreements ...	1,524	(112)	1,412	(74)	252	178
Payables under securities lending transactions .....	3,506	(956)	2,550	716	2,743	3,459
Bills sold .....	—	—	—	(110)	(110)	(220)
Borrowed money .....	(1,875)	(676)	(2,552)	3,291	(85)	3,206
Short-term bonds .....	478	—	478	—	—	—
Bonds.....	(1,020)	3,494	2,473	(436)	2,437	2,000

## International Operations

	Millions of yen					
	2009			2008		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Year ended March 31						
Interest income.....	¥88,656	¥(207,277)	¥(118,621)	¥50,809	¥(17,643)	¥33,165
Loans and bills discounted.....	96,517	(102,964)	(6,447)	56,435	(377)	56,057
Securities .....	31,654	(57,976)	(26,322)	(11,902)	(29,603)	(41,505)
Call loans .....	(3,473)	(6,607)	(10,080)	(2,083)	(3,234)	(5,318)
Receivables under resale agreements .....	(1,579)	(713)	(2,292)	878	(1,279)	(401)
Deposits with banks .....	(23,542)	(31,751)	(55,294)	22,144	(6,751)	15,392
Interest expenses.....	¥76,854	¥(227,391)	¥(150,537)	¥43,285	¥(33,049)	¥10,235
Deposits .....	3,740	(154,348)	(150,607)	(15,010)	(21,873)	(36,883)
Negotiable certificates of deposit .....	2,796	(12,797)	(10,000)	4,756	367	5,124
Call money .....	5,802	(7,628)	(1,826)	(539)	(700)	(1,240)
Payables under repurchase agreements ...	3,302	(3,838)	(536)	(7,179)	(3,333)	(10,512)
Payables under securities lending transactions .....	30,157	(18,317)	11,839	(9,363)	(9,370)	(18,733)
Borrowed money .....	42,043	(12,147)	29,895	12,100	3,530	15,631
Bonds .....	(5,153)	(5,843)	(10,997)	999	(19)	979

## Total of Domestic and International Operations

	Millions of yen					
	2009			2008		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Year ended March 31						
Interest income.....	¥134,713	¥(242,567)	¥(107,853)	¥ (1,349)	¥161,456	¥160,107
Loans and bills discounted.....	102,052	(91,025)	11,026	14,889	168,028	182,917
Securities .....	49,850	(78,146)	(28,295)	(19,578)	(27,172)	(46,751)
Call loans .....	(7,154)	(4,443)	(11,598)	(1,538)	(2,562)	(4,100)
Receivables under resale agreements .....	(1,796)	(624)	(2,421)	898	(1,199)	(301)
Receivables under securities borrowing transactions .....	(1,915)	(551)	(2,467)	(552)	2,680	2,127
Bills bought .....	652	(178)	474	(31)	528	497
Deposits with banks .....	(22,770)	(32,135)	(54,905)	21,353	(6,130)	15,223
Interest expenses.....	¥ 54,601	¥(210,025)	¥(155,423)	¥ (443)	¥127,183	¥126,740
Deposits .....	2,706	(156,058)	(153,351)	784	29,762	30,546
Negotiable certificates of deposit .....	15,816	(16,536)	(719)	(17)	13,740	13,722
Call money .....	5,999	(7,362)	(1,363)	1,617	3,600	5,218
Payables under repurchase agreements ...	4,924	(4,047)	876	(7,085)	(3,248)	(10,334)
Payables under securities lending transactions .....	30,506	(16,117)	14,389	(10,151)	(5,123)	(15,274)
Bills sold .....	—	—	—	(110)	(110)	(220)
Borrowed money .....	23,057	4,285	27,343	17,538	1,298	18,837
Short-term bonds .....	478	—	478	—	—	—
Bonds .....	(5,033)	(3,489)	(8,523)	(587)	3,567	2,980

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

## Fees and Commissions

Year ended March 31	Millions of yen					
	2009			2008		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Fees and commissions .....	¥322,455	¥92,772	¥415,228	¥361,444	¥91,082	¥452,527
Deposits and loans .....	10,866	40,973	51,840	10,720	41,739	52,459
Remittances and transfers .....	96,014	27,122	123,136	97,341	28,311	125,653
Securities-related business .....	17,256	2,818	20,075	13,592	1,291	14,883
Agency .....	11,777	—	11,777	13,094	—	13,094
Safe deposits .....	6,472	—	6,472	6,688	—	6,688
Guarantees .....	21,005	9,679	30,684	22,734	6,567	29,302
Fees and commissions payments .....	¥102,214	¥19,190	¥121,404	¥ 98,409	¥21,755	¥120,165
Remittances and transfers .....	20,385	7,770	28,155	20,109	9,538	29,647

## Trading Income

Year ended March 31	Millions of yen					
	2009			2008		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Trading income .....	¥10,763	¥164,275	¥175,038	¥8,531	¥432,454	¥440,985
Gains on trading securities .....	3,313	—	3,313	652	—	652
Gains on securities related to trading transactions .....	—	1,221	1,221	—	2,934	2,934
Gains on trading-related financial derivatives .....	—	163,054	163,054	—	429,520	429,520
Others .....	7,449	—	7,449	7,878	—	7,878
Trading losses .....	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Losses on trading securities .....	—	—	—	—	—	—
Losses on securities related to trading transactions .....	—	—	—	—	—	—
Losses on trading-related financial derivatives .....	—	—	—	—	—	—
Others .....	—	—	—	—	—	—

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

## Net Other Operating Income (Expenses)

Year ended March 31	Millions of yen					
	2009			2008		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Net other operating income (expenses) .....	¥(16,156)	¥51,686	¥35,530	¥ 8,383	¥(271,477)	¥(263,093)
Gains (losses) on bonds .....	(32,420)	58,548	26,128	(10,007)	(20,051)	(30,058)
Gains on derivatives .....	12,680	898	13,578	3,046	3,767	6,813
Losses on foreign exchange transactions .....	—	(2,472)	(2,472)	—	(252,589)	(252,589)

## General and Administrative Expenses

Year ended March 31	Millions of yen	
	2009	2008
	Salaries and related expenses .....	¥205,624
Retirement benefit cost .....	25,634	(1,610)
Welfare expenses .....	31,835	29,216
Depreciation .....	60,889	52,247
Rent and lease expenses .....	50,647	45,003
Building and maintenance expenses .....	8,373	7,152
Supplies expenses .....	6,812	6,297
Water, lighting, and heating expenses .....	5,441	4,998
Traveling expenses .....	3,765	3,638
Communication expenses .....	7,455	7,351
Publicity and advertising expenses .....	11,349	14,476
Taxes, other than income taxes .....	38,282	40,092
Others .....	266,173	267,335
Total .....	¥722,285	¥659,992

Note: Because expenses reported on page 27 exclude nonrecurring losses, they are not reconciled with the figures reported in the above table.

# Deposits (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

## Deposits and Negotiable Certificates of Deposit

### Year-End Balance

March 31	Millions of yen			
	2009		2008	
<b>Domestic operations:</b>				
Liquid deposits .....	¥39,432,942	59.2%	¥38,810,626	63.9%
Fixed-term deposits .....	19,984,641	30.0	18,564,178	30.6
Others .....	1,136,752	1.7	1,167,168	1.9
Subtotal .....	60,554,335	90.9	58,541,973	96.4
Negotiable certificates of deposit .....	6,047,604	9.1	2,209,667	3.6
Total .....	¥66,601,940	100.0%	¥60,751,641	100.0%
<b>International operations:</b>				
Liquid deposits .....	¥ 4,900,826	47.6%	¥ 4,074,876	47.2%
Fixed-term deposits .....	1,342,381	13.0	916,959	10.6
Others .....	2,702,454	26.2	2,883,450	33.4
Subtotal .....	8,945,662	86.8	7,875,286	91.2
Negotiable certificates of deposit .....	1,358,105	13.2	755,906	8.8
Total .....	¥10,303,767	100.0%	¥ 8,631,193	100.0%
<b>Grand total .....</b>	<b>¥76,905,708</b>	<b>—</b>	<b>¥69,382,834</b>	<b>—</b>

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

### Average Balance

Year ended March 31	Millions of yen	
	2009	2008
<b>Domestic operations:</b>		
Liquid deposits .....	¥38,108,576	¥38,317,885
Fixed-term deposits .....	19,165,009	18,407,942
Others .....	473,464	583,864
Subtotal .....	57,747,050	57,309,691
Negotiable certificates of deposit .....	4,062,350	2,538,711
Total .....	¥61,809,401	¥59,848,403
<b>International operations:</b>		
Liquid deposits .....	¥ 4,623,996	¥ 4,864,807
Fixed-term deposits .....	1,104,938	1,003,417
Others .....	3,163,841	2,802,319
Subtotal .....	8,892,776	8,670,545
Negotiable certificates of deposit .....	693,692	608,181
Total .....	¥ 9,586,469	¥ 9,278,726
<b>Grand total .....</b>	<b>¥71,395,870</b>	<b>¥69,127,129</b>

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

March 31	Millions of yen			
	2009		2008	
Individual .....	¥34,889,209	52.7%	¥33,987,919	52.7%
Corporate .....	31,335,180	47.3	30,538,230	47.3
<b>Total .....</b>	<b>¥66,224,389</b>	<b>100.0%</b>	<b>¥64,526,149</b>	<b>100.0%</b>

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

March 31	Millions of yen	
	2009	2008
Individual .....	¥2,040,366	¥2,974,007
Corporate .....	201,138	176,591
<b>Total .....</b>	<b>¥2,241,504</b>	<b>¥3,150,598</b>

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

## Balance of Time Deposits, Classified by Maturity

March 31	Millions of yen	
	2009	2008
Less than three months.....	¥ 7,494,172	¥ 6,233,757
Fixed interest rates .....	6,278,535	5,370,359
Floating interest rates .....	700	100
Others .....	1,214,936	863,297
Three — six months.....	4,045,532	3,753,558
Fixed interest rates .....	3,963,667	3,713,423
Floating interest rates .....	4,500	3,000
Others .....	77,365	37,135
Six months — one year.....	5,583,297	5,249,056
Fixed interest rates .....	5,533,874	5,195,489
Floating interest rates .....	21,510	40,550
Others .....	27,911	13,016
One — two years .....	1,660,255	1,574,862
Fixed interest rates .....	1,640,874	1,560,535
Floating interest rates .....	18,885	11,750
Others .....	495	2,576
Two — three years.....	1,251,850	1,337,092
Fixed interest rates .....	1,229,574	1,263,600
Floating interest rates .....	18,990	73,059
Others .....	3,285	432
Three years or more.....	1,291,870	1,332,765
Fixed interest rates .....	781,847	850,967
Floating interest rates .....	491,636	481,296
Others .....	18,386	500
<b>Total .....</b>	<b>¥21,326,977</b>	<b>¥19,481,091</b>
Fixed interest rates .....	19,428,374	17,954,375
Floating interest rates .....	556,222	609,756
Others .....	1,342,381	916,959

Note: The figures above do not include installment savings.

# Loans (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

## Balance of Loans and Bills Discounted

### Year-End Balance

March 31	Millions of yen	
	2009	2008
Domestic operations:		
Loans on notes .....	¥ 1,932,245	¥ 2,061,876
Loans on deeds .....	37,914,257	35,965,609
Overdrafts .....	9,780,746	9,622,647
Bills discounted .....	216,066	285,790
Subtotal .....	¥49,843,316	¥47,935,924
International operations:		
Loans on notes .....	¥ 454,926	¥ 491,480
Loans on deeds .....	9,853,939	8,421,557
Overdrafts .....	88,613	97,013
Bills discounted .....	470	11,837
Subtotal .....	¥10,397,950	¥ 9,021,889
Total .....	¥60,241,266	¥56,957,813

### Average Balance

Year ended March 31	Millions of yen	
	2009	2008
Domestic operations:		
Loans on notes .....	¥ 1,978,289	¥ 2,197,327
Loans on deeds .....	36,221,243	34,625,555
Overdrafts .....	10,094,088	9,572,162
Bills discounted .....	240,653	280,843
Subtotal .....	¥48,534,275	¥46,675,889
International operations:		
Loans on notes .....	¥ 502,065	¥ 530,865
Loans on deeds .....	9,559,202	6,935,439
Overdrafts .....	132,123	96,039
Bills discounted .....	3,124	10,702
Subtotal .....	¥10,196,514	¥ 7,573,047
Total .....	¥58,730,789	¥54,248,936

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

March 31	Millions of yen			
	2009		2008	
Funds for capital investment .....	¥21,398,268	35.5%	¥20,934,771	36.8%
Funds for working capital .....	38,842,997	64.5	36,023,042	63.2
Total .....	¥60,241,266	100.0%	¥56,957,813	100.0%

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

March 31	Millions of yen	
	2009	2008
Securities .....	¥ 496,562	¥ 670,902
Commercial claims .....	974,977	1,124,816
Commercial goods .....	—	—
Real estate .....	6,700,496	6,834,925
Others .....	527,776	648,222
Subtotal .....	8,699,811	9,278,868
Guaranteed .....	21,371,798	21,143,991
Unsecured .....	30,169,656	26,534,953
Total .....	¥60,241,266	¥56,957,813

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

March 31	Millions of yen	
	2009	2008
One year or less .....	¥ 9,736,533	¥ 9,041,643
One — three years .....	9,926,623	8,589,738
Floating interest rates .....	7,543,515	6,813,129
Fixed interest rates .....	2,383,107	1,776,609
Three — five years .....	8,815,570	8,610,480
Floating interest rates .....	6,797,016	6,770,462
Fixed interest rates .....	2,018,554	1,840,018
Five — seven years .....	3,470,099	3,565,191
Floating interest rates .....	2,629,283	2,823,756
Fixed interest rates .....	840,816	741,434
More than seven years .....	18,423,079	17,431,098
Floating interest rates .....	17,261,520	16,482,691
Fixed interest rates .....	1,161,559	948,407
No designated term .....	9,869,360	9,719,661
Floating interest rates .....	9,869,360	9,719,661
Fixed interest rates .....	—	—
<b>Total .....</b>	<b>¥60,241,266</b>	<b>¥56,957,813</b>

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

March 31	Millions of yen			
	2009		2008	
<b>Domestic offices:</b>				
Manufacturing .....	¥ 6,632,207	12.9%	¥ 5,284,513	10.8%
Agriculture, forestry, fisheries and mining .....	143,591	0.3	138,440	0.3
Construction .....	1,088,910	2.1	1,153,752	2.4
Transportation, communications and public enterprises .....	3,208,281	6.3	2,891,612	5.9
Wholesale and retail .....	4,632,637	9.0	4,902,333	10.0
Finance and insurance .....	5,967,376	11.7	6,083,560	12.4
Real estate .....	6,222,052	12.1	6,310,993	12.9
Services .....	5,260,544	10.3	5,453,700	11.2
Municipalities .....	970,577	1.9	780,942	1.6
Others .....	17,115,639	33.4	15,877,739	32.5
Subtotal .....	¥51,241,816	100.0%	¥48,877,589	100.0%
<b>Overseas offices:</b>				
Public sector .....	¥ 25,567	0.3%	¥ 19,835	0.3%
Financial institutions .....	524,236	5.8	679,195	8.4
Commerce and industry .....	7,708,512	85.7	6,790,929	84.0
Others .....	741,134	8.2	590,262	7.3
Subtotal .....	¥ 8,999,450	100.0%	¥ 8,080,224	100.0%
<b>Total .....</b>	<b>¥60,241,266</b>	<b>—</b>	<b>¥56,957,813</b>	<b>—</b>

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

March 31	Millions of yen	
	2009	2008
Total domestic loans (A)	¥51,241,816	¥48,877,589
Loans to individuals, and small and medium-sized enterprises (B) .....	35,667,854	36,129,519
(B) / (A) .....	69.6%	73.9%

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

March 31	Millions of yen	
	2009	2008
Consumer loans .....	¥15,002,856	¥14,581,772
Housing loans .....	14,077,130	13,647,753
Residential purpose .....	10,509,845	10,033,842
Others .....	925,726	934,018

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

Year ended March 31, 2009	Millions of yen				
	Balance at beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year		Balance at end of the fiscal year
			Objectives	Others	
General reserve for possible loan losses .....	¥428,663 [2,256]	¥506,649	¥ —	¥428,663*	¥506,649
Specific reserve for possible loan losses .....	188,975 [109]	284,818	86,503	102,471*	284,818
For nonresident loans .....	28,307 [86]	71,309	15,005	13,301*	71,039
Loan loss reserve for specific overseas countries .....	0	417	—	0*	417
Total .....	¥617,639 [2,365]	¥791,885	¥86,503	¥531,135	¥791,885
Amount of direct reduction .....	¥332,924 [886]				¥479,484

\*Transfer from reserves by reversal or origination method

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

Year ended March 31, 2008	Millions of yen				
	Balance at beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year		Balance at end of the fiscal year
			Objectives	Others	
General reserve for possible loan losses .....	¥527,819 [2,987]	¥430,919	¥ —	¥527,819*	¥430,919
Specific reserve for possible loan losses .....	144,800 [23]	189,084	47,319	97,481*	189,084
For nonresident loans .....	12,670 [19]	28,394	6,034	6,636*	28,394
Loan loss reserve for specific overseas countries .....	1,941	0	—	1,941*	0
Total .....	¥674,562 [3,011]	¥620,004	¥47,319	¥627,242	¥620,004
Amount of direct reduction .....	¥295,552 [2,762]				¥333,811

\*Transfer from reserves by reversal or origination method

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

## Write-Off of Loans

Year ended March 31	Millions of yen	
	2009	2008
Write-off of loans .....	¥231,412	¥121,801

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

## Specific Overseas Loans

March 31	Millions of yen	
	2009	2008
Ukraine .....	¥3,456	¥—
Iceland .....	1,160	—
Pakistan .....	64	—
Argentina .....	4	4
Total .....	¥4,686	¥ 4
Ratio of the total amounts to total assets .....	0.00%	0.00%
Number of countries .....	4	1

### Risk-Monitored Loans

March 31	Millions of yen	
	2009	2008
Bankrupt loans .....	¥ 196,062	¥ 48,734
Non-accrual loans .....	744,692	437,699
Past due loans (3 months or more).....	32,549	23,747
Restructured loans .....	163,753	260,405
<b>Total .....</b>	<b>¥1,137,058</b>	<b>¥770,587</b>
<b>Amount of direct reduction .....</b>	<b>¥ 419,511</b>	<b>¥291,246</b>

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

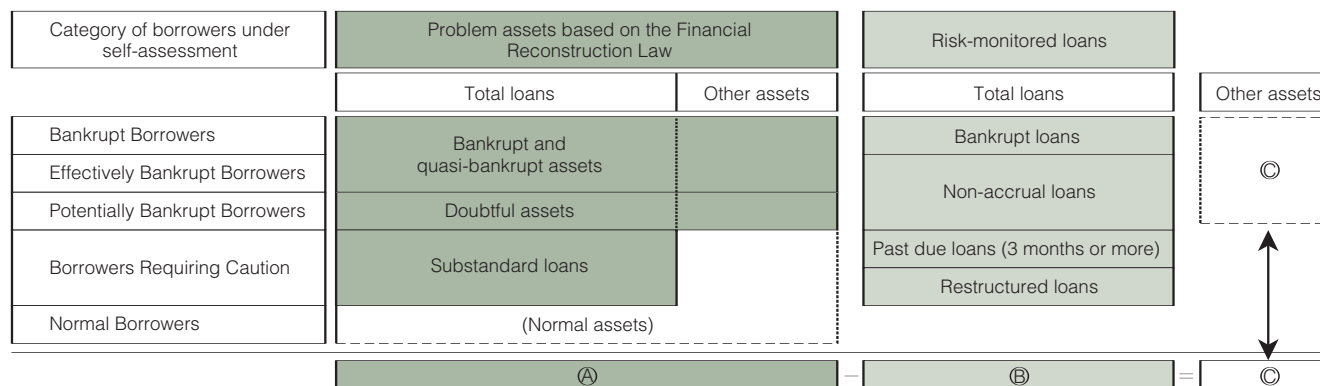
March 31	Millions of yen	
	2009	2008
Bankrupt and quasi-bankrupt assets.....	¥ 319,627	¥ 117,757
Doubtful assets .....	678,240	402,028
Substandard loans .....	196,303	284,153
<b>Total of problem assets .....</b>	<b>1,194,170</b>	<b>803,939</b>
Normal assets .....	66,028,576	63,928,140
<b>Total .....</b>	<b>¥67,222,747</b>	<b>¥64,732,080</b>
<b>Amount of direct reduction .....</b>	<b>¥ 479,484</b>	<b>¥ 333,811</b>

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 private placement bonds, loans and bills discounted, foreign exchanges, accrued interest, and advance payment in "other assets," customers' liabilities for acceptance and guarantees, and securities lent under the loan for consumption or leasing agreements.

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 3 categories above

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



## Classification under Self-Assessment, Disclosure of Problem Assets, and Write-Offs/Reserves

March 31, 2009

(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) ¥319.6	Portion of claims secured by collateral or guarantees, etc. (5) ¥296.9	Fully reserved ¥22.7	Direct write-offs (Note 1)	Specific reserve ¥34.4 (Note 2)	100% (Note 3)	
Effectively Bankrupt Borrowers							
Potentially Bankrupt Borrowers	Doubtful assets (2) ¥678.3	Portion of claims secured by collateral or guarantees, etc. (6) ¥299.4	Necessary amount reserved ¥378.9		¥250.4 (Note 2)	66.09% (Note 3)	
Borrowers Requiring Caution	Substandard loans (3) ¥196.3	Portion of substandard loans secured by collateral or guarantees, etc. (7) ¥91.2			General reserve for substandard loans ¥56.1	53.76% (Note 3)	
	(Claims to substandard borrowers)						
Normal Borrowers	Normal assets ¥66,028.5	Claims to borrowers requiring caution, excluding claims to substandard borrowers			General reserve ¥506.7	5.94% [10.47%] (Note 4)	
		Claims to normal borrowers					
					Loan loss reserve for specific overseas countries ¥0.4		
Total (4) ¥67,222.7		NPL ratio (A) / (4) 1.78% (Note 5)		Total reserve for possible loan losses ¥791.9		Reserve ratio (B) / (D) 67.27% (Note 6)	
(A) = (1) + (2) + (3) ¥1,194.2		Portion secured by collateral or guarantees, etc. (C) = (5) + (6) + (7) ¥687.5		(B) Specific reserve + General reserve for substandard loans ¥340.9			
					Unsecured portion (D) = (A) - (C) ¥506.7		
					Coverage ratio {(B) + (C)} / (A)	86.11%	

- Notes: 1. Includes amount of direct reduction totaling ¥479.5 billion.  
2. Includes reserves for assets that are not subject to disclosure under the Financial Reconstruction Law. (Bankrupt/Effectively Bankrupt Borrowers: ¥11.7 billion; Potentially Bankrupt Borrowers: ¥7.3 billion)  
3. Reserve ratios for claims on Bankrupt/Effectively Bankrupt Borrowers, Potentially Bankrupt Borrowers, Substandard Borrowers, and Borrowers Requiring Caution: The proportion of each category's total unsecured claims covered by reserve for possible loan losses.  
4. Reserve ratios for claims on Normal Borrowers and Borrowers Requiring Caution (excluding claims to Substandard Borrowers): The proportion of each category's total claims covered by reserve for possible loan losses. The reserve ratio for unsecured claims on Borrowers Requiring Caution (excluding claims to Substandard Borrowers) is shown in brackets.  
5. Ratio of problem assets to total assets subject to the Financial Reconstruction Law  
6. Reserve ratio = (Specific reserve + General reserve for substandard loans) / (Bankrupt and quasi-bankrupt assets + Doubtful assets + Substandard loans - Portion secured by collateral or guarantees, etc.)

## Off-Balancing Problem Assets

Billions of yen

	March 31, 2007			March 31, 2008			March 31, 2009
	①	New occurrences	Off-balanced	②	New occurrences	Off-balanced	
Bankrupt and quasi-bankrupt assets ....	¥108.9	¥ 71.8	¥ (62.9)	¥117.8	¥265.7	¥ (63.9)	¥319.6
Doubtful assets .....	300.1	382.9	(281.0)	402.0	659.0	(382.7)	678.3
Total .....	¥409.0	¥454.7	¥(343.9)	¥519.8	¥924.7	¥(446.6)	¥997.9
				Increase/Decrease ② - ①			Increase/Decrease ③ - ②
Bankrupt and quasi-bankrupt assets ....				¥ 8.9			¥201.8
Doubtful assets .....				101.9			276.3
Total .....				¥110.8			¥478.1

- Notes: 1. The off-balancing (also known as "final disposal") of problem assets refers to the removal of such assets from the bank's balance sheet by way of sale, direct write-off or other means.  
2. The figures shown in the above table under "new occurrences" and "off-balanced" are simple additions of the figures for the first and second halves of the two periods reviewed. Amounts of ¥84.7 billion for fiscal 2007 and ¥201.2 billion in fiscal 2008, recognized as "new occurrences" in the first halves of the terms, were included in the amounts off-balanced in the respective second halves.

# Securities (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

## Balance of Securities

### Year-End Balance

March 31	Millions of yen	
	2009	2008
Domestic operations:		
Japanese government bonds.....	¥14,156,993	¥ 8,799,249
Japanese local government bonds .....	230,074	331,178
Japanese corporate bonds .....	3,461,950	3,506,181
Japanese stocks .....	2,674,474	3,668,150
Others .....	299,183	425,814
Foreign bonds.....	/	/
Foreign stocks.....	/	/
Subtotal.....	¥20,822,677	¥16,730,573
International operations:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds .....	—	—
Japanese corporate bonds .....	—	—
Japanese stocks .....	—	—
Others .....	7,177,837	6,027,667
Foreign bonds.....	5,909,304	4,812,110
Foreign stocks.....	1,268,533	1,215,556
Subtotal.....	¥ 7,177,837	¥ 6,027,667
Total .....	¥28,000,515	¥22,758,241

### Average Balance

Year ended March 31	Millions of yen	
	2009	2008
Domestic operations:		
Japanese government bonds.....	¥10,443,471	¥ 7,341,261
Japanese local government bonds .....	291,620	470,333
Japanese corporate bonds .....	3,417,624	3,632,377
Japanese stocks .....	2,787,330	2,904,058
Others .....	440,638	775,090
Foreign bonds.....	/	/
Foreign stocks.....	/	/
Subtotal.....	¥17,380,685	¥15,123,121
International operations:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds .....	—	—
Japanese corporate bonds .....	—	—
Japanese stocks .....	—	—
Others .....	5,079,312	3,528,429
Foreign bonds.....	3,781,077	2,255,870
Foreign stocks.....	1,298,234	1,272,559
Subtotal.....	¥ 5,079,312	¥ 3,528,429
Total .....	¥22,459,998	¥18,651,550

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

March 31	Millions of yen	
	2009	2008
One year or less		
Japanese government bonds.....	¥ 2,766,864	¥1,637,379
Japanese local government bonds .....	6,583	64,060
Japanese corporate bonds .....	459,270	349,571
Others .....	769,913	471,036
Foreign bonds .....	747,013	456,965
Foreign stocks.....	32	—
One — three years		
Japanese government bonds.....	5,382,532	1,448,219
Japanese local government bonds .....	34,858	43,929
Japanese corporate bonds .....	827,275	1,104,278
Others .....	2,929,003	2,227,909
Foreign bonds .....	2,874,357	2,163,254
Foreign stocks.....	—	141
Three — five years		
Japanese government bonds.....	3,633,747	3,639,495
Japanese local government bonds .....	120,299	70,114
Japanese corporate bonds .....	1,180,058	1,028,132
Others .....	1,277,275	1,523,728
Foreign bonds .....	1,249,202	1,478,032
Foreign stocks.....	—	—
Five — seven years		
Japanese government bonds.....	361,833	292,217
Japanese local government bonds .....	67,956	102,245
Japanese corporate bonds .....	374,270	576,636
Others .....	345,942	174,050
Foreign bonds .....	313,155	122,496
Foreign stocks.....	—	1,595
Seven — 10 years		
Japanese government bonds.....	639,034	146,871
Japanese local government bonds .....	323	50,430
Japanese corporate bonds .....	384,222	401,459
Others .....	442,824	413,635
Foreign bonds .....	418,981	384,846
Foreign stocks.....	—	—
More than 10 years		
Japanese government bonds.....	1,372,980	1,635,066
Japanese local government bonds .....	52	398
Japanese corporate bonds .....	236,853	46,102
Others .....	443,260	386,561
Foreign bonds .....	306,593	206,517
Foreign stocks.....	136,666	180,043
No designated term		
Japanese government bonds.....	—	—
Japanese local government bonds .....	—	—
Japanese corporate bonds .....	—	—
Japanese stocks .....	2,674,474	3,668,150
Others .....	1,268,801	1,256,560
Foreign bonds .....	—	—
Foreign stocks.....	1,131,834	1,033,775
Total		
Japanese government bonds.....	¥14,156,993	¥8,799,249
Japanese local government bonds .....	230,074	331,178
Japanese corporate bonds .....	3,461,950	3,506,181
Japanese stocks .....	2,674,474	3,668,150
Others .....	7,477,021	6,453,481
Foreign bonds .....	5,909,304	4,812,110
Foreign stocks.....	1,268,533	1,215,556

# Ratios (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

## Income Ratio

Year ended March 31	Percentage	
	2009	2008
Ordinary profit to total assets .....	0.03%	0.56%
Ordinary profit to stockholders' equity .....	1.06	14.28
Net income to total assets .....	—	0.22
Net income to stockholders' equity .....	—	5.64

- Notes: 1. Ordinary profit (net income) to total assets = Ordinary profit (net income) / Average balance of total assets excluding customers' liabilities for acceptances and guarantees × 100
2. Ordinary profit (net income) to stockholders' equity = (Ordinary profit (net income) – Preferred dividends) / ((Stockholders' equity at beginning of the fiscal year – Number of shares of preferred stock outstanding at beginning of the fiscal year × Issue price) + (Net assets at end of the fiscal year – Number of shares of preferred stock outstanding at end of the fiscal year × Issue price)) divided by 2 × 100
3. Net income to total assets and net income to stockholders' equity for the year ended March 31, 2009 are not reported due to a net loss.

## Yield/Interest Rate

Year ended March 31	Percentage	
	2009	2008
<b>Domestic operations</b>		
Interest-earning assets (A) .....	1.71%	1.78%
Interest-bearing liabilities (B) .....	1.23	1.25
(A) - (B) .....	0.48	0.53
<b>International operations</b>		
Interest-earning assets (A) .....	3.03%	4.30%
Interest-bearing liabilities (B) .....	2.99	4.43
(A) - (B) .....	0.04	(0.13)
<b>Total</b>		
Interest-earning assets (A) .....	2.03%	2.34%
Interest-bearing liabilities (B) .....	1.63	1.91
(A) - (B) .....	0.40	0.43

## Loan-Deposit Ratio

March 31	Millions of yen	
	2009	2008
<b>Domestic operations</b>		
Loans and bills discounted (A) .....	¥49,843,316	¥47,935,924
Deposits (B) .....	66,601,940	60,751,641
Loan-deposit ratio (%)		
(A) / (B) .....	74.83%	78.90%
Ratio by average balance for the fiscal year .....	78.52	77.99
<b>International operations</b>		
Loans and bills discounted (A) .....	¥10,397,950	¥ 9,021,889
Deposits (B) .....	10,303,767	8,631,193
Loan-deposit ratio (%)		
(A) / (B) .....	100.91%	104.52%
Ratio by average balance for the fiscal year .....	106.36	81.61
<b>Total</b>		
Loans and bills discounted (A) .....	¥60,241,266	¥56,957,813
Deposits (B) .....	76,905,708	69,382,834
Loan-deposit ratio (%)		
(A) / (B) .....	78.33%	82.09%
Ratio by average balance for the fiscal year .....	82.26	78.47

Note: Deposits include negotiable certificates of deposit.

## Securities-Deposit Ratio

March 31	Millions of yen	
	2009	2008
<b>Domestic operations</b>		
Securities (A) .....	¥20,822,677	¥16,730,573
Deposits (B) .....	66,601,940	60,751,641
Securities-deposit ratio (%)		
(A) / (B) .....	31.26%	27.53%
Ratio by average balance for the fiscal year .....	28.11	25.26
<b>International operations</b>		
Securities (A) .....	¥ 7,177,837	¥ 6,027,667
Deposits (B) .....	10,303,767	8,631,193
Securities-deposit ratio (%)		
(A) / (B) .....	69.66%	69.83%
Ratio by average balance for the fiscal year .....	52.98	38.02
<b>Total</b>		
Securities (A) .....	¥28,000,515	¥22,758,241
Deposits (B) .....	76,905,708	69,382,834
Securities-deposit ratio (%)		
(A) / (B) .....	36.40%	32.80%
Ratio by average balance for the fiscal year .....	31.45	26.98

Note: Deposits include negotiable certificates of deposit.

# Capital (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

## Changes in Number of Shares Issued and Capital Stock

	Millions of yen					
	Number of shares issued		Capital stock		Capital reserve	
	Changes	Balances	Changes	Balances	Changes	Balances
March 30, 2005*1 .....	70,001	55,848,808	¥105,001	¥664,986	¥105,001	¥1,009,933
April 1, 2004 — March 31, 2005*2 ...	264,140	56,112,948	—	664,986	—	1,009,933
August 9, 2005*3 .....	—	56,112,948	—	664,986	(344,900)	665,033
May 17, 2006*4 .....	214,194	56,327,142	—	664,986	—	665,033
September 6, 2006*5 .....	173,770	56,500,912	—	664,986	—	665,033
September 29, 2006*6 .....	601,757	57,102,669	—	664,986	—	665,033
October 11, 2006*7 .....	153,181	57,255,850	—	664,986	—	665,033
October 31, 2006*8 .....	(830,000)	56,425,850	—	664,986	—	665,033

Remarks:

- \*1 Allotment to third parties: Preferred stock (1st series Type 6): 70,001 shares  
Issue price: ¥3,000 thousand Capitalization: ¥1,500 thousand
- \*2 Conversion of 32,000 shares of preferred stock (Type 1) and 105,000 shares of preferred stock (Type 3) to 401,140 shares of common stock
- \*3 Capital reserve was transferred to other capital surplus pursuant to Article 289-2 of the Commercial Code and Article 18-2 of the Banking Act
- \*4 Conversion of 35,000 shares of preferred stock (Type 1) and 33,000 shares of preferred stock (Type 2) to 214,194 shares of common stock
- \*5 Conversion of 67,000 shares of preferred stock (Type 2) to 173,770 shares of common stock
- \*6 Conversion of 500,000 shares of preferred stock (Type 3) to 601,757 shares of common stock
- \*7 Conversion of 195,000 shares of preferred stock (Type 3) to 153,181 shares of common stock
- \*8 Cancellation of 35,000 shares of preferred stock (Type 1), 100,000 shares of preferred stock (Type 2) and 695,000 shares of preferred stock (Type 3)

## Number of Shares Issued

	Number of shares issued
March 31, 2009	
Common stock .....	56,355,849
Preferred stock (1st series Type 6) .....	70,001
<b>Total .....</b>	<b>56,425,850</b>

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

## Principal Shareholders

### a. Common Stock

	Number of shares	Percentage of shares outstanding
March 31, 2009		
Sumitomo Mitsui Financial Group, Inc. ....	56,355,849	100.00%

### b. Preferred Stock (1st series Type 6)

	Number of shares	Percentage of shares outstanding
March 31, 2009		
Sumitomo Mitsui Financial Group, Inc. ....	70,001	100.00%



## Others (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

### Employees

March 31	2009	2008
Number of employees .....	21,816	17,886
Average age (years–months) .....	35–6	35–11
Average length of employment (years–months) .....	12–5	13–2
Average annual salary (thousands of yen) .....	¥8,258	¥8,290

Notes: 1. Temporary and part-time staff are excluded from the above calculations but includes overseas local staff. Executive officers who do not concurrently serve as Directors are excluded from "Number of employees."  
 2. "Average annual salary" includes bonus, overtime pay and other fringe benefits.  
 3. Overseas local staff are excluded from the above calculations other than "Number of employees."

### Number of Offices

March 31	2009	2008
Domestic network:		
Main offices and branches .....	482	473
Subbranches .....	159	157
Agency .....	1	1
Overseas network:		
Branches .....	20	19
Subbranches .....	7	6
Representative offices .....	16	15
Total .....	685	671

Note: "Main offices and branches" includes the International Business Operations Dept. (2009, 2 branches; 2008, 2 branches), specialized deposit account branches (2009, 38 branches; 2008, 38 branches) and ATM administration branches (2009, 17 branches; 2008, 17 branches).

### Number of Automated Service Centers

March 31	2009	2008
Automated service centers .....	30,112	28,120

### Domestic Exchange Transactions

Year ended March 31	Millions of yen	
	2009	2008
Exchange for remittance:		
Destined for various parts of the country:		
Number of accounts (thousands) .....	418,744	405,059
Amount .....	¥ 752,361,420	¥ 871,073,089
Received from various parts of the country:		
Number of accounts (thousands) .....	303,475	301,655
Amount .....	¥ 842,122,120	¥ 881,410,435
Collection:		
Destined for various parts of the country:		
Number of accounts (thousands) .....	3,121	3,444
Amount .....	¥ 8,345,032	¥ 9,101,611
Received from various parts of the country:		
Number of accounts (thousands) .....	1,163	1,214
Amount .....	¥ 2,933,632	¥ 2,801,793
Total .....	¥1,605,762,205	¥1,764,386,929

## Foreign Exchange Transactions

Year ended March 31	Millions of U.S. dollars	
	2009	2008
Outward exchanges:		
Foreign bills sold .....	\$1,285,824	\$1,143,759
Foreign bills bought.....	696,353	597,763
Incoming exchanges:		
Foreign bills payable .....	\$ 735,705	\$ 685,135
Foreign bills receivable .....	30,633	30,156
<b>Total .....</b>	<b>\$2,748,515</b>	<b>\$2,456,815</b>

Note: The figures above include foreign exchange transactions by overseas branches.

## Breakdown of Collateral for Customers' Liabilities for Acceptances and Guarantees

March 31	Millions of yen	
	2009	2008
Securities .....	¥ 7,291	¥ 10,334
Commercial claims.....	17,762	25,040
Commercial goods .....	5,292	4,373
Real estate .....	53,769	62,754
Others .....	6,945	13,943
<b>Subtotal .....</b>	<b>¥ 91,061</b>	<b>¥ 116,446</b>
Guaranteed .....	396,284	535,278
Unsecured.....	3,339,348	4,013,337
<b>Total .....</b>	<b>¥3,826,694</b>	<b>¥4,665,062</b>

# Trust Assets and Liabilities (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

## Statements of Trust Assets and Liabilities

March 31	Millions of yen	
	2009	2008
<b>Assets:</b>		
Loans and bills discounted.....	¥ 222,030	¥ 223,740
Loans on deeds .....	222,030	223,740
Securities .....	392,812	273,504
Japanese government bonds .....	222,231	202,845
Corporate bonds .....	39,629	12,000
Foreign securities.....	130,522	58,358
Other securities.....	428	300
Securities held in custody accounts.....	3,096	3,451
Monetary claims.....	501,399	571,072
Monetary claims for housing loans .....	73,967	84,419
Other monetary claims.....	427,431	486,653
Tangible fixed assets .....	45	25
Equipment.....	45	25
Intangible fixed assets .....	33	—
Other intangible fixed assets.....	33	—
Other claims.....	4,329	1,318
Call loans .....	54,687	263
Due from banking account.....	60,918	80,796
Cash and due from banks .....	22,179	20,000
Deposits with banks.....	22,179	20,000
Others .....	1,462	1,540
Others .....	1,462	1,540
<b>Total assets.....</b>	<b>¥1,262,993</b>	<b>¥1,175,711</b>
<b>Liabilities:</b>		
Designated money trusts .....	¥ 359,986	¥ 292,193
Specified money trusts.....	161,817	61,864
Money in trusts other than money trusts.....	220,287	223,130
Security trusts .....	3,102	3,462
Monetary claims trusts .....	437,734	501,920
Equipment trusts .....	10	—
Composite trusts .....	78,569	91,600
Other trusts .....	1,485	1,540
<b>Total liabilities .....</b>	<b>¥1,262,993</b>	<b>¥1,175,711</b>

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

# Capital Ratio Information

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

The consolidated capital ratio 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 advanced internal ratings-based (IRB) approach for calculating credit risk-weighted asset amounts at the end of March 2009. The foundation IRB approach was used for the prior fiscal year ended on March 31, 2008. Further, SMFG has implemented market risk controls, and, in calculating the amount corresponding to operational risk, the Advanced Measurement Approach (AMA).

“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

### 1. Consolidated Capital Ratio Calculation

- Number of consolidated subsidiaries: 288  
Please refer to “Principal Subsidiaries and Affiliates” on page 200 for their names and business outline.
- Scope of consolidated subsidiaries for calculation of the consolidated capital ratio is based on the scope of consolidated subsidiaries for preparing consolidated financial statements.
- There are no affiliates to which the proportionate consolidation method is applied.
- There are no companies engaged exclusively in ancillary banking business or in developing new businesses as stipulated in Article 52-23 of the Banking Law.

### 2. Deduction from Capital

- Number of nonconsolidated subsidiaries subject to deduction from capital: 230  
Principal subsidiaries: SMLC MAHOGANY Co., Ltd. (Office rental, etc.)  
SBCS Co., Ltd. (Venture capital and consulting)
- Number of financial affiliates subject to deduction from capital: 103  
Please refer to “Principal Subsidiaries and Affiliates” on page 200 for their names and business outline.

### 3. Restrictions on Movement of Funds and Capital within Holding Company Group

There are no special restrictions on movement of funds and capital among SMFG and its group companies.

### 4. 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, 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.

March 31		Millions of yen	
		2009	2008
Tier I capital:	Capital stock.....	¥ 1,420,877	¥ 1,420,877
	Capital surplus .....	57,245	57,826
	Retained earnings.....	1,245,085	1,740,610
	Treasury stock.....	(124,024)	(123,989)
	Cash dividends to be paid .....	(21,059)	(60,135)
	Unrealized losses on other securities .....	(14,649)	—
	Foreign currency translation adjustments .....	(129,068)	(27,323)
	Stock acquisition rights .....	66	43
	Minority interests.....	2,147,100	1,643,903
	Goodwill and others .....	(186,792)	(178,645)
	Gain on sale on securitization transactions.....	(42,102)	(44,045)
	Amount equivalent to 50% of expected losses in excess of provision .....	(17,590)	—
	Deductions of deferred tax assets.....	—	(47,657)
	<b>4,335,085</b>	<b>4,381,464</b>	
Tier II capital:	Unrealized gains on other securities after 55% discount .....	—	334,313
	Land revaluation excess after 55% discount.....	37,211	37,220
	General reserve for possible loan losses .....	80,374	59,517
	Excess amount of provision .....	—	67,758
	Subordinated debt.....	2,303,382	2,523,062
	Total Tier II capital.....	<b>2,420,968</b>	<b>3,021,872</b>
	<b>2,420,968</b>	<b>3,021,872</b>	
Deductions*:	(C) .....	708,241	737,792
Total qualifying capital:	(D) = (A) + (B) – (C) .....	<b>¥ 6,047,812</b>	<b>¥ 6,665,543</b>
Risk-weighted assets:	On-balance sheet items .....	¥41,703,547	¥49,095,397
	Off-balance sheet items .....	7,693,647	10,239,755
	Market risk items .....	265,723	430,220
	Operational risk .....	3,063,589	3,351,976
	Total risk-weighted assets (E).....	<b>¥52,726,507</b>	<b>¥63,117,349</b>
Tier I risk-weighted capital ratio:	(A) / (E) x 100 .....	8.22%	6.94%
Total risk-weighted capital ratio:	(D) / (E) x 100.....	11.47%	10.56%
Required capital:	(E) x 8% .....	<b>¥ 4,218,120</b>	<b>¥ 5,049,387</b>

\* “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.

#### (Reference)

The consolidated capital ratio (First Standard) as of March 31, 2009, calculated using the foundation IRB approach is 10.27%.

## ■ Capital Requirements

March 31	Billions of yen	
	2009	2008
<b>Capital requirements for credit risk:</b>		
Internal ratings-based approach .....	¥4,909.4	¥5,294.7
Corporate exposures: .....	3,200.6	3,351.0
Corporate exposures (excluding specialized lending).....	2,782.6	2,943.4
Sovereign exposures .....	28.4	42.8
Bank exposures .....	161.6	137.3
Specialized lending .....	228.1	227.5
Retail exposures: .....	833.1	844.3
Residential mortgage exposures.....	345.6	336.8
Qualifying revolving retail exposures .....	95.0	123.6
Other retail exposures .....	392.5	383.9
Equity exposures: .....	287.7	368.6
Grandfathered equity exposures.....	160.8	245.3
PD/LGD approach.....	55.5	53.1
Market-based approach .....	71.4	70.1
Simple risk weight method .....	71.1	59.7
Internal models method .....	0.3	10.4
Credit risk-weighted assets under Article 145 of the Notification .....	180.5	241.5
Securitization exposures .....	125.7	164.1
Other exposures.....	281.7	325.3
Standardized approach .....	656.5	677.6
<b>Total capital requirements for credit risk .....</b>	<b>5,565.9</b>	<b>5,972.3</b>
<b>Capital requirements for market risk:</b>		
Standardized measurement method .....	4.2	9.2
Interest rate risk .....	3.1	6.9
Equity position risk .....	0.4	0.2
Foreign exchange risk .....	0.7	2.0
Commodities risk .....	—	—
Options .....	—	—
Internal models method .....	17.0	25.3
<b>Total capital requirements for market risk .....</b>	<b>21.3</b>	<b>34.4</b>
<b>Capital requirements for operational risk .....</b>	<b>245.1</b>	<b>268.2</b>
<b>Total amount of capital requirements .....</b>	<b>¥5,832.3</b>	<b>¥6,274.9</b>

- Notes: 1. Capital requirements for credit risk are capital equivalents to "credit risk-weighted assets × 8%" under the standardized approach and "credit risk-weighted assets × 8% + expected loss amount" under the IRB 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 exposures based on the standardized approach.  
4. "Other exposures" includes estimated lease residual values, purchased receivables (including exposures to qualified corporate enterprises and others), long settlement transactions and other assets.

## ■ Internal Ratings-Based (IRB) Approach

### 1. Scope

SMFG and the following consolidated subsidiaries have adopted the advanced IRB approach for exposures as of March 31, 2009.

#### (1) Domestic Operations

Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Card Company, Limited and SMBC Guarantee Co., Ltd.

#### (2) Overseas Operations

Sumitomo Mitsui Banking Corporation Europe Limited, Sumitomo Mitsui Banking Corporation of Canada, Banco Sumitomo Mitsui Brasileiro S.A., PT Bank Sumitomo Mitsui Indonesia, SMBC Leasing and Finance, Inc., SMBC Capital Markets, Inc., SMBC Capital Markets Limited, SMBC Derivative Products Limited and SMBC Capital Markets (Asia) Limited

SMBC Finance Service Co., Ltd. has adopted the foundation IRB approach.

Among consolidated subsidiaries that have adopted the standardized approach for exposures as of March 31, 2009, THE MINATO BANK, LTD. is scheduled to adopt the foundation IRB approach from March 31, 2010. Sumitomo Mitsui Finance and Leasing Co., Ltd. and Kansai Urban Banking Corporation are currently reviewing their schedules for adoption of the approach which was originally planned for March 31, 2010.

Note: Directly controlled SPCs and limited partnerships for investment of consolidated subsidiaries using the advanced IRB approach have also adopted the advanced IRB approach. Further, the advanced IRB approach is applied to equity exposures on a group basis, including equity exposures of consolidated subsidiaries applying the standardized approach.

## 2. Exposures by Asset Class

### (1) Corporate Exposures

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

##### (A) Rating Procedures

- “Corporate, sovereign and bank exposures” includes credits to domestic and overseas commercial/industrial (C&I) companies, individuals for business purposes (domestic only), sovereigns, public sector entities, and financial institutions. Business loans such as apartment construction loans, and small-and medium-sized entity (SME) loans with standardized screening process (hereinafter referred to as “standardized SME loans”) are, in principle, included in “retail exposures.” However, credits of more than ¥100 million are treated as corporate exposures in accordance with the Notification.
- An obligor is assigned an obligor grade by first assigning a financial grade using a financial strength grading model and data obtained from the obligor’s financial statements. The financial grade is then adjusted taking into account the actual state of the obligor’s balance sheet and qualitative factors to derive the obligor grade (for details, please refer to “Credit Risk Assessment and Quantification” on page 37). Different rating series are used for domestic and overseas obligors — J1 ~ J10 for domestic obligors and G1 ~ G10 for overseas obligors — as shown below due to differences in actual default rate levels and portfolios’ grade distribution. Different Probability of Default (PD) values are applied also.
- In addition to the above basic rating procedure which builds on the financial grade assigned at the beginning, in some cases, the obligor grade is assigned based on the parent company’s credit quality or credit ratings published by external rating agencies. The Japanese government, local authorities and other public sector entities with special basis for existence and unconventional financial statements are assigned obligor grades based on their attributes (for example, “local municipal corporations”), as the data on these obligors are not suitable for conventional grading models. Further, credits to individuals for business purpose, business loans and standardized SME loans are assigned obligor grades using grading models developed specifically for these exposures.
- PDs used for calculating credit risk-weighted assets are estimated based on the default experience for each grade and taking into account the possibility of estimation errors. In addition to internal data, external data are used to estimate and validate PDs. The definition of default is the definition stipulated in the Notification (an event that would lead to an exposure being classified as “substandard loans,” “doubtful assets” or “bankrupt and quasi-bankrupt assets” occurring to the obligor).
- Loss given defaults (LGDs) used in the calculation of credit risk-weighted assets are estimated based on historical loss experience of credits in default, taking into account the possibility of estimation errors.

Obligor Grade		Definition	Borrower Category
Domestic Corporate	Overseas 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

March 31, 2009	Billions of yen								
	Exposure amount			Undrawn amount	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average ELdefault	Weighted average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets						
J1-J3 .....	¥22,896.4	¥16,440.3	¥ 6,456.0	¥4,124.9	75.00%	0.09%	34.11%	—%	18.11%
J4-J6 .....	11,785.4	9,153.6	2,631.8	510.4	75.00	1.32	29.16	—	50.90
J7 (excluding J7R) .....	2,241.2	1,938.0	303.3	78.4	75.00	11.86	30.38	—	126.04
Japanese government and local municipal corporations.....	20,025.1	19,936.9	88.2	10.6	75.00	0.00	35.04	—	0.18
Other .....	5,348.4	4,767.9	580.5	136.7	75.00	1.50	38.41	—	63.05
Default (J7R, J8-J10) .....	1,315.4	1,243.6	71.9	6.2	100.00	100.00	54.85	53.20	20.64
<b>Total .....</b>	<b>¥63,611.9</b>	<b>¥53,480.3</b>	<b>¥10,131.7</b>	<b>¥4,867.3</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

March 31, 2008	Billions of yen								
	Exposure amount			Undrawn amount	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average ELdefault	Weighted average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets						
J1-J3 .....	¥18,826.6	¥13,563.7	¥ 5,263.0	¥ —	—%	0.10%	44.74%	—%	23.61%
J4-J6 .....	13,657.5	10,647.2	3,010.3	—	—	1.10	41.31	—	69.45
J7 (excluding J7R) .....	1,820.6	1,588.6	232.0	—	—	11.50	42.34	—	174.93
Japanese government and local municipal corporations.....	15,013.1	13,854.4	1,158.7	—	—	0.00	41.65	—	0.49
Other .....	6,158.2	5,309.2	849.0	—	—	1.54	43.29	—	74.03
Default (J7R, J8-J10) .....	937.6	905.6	32.0	—	—	100.00	42.77	—	—
<b>Total .....</b>	<b>¥56,413.7</b>	<b>¥45,868.7</b>	<b>¥10,545.0</b>	<b>¥ —</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

Notes: 1. In line with the adoption of the advanced IRB approach on March 31, 2009, credit conversion factor (CCF) and ELdefault information is now disclosed.  
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

March 31, 2009	Billions of yen								
	Exposure amount			Undrawn amount	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average ELdefault	Weighted average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets						
G1-G3 .....	¥22,863.0	¥14,594.6	¥8,268.4	¥3,062.3	75.00%	0.14%	30.24%	—%	17.28%
G4-G6 .....	975.9	768.3	207.6	145.6	75.00	1.76	34.30	—	81.87
G7 (excluding G7R) .....	459.2	316.9	142.3	63.1	75.00	19.85	32.42	—	170.42
Other .....	107.0	63.2	43.8	20.3	75.00	1.09	40.16	—	86.42
Default (G7R, G8-G10) .....	270.7	260.8	9.9	1.5	100.00	100.00	73.74	66.19	94.41
<b>Total .....</b>	<b>¥24,675.9</b>	<b>¥16,003.9</b>	<b>¥8,672.0</b>	<b>¥3,292.7</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

March 31, 2008	Billions of yen								
	Exposure amount			Undrawn amount	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average ELdefault	Weighted average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets						
G1-G3 .....	¥21,243.9	¥12,861.7	¥8,382.2	¥ —	—%	0.17%	39.04%	—%	27.20%
G4-G6 .....	985.7	744.8	240.8	—	—	1.71	44.42	—	106.65
G7 (excluding G7R) .....	176.0	79.7	96.3	—	—	23.72	44.89	—	239.05
Other .....	75.5	57.2	18.4	—	—	1.38	44.89	—	112.32
Default (G7R, G8-G10) .....	70.9	24.9	46.0	—	—	100.00	44.63	—	—
<b>Total .....</b>	<b>¥22,552.0</b>	<b>¥13,768.3</b>	<b>¥8,783.7</b>	<b>¥ —</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>



## B. Specialized Lending (SL)

### (A) Rating Procedures

- “Specialized lending” is sub-classified into “project finance,” “object finance,” “commodity finance,” “income-producing real estate” (IPRE) and “high-volatility commercial real estate” (HVCRE) in accordance with the Notification. Project finance is financing of a single project, such as a power plant or transportation infrastructure, and cash flows generated by the project are the primary source of repayment. Object finance includes aircraft finance and ship finance, and IPRE and HVCRE include real estate finance (a primary example is non-recourse real estate finance). There were no commodity finance exposures as of March 31, 2009.
- Each SL product is assigned a grade using grading models based primarily on the expected loss ratio, and qualitative assessment. As with obligor grades, there are ten grade levels but the definition of each grade differs from that of the obligor grade which is focused on PD.

The credit risk-weighted asset amount for the SL category is calculated by mapping the expected loss-based facility grades to the below five categories of the Notification.

### (B) Portfolio

#### a. Slotting Criteria Applicable Portion

##### (a) Project Finance, Object Finance and IPRE

March 31	Risk weight	Billions of yen					
		2009			2008		
		Project finance	Object finance	IPRE	Project finance	Object finance	IPRE
<b>Strong:</b>							
Residual term less than 2.5 years .....	50%	¥ 107.2	¥ 8.3	¥ —	¥ 123.4	¥ 7.3	¥ 423.3
Residual term 2.5 years or more .....	70%	771.1	163.1	—	583.0	67.5	705.0
<b>Good:</b>							
Residual term less than 2.5 years .....	70%	22.5	—	—	28.3	—	53.4
Residual term 2.5 years or more .....	90%	187.2	—	—	285.3	15.2	132.0
Satisfactory .....	115%	23.8	—	—	40.5	16.0	83.2
Weak .....	250%	68.0	—	—	15.4	4.7	10.7
Default .....	—	3.6	—	—	5.0	0.1	—
<b>Total .....</b>		<b>¥1,183.3</b>	<b>¥171.4</b>	<b>¥—</b>	<b>¥1,080.9</b>	<b>¥110.9</b>	<b>¥1,407.5</b>

Note: Since March 31, 2009, a portion of object finance, and IPRE have been calculated using the PD/LGD approach.

##### (b) HVCRE

March 31	Risk weight	Billions of yen	
		2009	2008
<b>Strong:</b>			
Residual term less than 2.5 years .....	70%	¥ —	¥ 3.9
Residual term 2.5 years or more .....	95%	—	—
<b>Good:</b>			
Residual term less than 2.5 years .....	95%	46.6	76.3
Residual term 2.5 years or more .....	120%	79.9	105.1
Satisfactory .....	140%	162.0	201.5
Weak .....	250%	22.1	—
Default .....	—	3.1	—
<b>Total .....</b>		<b>¥313.6</b>	<b>¥386.8</b>

#### b. PD/LGD Approach Applicable Portion, Other Than Slotting Criteria Applicable Portion

##### (a) Object Finance

March 31, 2009	Billions of yen							Weighted average EL.default	Weighted average risk weight
	Exposure amount				Weighted average CCF	Weighted average PD	Weighted average LGD		
	Total	On-balance sheet assets	Off-balance sheet assets	Undrawn amount					
G1-G3 .....	¥ 49.4	¥42.2	¥ 7.2	¥ 9.5	75.00%	0.78%	19.17%	—%	44.23%
G4-G6 .....	30.5	22.5	8.1	10.0	75.00	1.20	20.39	—	51.90
G7 (excluding G7R) .....	9.2	9.2	0.1	0.1	75.00	20.08	37.66	—	209.69
Other .....	10.8	10.7	0.0	0.0	75.00	4.94	19.72	—	67.76
Default (G7R, G8-G10) .....	3.1	3.0	0.1	—	—	100.00	71.45	63.89	94.41
<b>Total .....</b>	<b>¥103.0</b>	<b>¥87.6</b>	<b>¥15.4</b>	<b>¥19.7</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

Note: Since March 31, 2009, a portion of object finance has been calculated using the PD/LGD approach.

## (b) IPRE

	Billions of yen				Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average ELdefault	Weighted average risk weight
	Exposure amount			Undrawn amount					
	Total	On-balance sheet assets	Off-balance sheet assets						
<b>March 31, 2009</b>									
J1-J3 .....	¥ 925.9	¥ 820.5	¥105.4	¥ —	—%	0.10%	36.48%	—%	19.72%
J4-J6 .....	523.6	480.1	43.5	4.2	75.00	1.55	32.00	—	72.26
J7 (excluding J7R) .....	59.6	59.5	0.2	—	—	13.43	35.10	—	158.37
Other .....	68.3	66.3	2.0	2.7	75.00	4.23	37.84	—	116.66
Default (J7R, J8-J10) .....	—	—	—	—	—	—	—	—	—
<b>Total .....</b>	<b>¥1,577.4</b>	<b>¥1,426.3</b>	<b>¥151.1</b>	<b>¥6.9</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

Note: Since March 31, 2009, IPRE has been calculated using the PD/LGD approach.

## (2) Retail Exposures

## A. Residential Mortgage Exposures

## (A) Rating Procedures

- “Residential mortgage exposures” includes mortgage loans to individuals and some real estate loans in which the property consists of both residential and commercial facilities such as a store or rental apartment units, but excludes apartment construction loans.
- Mortgage loans are rated as follows.

Mortgage loans are allocated to a portfolio segment with similar risk characteristics in terms of (a) default risk determined using loan contract information, results of an exclusive grading model and a borrower category under self-assessment executed in accordance with the financial inspection manual of the Japanese FSA, and (b) recovery risk at the time of default determined using Loan To Value (LTV) calculated based on the assessment value of collateral real estate. LGDs are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.

Further, the portfolio is subdivided based on the lapse of years from the contract date, and the effectiveness of segmentation in terms of default risk and recovery risk is validated periodically.

Internal data are used to estimate and validate PDs and LGDs. The definition of default is the definition stipulated in the Notification.

## (B) Portfolio

	Billions of yen			Weighted average PD	Weighted average LGD	Weighted average ELdefault	Weighted average risk weight
	Exposure amount		Off-balance sheet assets				
	Total	On-balance sheet assets					
<b>March 31, 2009</b>							
Mortgage loans							
PD segment:							
Not delinquent							
Use model .....	¥ 9,551.6	¥ 9,471.1	¥80.5	0.38%	38.94%	—%	24.30%
Other .....	840.5	840.5	—	0.83	56.72	—	68.49
Delinquent .....	63.0	56.8	6.1	35.47	42.47	—	242.06
Default .....	121.1	120.5	0.6	100.00	48.48	45.46	37.79
<b>Total .....</b>	<b>¥10,576.1</b>	<b>¥10,488.9</b>	<b>¥87.2</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

	Billions of yen			Weighted average PD	Weighted average LGD	Weighted average ELdefault	Weighted average risk weight
	Exposure amount		Off-balance sheet assets				
	Total	On-balance sheet assets					
<b>March 31, 2008</b>							
Mortgage loans							
PD segment:							
Not delinquent							
Use model .....	¥ 9,086.6	¥ 8,993.8	¥ 92.8	0.39%	40.15%	—%	25.59%
Other .....	853.1	853.1	—	0.78	61.05	—	70.76
Delinquent .....	51.5	44.8	6.6	38.53	44.49	—	249.90
Default .....	114.9	114.2	0.8	100.00	43.27	40.94	29.07
<b>Total .....</b>	<b>¥10,106.1</b>	<b>¥10,005.9</b>	<b>¥100.2</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

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.

## B. Qualifying Revolving Retail Exposures (QRRE)

### (A) Rating Procedures

- “Qualifying revolving retail exposures” includes card loans and credit card balances.
- Card loans and credit card balances are rated as follows.

Card loans and credit card balances are allocated to a portfolio segment with similar risk characteristics determined based, for card loans, on the credit quality of the loan guarantee company, credit limit, settlement account balance and payment history, and, for credit card balances, on repayment history and frequency of use.

PDs and LGDs used to calculate credit risk-weighted asset amounts are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.

Further, the effectiveness of segmentation in terms of default risk and recovery risk is validated periodically.

Internal data are used to estimate and validate PDs and LGDs. The definition of default is the definition stipulated in the Notification.

### (B) Portfolio

	Billions of yen										
	Exposure amount					Undrawn amount	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average ELdefault	Weighted average risk weight
	Total	On-balance sheet assets		Off-balance sheet assets							
<b>March 31, 2009</b>		Balance	Increase								
Card loans											
PD segment:											
Not delinquent...	¥ 542.1	¥ 477.7	¥ 64.4	¥ —	¥ 167.8	38.37%	1.86%	85.89%	—%	49.01%	
Delinquent .....	12.8	12.4	0.4	—	3.5	11.56	22.19	76.35	—	206.51	
Credit card balances											
PD segment:											
Not delinquent...	979.3	648.7	330.7	—	4,008.1	8.25	1.15	79.86	—	26.88	
Delinquent .....	7.9	6.7	1.2	—	—	—	80.05	82.99	—	121.48	
Default .....	24.0	21.0	3.1	—	—	—	100.00	89.29	82.40	86.10	
<b>Total .....</b>	<b>¥1,566.1</b>	<b>¥1,166.3</b>	<b>¥399.7</b>	<b>¥—</b>	<b>¥4,179.4</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	

	Billions of yen										
	Exposure amount					Undrawn amount	Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average ELdefault	Weighted average risk weight
	Total	On-balance sheet assets		Off-balance sheet assets							
<b>March 31, 2008</b>		Balance	Increase								
Card loans											
PD segment:											
Not delinquent...	¥ 451.3	¥ 379.3	¥ 71.9	¥ —	¥ 146.2	49.18%	2.04%	83.41%	—%	51.67%	
Delinquent .....	59.9	58.7	1.2	—	8.6	14.24	47.35	90.63	—	257.00	
Credit card balances											
PD segment:											
Not delinquent...	978.3	653.0	325.3	—	3,795.9	8.57	1.14	79.82	—	26.80	
Delinquent .....	7.0	5.7	1.2	—	—	—	75.37	82.68	—	137.44	
Default .....	22.3	19.6	2.7	—	—	—	100.00	88.51	81.79	83.99	
<b>Total .....</b>	<b>¥1,518.7</b>	<b>¥1,116.4</b>	<b>¥402.3</b>	<b>¥—</b>	<b>¥3,950.7</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	

- 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.
2. “Weighted 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.”

## C. Other Retail Exposures

### (A) Rating Procedures

- “Other retail exposures” includes business loans such as apartment construction loans, standardized SME loans, and consumer loans such as My Car Loan.
- Business loans, standardized SME loans and consumer loans are rated as follows.
  - a. Business loans and standardized SME loans are allocated to a portfolio segment with similar risk characteristics in terms of (a) default risk determined using loan contract information, results of exclusive grading model and borrower category under self-assessment executed in accordance with the financial inspection manual of the Japanese FSA, and (b) recovery risk determined based on, for standardized SME loans, obligor attributes and, for business loans, LTV. PDs and LGDs are estimated

based on the default experience for each segment and taking into account the possibility of estimation errors.

b. Rating procedures for consumer loans depends on whether the loan is collateralized. Collateralized consumer loans are allocated to a portfolio segment using the same standards as for mortgage loans of “A. Residential Mortgage Exposures.”

Uncollateralized consumer loans are allocated to a portfolio segment based on account history. PDs and LGDs are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.

Further, the effectiveness of segmentation in terms of default risk and recovery risk is validated periodically.

Internal data are used to estimate and validate PDs and LGDs. The definition of default is the definition stipulated in the Notification.

### (B) Portfolio

	Billions of yen			Weighted average PD	Weighted average LGD	Weighted average ELdefault	Weighted average risk weight
	Exposure amount						
	Total	On-balance sheet assets	Off-balance sheet assets				
<b>March 31, 2009</b>							
Business loans							
PD segment:							
Not delinquent							
Use model .....	¥1,339.0	¥1,322.3	¥ 16.7	1.01%	59.94%	—%	56.15%
Other .....	381.3	380.6	0.8	0.67	61.95	—	28.28
Delinquent .....	551.8	548.5	3.3	25.13	67.72	—	98.83
Consumer loans							
PD segment:							
Not delinquent							
Use model .....	342.3	260.4	81.9	1.33	52.18	—	55.55
Other .....	214.9	213.0	1.9	1.80	62.13	—	77.49
Delinquent .....	47.8	47.7	0.2	24.60	46.49	—	111.02
Default.....	153.4	151.8	1.6	100.00	72.99	67.26	71.59
Total .....	¥3,030.6	¥2,924.2	¥106.4	—	—	—	—

	Billions of yen			Weighted average PD	Weighted average LGD	Weighted average ELdefault	Weighted average risk weight
	Exposure amount						
	Total	On-balance sheet assets	Off-balance sheet assets				
<b>March 31, 2008</b>							
Business loans							
PD segment:							
Not delinquent							
Use model .....	¥1,506.6	¥1,485.0	¥21.7	1.16%	62.77%	—%	59.31%
Other .....	231.9	231.6	0.4	1.25	56.70	—	57.41
Delinquent .....	524.7	520.8	3.9	11.72	67.99	—	110.04
Consumer loans							
PD segment:							
Not delinquent							
Use model .....	319.5	302.9	16.6	1.63	43.46	—	51.07
Other .....	240.8	238.7	2.1	1.81	65.68	—	81.19
Delinquent .....	38.0	37.6	0.3	31.17	47.27	—	120.99
Default.....	214.3	211.4	2.8	100.00	67.08	61.85	65.39
Total .....	¥3,075.9	¥3,028.0	¥47.9	—	—	—	—

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.

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

#### A. Equity Exposures

##### (A) Rating Procedures

When acquiring equities subject to the PD/LGD approach, issuers are assigned obligor grades using the same rules as those of general credits to C&I companies, sovereigns and financial institutions. The obligors are monitored (for details, please refer to page 39) and their grades are revised if necessary (credit risk-weighted asset amount is set to 1.5 times when they are not monitored individually). In the case there is no credit transaction with the issuer or it is difficult to obtain financial information, internal grades are assigned using ratings of external rating agencies if it is a qualifying investment. In the case it is difficult to obtain financial information and it is not a qualifying investment, the simple risk weight method under the market-based approach is applied.

## (B) Portfolio

## a. Equity Exposure Amounts

March 31	Billions of yen	
	2009	2008
Market-based approach .....	¥ 221.0	¥ 238.8
Simple risk weight method .....	219.7	191.0
Listed equities (300%) .....	40.6	60.1
Unlisted equities (400%) .....	179.1	130.9
Internal models method .....	1.3	47.9
PD/LGD approach .....	533.3	504.2
Grandfathered equity exposures .....	1,895.6	2,892.9
<b>Total .....</b>	<b>¥2,650.0</b>	<b>¥3,636.0</b>

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

March 31	Billions of yen					
	2009			2008		
	Exposure amount	Weighted average PD	Weighted average risk weight	Exposure amount	Weighted average PD	Weighted average risk weight
J1-J3 .....	¥472.4	0.07%	114.28%	¥481.8	0.08%	111.66%
J4-J6 .....	16.1	0.66	209.86	10.4	0.60	194.76
J7 (excluding J7R) .....	6.3	10.14	442.73	11.1	9.89	440.46
Other .....	38.4	0.17	106.93	0.9	2.60	275.48
Default (J7R, J8-J10) .....	0.0	100.00	—	0.1	100.00	—
<b>Total .....</b>	<b>¥533.3</b>	<b>—</b>	<b>—</b>	<b>¥504.2</b>	<b>—</b>	<b>—</b>

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 overseas corporate entities.

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

## (A) Outline of method for calculating credit risk assets

Exposures under Article 145 of the Notification include credits to funds. In the case of such exposures, in principle, each underlying asset of the fund is assigned an obligor grade to calculate the asset's credit risk-weighted asset amount and the amounts are totaled to derive the credit risk-weighted asset amount of the fund. When equity exposures account for more than half of the underlying assets of the fund, or it is difficult to directly calculate the credit risk-weighted asset amount of individual underlying assets, the credit risk-weighted asset amount of the fund is calculated using the simple majority adjustment method, in which credit risk-weighted assets are calculated using a risk weight of 400% (when the risk weighted average of individual assets underlying the portfolio is less than 400%) or a risk weight of 1250% (in other cases).

## (B) Portfolio

March 31	Billions of yen	
	2009	2008
Exposures under Article 145 of the Notification .....	¥743.6	¥1,010.8

## (4) Analysis of Actual Losses

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

SMFG recorded total credit costs (the total of the general provisions, non-performing loan write-offs, and gains on collection of written-off claims) of ¥767.8 billion on a consolidated basis for fiscal 2008, a year-on-year increase of ¥519.2 billion.

SMBC recorded ¥550.1 billion in total credit costs on a nonconsolidated basis in fiscal 2008, a year-on-year increase of ¥402.3 billion. In terms of exposure category, the credit cost for corporate exposures increased ¥268.1 billion year-on-year, to ¥411.4 billion. The principal factors were increased credit costs due to the dramatically worsening economic environment in Japan and overseas, and our making of additional provisions for future economic deterioration. The credit cost for bank exposures rose ¥22.6 billion year-on-year, to ¥22.7 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 ¥8.3 billion year-on-year, to ¥68.1 billion, principally due to higher default rates.

## Total Credit Costs

	Billions of yen			
	Fiscal 2008 (A)	Fiscal 2007 (B)	Fiscal 2006	Increase (decrease) (A) – (B)
SMFG (consolidated) total.....	¥767.8	¥248.6	¥145.0	¥519.2
SMBC (consolidated) total.....	724.4	221.6	122.9	502.8
SMBC (nonconsolidated) total.....	550.1	147.8	89.5	402.3
Corporate exposures.....	411.4	143.2	58.7	268.1
Sovereign exposures.....	(0.4)	0.4	(0.7)	(0.8)
Bank exposures.....	22.7	0.0	0.0	22.6
Residential mortgage exposures.....	0.5	0.1	0.5	0.4
QRRE.....	0.0	0.0	(0.1)	0.0
Other retail exposures.....	68.1	59.8	43.9	8.3

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 mortgage exposures 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					
	Fiscal 2008			Fiscal 2007		
	Estimated loss amounts		Actual loss amounts	Estimated loss amounts		Actual loss amounts
After deduction of reserves		After deduction of reserves				
SMFG (consolidated) total.....	¥ —	¥ —	¥767.8	¥ —	¥ —	¥248.6
SMBC (consolidated) total.....	—	—	724.4	—	—	221.6
SMBC (nonconsolidated) total.....	954.2	323.9	550.1	887.7	311.4	147.8
Corporate exposures.....	806.7	278.6	411.4	778.6	252.6	143.2
Sovereign exposures.....	9.0	7.5	(0.4)	11.2	9.6	0.4
Bank exposures.....	6.1	5.9	22.7	5.1	4.9	0.0
Residential mortgage exposures.....	4.0	3.6	0.5	4.6	4.1	0.1
QRRE.....	0.1	0.1	0.0	0.1	0.1	0.0
Other retail exposures.....	128.3	65.9	68.1	88.2	53.1	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.  
 4. Estimated loss amounts are totals calculated under the advanced IRB approach.

## Standardized Approach

### 1. Scope

The following consolidated subsidiaries have adopted the standardized approach for exposures as of March 31, 2009 (i.e. consolidated subsidiaries not listed in the "Internal Ratings-Based (IRB) Approach: 1. Scope" on page 164).

#### (1) Consolidated subsidiaries planning to adopt phased rollout of the foundation IRB approach

Sumitomo Mitsui Finance and Leasing Co., Ltd., THE MINATO BANK, LTD., and Kansai Urban Banking Corporation

#### (2) Other consolidated subsidiaries

These are consolidated subsidiaries judged not to be significant in terms of credit risk management based on the type of business, scale, and other factors. These subsidiaries will adopt the standardized approach on a permanent basis.

### 2. Credit Risk-Weighted Asset Calculation Methodology

A 100% risk weight is applied to claims on corporates in accordance with Article 145 of the Notification, and risk weights corresponding to country risk scores published by the Organization for Economic Co-operation and Development (OECD) are applied to claims on sovereigns and financial institutions.

### 3. Exposure Balance by Risk Weight Segment

	Billions of yen			
	2009		2008	
March 31		Assigned country risk score		Assigned country risk score
0% .....	¥ 1,681.0	¥143.0	¥ 1,208.0	¥ 96.0
10% .....	579.8	—	547.1	—
20% .....	686.5	290.0	748.8	318.4
35% .....	1,410.7	—	1,356.8	—
50% .....	188.6	1.1	156.7	1.1
75% .....	1,670.4	—	1,835.1	—
100% .....	6,247.0	0.1	6,397.6	0.3
150% .....	43.5	—	24.5	—
<b>Total</b> .....	<b>¥12,507.4</b>	<b>¥434.1</b>	<b>¥12,274.7</b>	<b>¥415.8</b>

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

### 1. Credit Risk Management Policy and Procedures

In calculating credit risk-weighted asset amounts, SMFG takes into account credit risk mitigation (CRM) techniques. Specifically, amounts are adjusted for eligible financial or real estate collateral, guarantees, and credit derivatives or by netting loans against the obligors' deposits with SMFG financial institutions. The methods and scope of these adjustments and methods of management are as follows.

#### (1) Scope and Management

##### A. Collateral (Eligible Financial or Real Estate Collateral)

SMBC designates deposits and securities as eligible financial collateral, and land and buildings as eligible real estate collateral.

Real estate collateral is evaluated by taking into account its fair value, appraisal value, and current condition, as well as our lien position. Real estate collateral must maintain sufficient collateral value in the event security rights must be exercised due to delinquency. However, during the period from acquiring the rights to exercising the rights, the property may deteriorate or suffer damages from earthquakes or other natural disasters, or there may be changes in the lien position due to, for example, attachment or establishment of liens by a third-party. Therefore, the regular monitoring of collateral is implemented according to the type of property and the type of security interest.

##### B. Guarantees and Credit Derivatives

Guarantors are sovereigns, municipal corporations, credit guarantee corporations and other public entities, financial institutions, and C&I companies. Counterparties to credit derivative transactions are mostly domestic and overseas banks and securities companies.

Credit risk-weighted asset amounts are calculated taking into account credit risk mitigation of guarantees and credit derivatives acquired from entities with sufficient ability to provide protection such as sovereigns, municipal corporations and other public sector entities of comparable credit quality, and financial institutions and C&I companies with sufficient credit ratings.

##### C. Netting of Loans against Deposits

SMBC verifies the legal effectiveness of netting arrangements for loans and deposits for each transaction. Specifically, lending transactions subject to the netting of loans against deposits are stipulated in the "Agreement on Bank Transactions", and fixed-term deposits that have fixed maturity dates and cannot be transferred to third-party entities are subject to netting. Regarding deposits with us submitted as collateral, their effect as credit risk mitigation is taken into account under the eligible financial collateral framework described in A. above.

Further, maturity dates and balances (including the post-netting situation) are monitored for subject loans and deposits in accordance with the Notification. When there is a maturity/currency mismatch, netting is executed after making adjustments as stipulated in the Notification, and the credit risk-weighted asset amount is calculated after netting.

#### (2) Concentration of Credit Risk and Market Risk Accompanying Application of Credit Risk Mitigation Techniques

At SMBC, there is a framework in place for controlling concentration of risk in obligors with large exposures which includes credit limit guidelines, risk concentration monitoring, and reporting to the Credit Risk Committee (please refer to page 36). Further, exposures to these obligors are monitored on a group basis, taking into account risk concentration in their parent companies in cases of guaranteed exposures.

When marketable financial products (for example, credit derivatives) are used as credit risk mitigants, market risk generated by these products is controlled by setting upper limits.

## 2. Exposure Balance after CRM

March 31	Billions of yen			
	2009		2008	
	Eligible financial collateral	Eligible real estate collateral	Eligible financial collateral	Eligible real estate collateral
Advanced IRB approach.....	¥ —	¥ —	¥ —	¥ —
Foundation IRB approach.....	0	84.5	5,070.6	3,081.8
Corporate exposures.....	0	84.5	997.0	3,080.3
Sovereign exposures.....	—	—	1,107.4	1.4
Bank exposures.....	—	—	2,966.2	0.1
Standardized approach.....	184.9	—	104.6	—
Total.....	¥184.9	¥84.5	¥5,175.2	¥3,081.8

Note: In line with the shift to the advanced IRB approach on March 31, 2009, most qualified collateral is taken into account in the LGD calculation. As a result, there exist no exposures after CRM, with the exception of certain consolidated subsidiaries which have adopted the foundation IRB approach.

March 31	Billions of yen	
	2009	
	Guarantee	Credit derivative
Advanced IRB approach.....	¥7,846.1	¥281.0
Corporate exposures.....	7,157.5	281.0
Sovereign exposures.....	249.4	—
Bank exposures.....	215.5	—
Residential mortgage exposures.....	223.6	—
QRRE.....	—	—
Other retail exposures.....	0.1	—
Standardized approach.....	290.6	—
Total.....	¥8,136.7	¥281.0

March 31	Billions of yen	
	2008	
	Guarantee	Credit derivative
Foundation IRB approach.....	¥5,078.6	¥302.5
Corporate exposures.....	4,189.8	302.5
Sovereign exposures.....	245.2	—
Bank exposures.....	399.9	—
Residential mortgage exposures.....	243.6	—
QRRE.....	—	—
Other retail exposures.....	0.2	—
Standardized approach.....	120.4	—
Total.....	¥5,199.0	¥302.5

Note: In line with the shift to the advanced IRB approach on March 31, 2009, the scope of qualified collateral has expanded and guarantee-based exposures after CRM have greatly increased.

## ■ Derivative Transactions and Long Settlement Transactions

### 1. Risk Management Policy and Procedures

#### (1) Policy on Collateral Security and Impact of Deterioration of Our Credit Quality

Collateralized derivative is a CRM technique in which collateral is delivered or received regularly in accordance with replacement cost. The Group conducts collateralized derivative transactions as necessary, thereby reducing credit risk. In the event our credit quality deteriorates, however, the counterparty may demand additional collateral, but its impact is deemed to be insignificant.

#### (2) Netting

Netting is another CRM technique, and “close-out netting” is the main type of netting. In close-out netting, when a default event, such as bankruptcy, occurs to the counterparty, all claims against, and obligations to, the counterparty, regardless of maturity and currency, are netted out to create a single claim or obligation.

Close-out netting is applied to foreign exchange and swap transactions covered under a master agreement with a net-out clause or other means of securing legal effectiveness, and the effect of CRM is taken into account only for such claims and obligations.

### 2. Credit Equivalent Amounts

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

##### A. Calculation Method

Current exposure method



## B. Credit Equivalent Amounts

March 31	Billions of yen	
	2009	2008
Gross replacement cost.....	¥5,963.9	¥4,796.6
Gross add-on amount.....	3,638.4	3,977.6
Gross credit equivalent amount.....	9,602.3	8,774.2
Foreign exchange related transactions .....	3,912.9	4,116.3
Interest rate related transactions .....	5,290.4	4,244.9
Gold related transactions.....	—	—
Equities related transactions .....	1.7	2.1
Precious metals (excluding gold) related transactions .....	—	—
Other commodity related transactions.....	206.7	289.5
Credit default swaps.....	190.7	121.4
Reduction in credit equivalent amount due to netting.....	5,087.1	4,535.8
Net credit equivalent amount.....	4,515.2	4,238.4
Collateral amount .....	—	170.7
Qualifying financial collateral .....	—	60.2
Qualifying real estate collateral .....	—	110.4
Net credit equivalent amount (after taking into account credit risk mitigation effect of collateral) .....	¥4,515.2	¥4,238.4

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

## (2) Notional Principal Amounts of Credit Derivatives

## Credit Default Swaps

March 31	Billions of yen			
	2009		2008	
	Notional principal amount	Of which for CRM	Notional principal amount	Of which for CRM
Protection purchased .....	¥ 846.8	¥281.0	¥1,559.0	¥302.5
Protection provided .....	1,107.5	—	1,134.7	—

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

## 1. Risk Management Policies and Procedures

Definition of securitization exposure has been clarified in order to properly identify, measure, evaluate and report risks, and a risk management department, independent of business units, has been established to centrally manage risks from recognizing securitization exposures to measuring, evaluating and reporting credit risk-weighted assets.

The Group takes one of the following positions in securitization transactions.

- Originator (a direct or indirect originator of underlying assets or a sponsor of an ABCP conduit or a similar program that acquires exposures from third-party entities)
- Investor
- Other (for example, provider of swap for preventing a mismatch between the dividend on trust beneficiary rights and cash flows generated by underlying assets on which the rights are issued)

## 2. Credit Risk-Weighted Asset Calculation Methodology

There are three methods of calculating the credit risk-weighted asset amount of securitization exposures subject to the IRB approach: the ratings-based approach, the supervisory formula, and the internal assessment approach. The methods are used as follows.

- First, securitization exposures are examined and the ratings-based approach is applied to qualifying exposures.
- The remaining exposures are examined and the supervisory formula is applied to qualifying exposures.
- The remaining exposures are deducted from capital.

The credit risk-weighted asset amount for securitization exposures subject to the standardized approach is calculated mostly using ratings published by qualifying rating agencies or based on weighted average risk weights of underlying assets as stipulated in the Notification.

### 3. Accounting Policy on Securitization Transactions

Accounting treatment of securitization of financial assets is as follows. Extinguishment of financial assets is recognized when the contractual rights over the financial assets are exercised, forfeited or control over the rights is transferred to a third-party, and the difference between the book value of the financial assets and the amount received/paid is recorded as the term's gain/loss. When the control over the contractual rights is not deemed to have been transferred, the securitization transaction is treated as a financial transaction such as a mortgage loan.

When a portion of financial assets satisfies the extinguishment condition, the extinguishment of the said portion is recognized and the difference between the book value of the extinguished portion and the amount received/paid is recorded as the term's gain/loss. The book value of the extinguished portion is calculated by allocating the book value of the financial assets based on the proportion of the financial assets' fair value that the extinguished portion represents.

Further, the remaining portion is subject to self-assessment, and write-offs and provisions are made as necessary.

### 4. Qualifying External Ratings Agencies

When computing credit risk-weighted asset amounts for securitization exposures using the rating-based approach under the IRB approach or standardized approach, the risk weights are determined by mapping the ratings of qualifying rating agencies to the risk weights stipulated in the Notification. The qualifying rating agencies are Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), Standard & Poor's Ratings Services (S&P), and Fitch Ratings Ltd. (Fitch). When more than one rating is available for an exposure, the second smallest risk weight is used, in accordance with the Notification.

### 5. Portfolio

#### (1) Securitization Transactions as Originator

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

##### (A) Underlying Assets

	Billions of yen						
	March 31, 2009			Fiscal 2008			
	Underlying asset amount			Securitized amount	Default amount	Loss amount	Gains/losses on sales
Total	Asset transfer type	Synthetic type					
Claims on corporates.....	¥ 151.7	¥ 151.7	¥ —	¥348.9	¥10.7	¥ 1.4	¥ —
Mortgage loans.....	1,712.1	1,712.1	—	91.4	1.0	0.3	5.6
Retail loans (excluding mortgage loans) .....	201.7	80.1	121.7	2.4	19.6	14.5	—
Other claims.....	284.5	87.2	197.3	113.1	0.1	1.1	0.0
<b>Total.....</b>	<b>¥2,350.0</b>	<b>¥2,031.0</b>	<b>¥318.9</b>	<b>¥555.8</b>	<b>¥31.5</b>	<b>¥17.2</b>	<b>¥5.6</b>

	Billions of yen						
	March 31, 2008			Fiscal 2007			
	Underlying asset amount			Securitized amount	Default amount	Loss amount	Gains/losses on sales
Total	Asset transfer type	Synthetic type					
Claims on corporates.....	¥ 273.8	¥ 171.3	¥102.5	¥ 657.9	¥ 7.5	¥0.3	¥ —
Mortgage loans.....	1,751.7	1,751.7	—	312.3	0.6	0.1	15.9
Retail loans (excluding mortgage loans) .....	260.2	64.1	196.1	154.2	43.4	6.6	—
Other claims.....	295.7	148.4	147.3	129.5	0.1	1.0	0.0
<b>Total.....</b>	<b>¥2,581.4</b>	<b>¥2,135.5</b>	<b>¥445.9</b>	<b>¥1,253.9</b>	<b>¥51.6</b>	<b>¥8.1</b>	<b>¥15.9</b>

- 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 Private Finance Initiative (PFI) 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

	Billions of yen					
	2009			2008		
	Term-end balance	To be deducted from capital	Increase in capital equivalent	Term-end balance	To be deducted from capital	Increase in capital equivalent
March 31						
Claims on corporates .....	¥ 52.0	¥ 1.9	¥ —	¥139.8	¥ 5.3	¥ —
Mortgage loans .....	178.4	35.1	42.1	170.1	35.9	44.0
Retail loans (excluding mortgage loans) ...	45.4	13.9	—	80.0	12.8	—
Other claims .....	147.6	9.3	—	90.9	20.5	—
Total .....	¥423.4	¥60.3	¥42.1	¥480.8	¥74.4	¥44.0

## b. Risk Weights

	Billions of yen			
	2009		2008	
	Term-end balance	Required capital	Term-end balance	Required capital
March 31				
20% or less .....	¥194.8	¥ 1.4	¥264.5	¥ 2.2
100% or less .....	20.0	0.6	5.7	0.1
650% or less .....	2.0	0.7	2.0	0.7
1250% or less .....	—	—	—	—
Capital deduction .....	206.7	60.3	208.6	74.4
Total .....	¥423.4	¥63.0	¥480.8	¥77.5

## B. As Sponsor

## (A) Underlying Assets

	Billions of yen					
	March 31, 2009			Fiscal 2008		
	Underlying asset amount			Securitized amount	Default amount	Loss amount
Total	Asset transfer type	Synthetic type				
Claims on corporates .....	¥ 796.9	¥ 796.9	¥ —	¥6,093.3	¥124.0	¥121.8
Mortgage loans .....	—	—	—	—	0.9	0.9
Retail loans (excluding mortgage loans) ...	142.4	142.4	—	619.1	5.4	6.9
Other claims .....	116.7	116.7	—	163.3	3.1	3.0
Total .....	¥1,056.0	¥1,056.0	¥ —	¥6,875.7	¥133.5	¥132.6

	Billions of yen					
	March 31, 2008			Fiscal 2007		
	Underlying asset amount			Securitized amount	Default amount	Loss amount
Total	Asset transfer type	Synthetic type				
Claims on corporates .....	¥790.6	¥790.6	¥ —	¥6,305.8	¥156.8	¥154.9
Mortgage loans .....	3.8	3.8	—	—	0.6	0.6
Retail loans (excluding mortgage loans) ...	54.1	54.1	—	142.4	1.2	3.3
Other claims .....	64.9	64.9	—	214.1	1.5	1.3
Total .....	¥913.5	¥913.5	¥ —	¥6,662.3	¥160.1	¥160.1

- Notes:
- The above amounts include the amount of underlying assets securitized during the term without entailing securitization exposure.
  - The "Default amount" is the total of underlying assets which are past due three months or more and defaulted underlying assets.
  - 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.
    - "Default amount" estimation method
      - For securitization transactions subject to the 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.
    - "Loss amount" estimation method
      - For securitization transactions subject to the 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.
  - "Other claims" includes lease fees.
  - Following Articles 230 and 248 of the Notification, there were no amounts that represent exposure to products subject to early call provisions to investors.
  - 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					
	2009			2008		
March 31	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 .....	¥648.4	¥1.2	¥—	¥608.1	¥0.1	¥—
Mortgage loans .....	—	—	—	3.8	—	—
Retail loans (excluding mortgage loans) ...	122.4	—	—	54.1	—	—
Other claims .....	111.7	—	—	59.7	—	—
<b>Total .....</b>	<b>¥882.5</b>	<b>¥1.2</b>	<b>¥—</b>	<b>¥725.7</b>	<b>¥0.1</b>	<b>¥—</b>

Note: "Other claims" includes lease fees.

## b. Risk Weights

	Billions of yen			
	2009		2008	
March 31	Term-end balance	Required capital	Term-end balance	Required capital
20% or less .....	¥826.0	¥6.0	¥634.1	¥3.9
100% or less .....	55.3	1.6	91.5	2.6
650% or less .....	—	—	—	—
1250% or less .....	—	—	—	—
Capital deduction .....	1.2	1.2	0.1	0.1
<b>Total .....</b>	<b>¥882.5</b>	<b>¥8.8</b>	<b>¥725.7</b>	<b>¥6.6</b>

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

## Securitization Exposures

## (A) Underlying Assets by Asset Type

	Billions of yen					
	2009			2008		
March 31	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 .....	¥261.7	¥50.1	¥—	¥339.5	¥66.0	¥—
Mortgage loans .....	—	—	—	—	—	—
Retail loans (excluding mortgage loans) ...	5.4	—	—	15.0	—	—
Other claims .....	15.3	1.0	—	24.6	10.6	—
<b>Total .....</b>	<b>¥282.4</b>	<b>¥51.1</b>	<b>¥—</b>	<b>¥379.1</b>	<b>¥76.6</b>	<b>¥—</b>

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			
	2009		2008	
March 31	Term-end balance	Required capital	Term-end balance	Required capital
20% or less .....	¥146.7	¥ 0.4	¥228.4	¥ 1.5
100% or less .....	26.7	1.7	35.0	1.6
650% or less .....	6.7	0.8	0.6	0.1
1250% or less .....	—	—	—	—
Capital deduction .....	102.3	51.1	115.1	76.6
<b>Total .....</b>	<b>¥282.4</b>	<b>¥54.0</b>	<b>¥379.1</b>	<b>¥79.9</b>

## ■ Equity Exposures in Banking Book

### 1. Risk Management Policy and Procedures

Securities in the banking book are properly managed, for example, by setting upper limits on the allowable amount of risk under the market or credit risk management framework selected according to their holding purpose and risk characteristics. For securities held as “other securities,” the upper limits are also set in terms of price fluctuation risk.

Regarding stocks of subsidiaries, assets and liabilities of subsidiaries are managed on a consolidated basis, and risks related to stocks of affiliates are recognized separately. Their risk as equity is not measured as upper limits on the allowable amount of risk are set for stocks of subsidiaries and affiliates, and the limits are established within the “risk capital limit” of SMFG, taking into account the financial and business situations of the subsidiaries and affiliates.

### 2. Valuation of Securities in Banking Book and Other Significant Accounting Policies

Stocks of subsidiaries and affiliates are carried at amortized cost using the moving-average method. Other securities with market prices (including foreign stocks) are carried at their average market prices during the final month of the fiscal year. Securities other than these securities are carried at their fiscal year-end market prices (cost of securities sold is calculated using primarily the moving-average method) and those with no available market prices are carried at cost using the moving-average method.

Net unrealized gains (losses) on other securities and net of income taxes are reported as a component of “net assets.” Derivative transactions are carried at fair value.

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

March 31	Billions of yen			
	2009		2008	
	Balance sheet amount	Fair value	Balance sheet amount	Fair value
Listed equity exposures.....	¥1,939.1	¥1,939.1	¥2,913.3	¥2,913.3
Stocks of subsidiaries and affiliates and equity exposures other than above .....	706.7	—	670.5	—
Total .....	¥2,645.8	¥ —	¥3,583.8	¥ —

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

	Billions of yen	
	Fiscal 2008	Fiscal 2007
Gains (losses) .....	¥(183.7)	¥ (7.1)
Gains on sale .....	15.2	61.5
Losses on sale .....	7.8	5.7
Devaluation.....	191.1	62.8

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

### 5. Unrealized Gains (Losses) Recognized on Consolidated Balance Sheet but Not on Consolidated Statements of Operations

March 31	Billions of yen	
	2009	2008
Unrealized gains (losses) recognized on consolidated balance sheet but not on consolidated statements of operations.....	¥6.0	¥940.3

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

### 6. Unrealized Gains (Losses) Not Recognized on Consolidated Balance Sheet or Consolidated Statements of Operations

March 31	Billions of yen	
	2009	2008
Unrealized gains (losses) not recognized on consolidated balance sheet or consolidated statements of operations.....	¥(49.7)	¥(24.4)

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

March 31, 2009	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Other	Total
Domestic operations (excluding offshore banking accounts)					
Manufacturing.....	¥10,224.7	¥ 134.5	¥ 605.5	¥1,872.6	¥ 12,837.3
Agriculture, forestry, fishery and mining.....	241.6	0.1	15.7	29.4	286.8
Construction.....	1,668.8	47.4	12.3	153.5	1,882.0
Transport, information, communications and utilities....	4,714.2	102.0	191.3	697.6	5,705.1
Wholesale and retail.....	6,576.8	83.1	627.3	568.7	7,855.8
Financial and insurance.....	11,915.5	981.7	1,427.4	315.3	14,639.9
Real estate.....	8,173.3	363.0	54.9	170.8	8,762.0
Services.....	6,540.2	123.7	89.4	612.0	7,365.3
Local municipal corporations.....	1,772.1	468.1	5.8	77.6	2,323.6
Other industries.....	20,607.4	18,948.3	30.6	4,756.3	44,342.6
Subtotal.....	¥72,434.6	¥21,251.7	¥3,060.2	¥9,253.8	¥106,000.4
Overseas operations and offshore banking accounts					
Sovereigns.....	¥ 1,544.9	¥ 895.1	¥ 5.0	¥ —	¥ 2,444.9
Financial institutions.....	2,766.4	265.7	940.1	49.4	4,021.5
C&I companies.....	10,294.4	213.0	498.3	—	11,005.7
Others.....	1,997.4	246.1	11.5	346.0	2,600.9
Subtotal.....	¥16,603.0	¥ 1,619.8	¥1,454.8	¥ 395.4	¥ 20,073.1
Total.....	¥89,037.6	¥22,871.6	¥4,515.0	¥9,649.2	¥126,073.4

March 31, 2008	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Other	Total
Domestic operations (excluding offshore banking accounts)					
Manufacturing.....	¥ 8,402.1	¥ 130.0	¥ 550.3	¥ 2,453.7	¥ 11,536.1
Agriculture, forestry, fishery and mining.....	317.4	0.1	13.7	61.3	392.6
Construction.....	1,745.7	38.0	16.0	147.6	1,947.2
Transport, information, communications and utilities....	4,173.9	127.6	177.3	757.4	5,236.2
Wholesale and retail.....	6,719.0	49.3	645.4	682.3	8,095.9
Financial and insurance.....	10,540.0	965.7	1,330.7	273.5	13,109.9
Real estate.....	8,580.1	263.0	55.9	285.5	9,184.5
Services.....	6,681.9	107.5	95.9	658.2	7,543.5
Local municipal corporations.....	2,592.3	604.9	4.4	6.1	3,207.8
Other industries.....	19,574.7	12,709.5	6.2	4,935.8	37,226.2
Subtotal.....	¥69,327.1	¥14,995.5	¥2,895.8	¥10,261.4	¥ 97,479.8
Overseas operations and offshore banking accounts					
Sovereigns.....	¥ 335.1	¥ 791.2	¥ 9.4	¥ —	¥ 1,135.7
Financial institutions.....	3,651.6	337.1	950.1	0.0	4,938.8
C&I companies.....	10,512.3	223.9	377.7	—	11,113.9
Others.....	1,956.8	290.9	2.9	347.3	2,597.9
Subtotal.....	¥16,455.8	¥ 1,643.0	¥1,340.1	¥ 347.3	¥ 19,786.2
Total.....	¥85,782.9	¥16,638.5	¥4,235.9	¥10,608.8	¥117,266.0

Notes: 1. The above amounts are exposure amounts after CRM.

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 Assets and Residual Term

March 31, 2009	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Other	Total
To 1 year .....	¥28,106.8	¥ 4,055.7	¥ 600.8	¥ 399.4	¥ 33,162.7
More than 1 year to 3 years.....	15,529.8	8,851.1	1,413.2	938.8	26,732.9
More than 3 years to 5 years.....	11,562.0	5,875.1	1,106.2	1,106.5	19,649.7
More than 5 years to 7 years.....	5,031.3	960.1	579.0	277.3	6,847.7
More than 7 years .....	22,396.3	3,129.6	815.9	180.6	26,522.3
No fixed maturity.....	6,411.5	—	—	6,746.7	13,158.2
Total.....	¥89,037.6	¥22,871.6	¥4,515.0	¥9,649.2	¥126,073.4

March 31, 2008	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Other	Total
To 1 year .....	¥27,614.5	¥ 3,003.3	¥ 653.2	¥ 373.7	¥ 31,644.8
More than 1 year to 3 years.....	13,973.9	4,301.5	1,452.3	927.9	20,655.6
More than 3 years to 5 years.....	12,047.3	5,687.3	1,048.3	1,158.8	19,941.8
More than 5 years to 7 years.....	4,836.6	873.0	476.4	310.1	6,496.0
More than 7 years .....	21,409.4	2,773.3	605.7	191.8	24,980.2
No fixed maturity.....	5,901.1	—	—	7,646.5	13,547.7
Total.....	¥85,782.9	¥16,638.5	¥4,235.9	¥10,608.8	¥117,266.0

Notes: 1. The above amounts are exposure amounts after CRM.

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

March 31	Billions of yen	
	2009	2008
Domestic operations (excluding offshore banking accounts) .....	¥2,174.3	¥1,759.4
Overseas operations and offshore banking accounts .....	297.3	140.7
Asia .....	23.4	42.0
North America .....	218.3	83.2
Other regions.....	55.6	15.4
Total.....	¥2,471.6	¥1,900.0

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

March 31	Billions of yen	
	2009	2008
<b>Domestic operations (excluding offshore banking accounts)</b>		
Manufacturing.....	¥ 206.5	¥ 180.4
Agriculture, forestry, fishery and mining.....	5.3	7.1
Construction.....	166.7	153.4
Transport, information, communications and utilities.....	130.6	96.9
Wholesale and retail.....	269.7	288.6
Financial and insurance.....	60.5	38.2
Real estate.....	720.3	325.1
Services.....	342.7	347.0
Other industries.....	272.0	322.6
Subtotal.....	¥2,174.3	¥1,759.4
<b>Overseas operations and offshore banking accounts</b>		
Financial institutions.....	¥ 62.3	¥ 1.0
C&I companies.....	235.1	139.7
Subtotal.....	¥ 297.3	¥ 140.7
<b>Total.....</b>	<b>¥2,471.6</b>	<b>¥1,900.0</b>

- 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

March 31	Billions of yen		
	2009	2008	Increase (decrease)
General reserve for possible loan losses.....	¥ 691.5	¥ 593.7	¥ 97.8
Loan loss reserve for specific overseas countries.....	1.3	0.0	1.3
Specific reserve for possible loan losses.....	1,102.1	819.6	282.5
Domestic operations (excluding offshore banking accounts).....	970.4	738.5	231.9
Overseas operations and offshore banking accounts.....	131.7	81.1	50.6
Asia.....	19.3	10.1	9.2
North America.....	75.8	68.1	7.7
Other regions.....	36.5	2.9	33.6
<b>Total.....</b>	<b>¥1,794.9</b>	<b>¥1,413.3</b>	<b>¥381.6</b>

- 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

March 31	Billions of yen		
	2009	2008	Increase (decrease)
General reserve for possible loan losses .....	¥ 691.5	¥ 593.7	¥ 97.8
Loan loss reserve for specific overseas countries .....	1.3	0.0	1.3
Specific reserve for possible loan losses .....	1,102.1	819.6	282.5
Domestic operations (excluding offshore banking accounts) .....	970.4	738.5	231.9
Manufacturing .....	128.1	76.3	51.8
Agriculture, forestry, fishery and mining .....	1.2	1.3	(0.1)
Construction .....	91.2	71.3	19.9
Transport, information, communications and utilities .....	45.9	49.2	(3.3)
Wholesale and retail .....	173.3	142.7	30.6
Financial and insurance .....	21.1	19.2	1.9
Real estate .....	224.1	110.9	113.2
Services .....	147.1	135.2	11.9
Other industries .....	138.4	132.4	6.0
Overseas operations and offshore banking accounts .....	131.7	81.1	50.6
Financial institutions .....	32.0	0.9	31.1
C&I companies .....	99.7	80.2	19.5
<b>Total .....</b>	<b>¥1,794.9</b>	<b>¥1,413.3</b>	<b>¥381.6</b>

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	
	Fiscal 2008	Fiscal 2007
Domestic operations (excluding offshore banking accounts)		
Manufacturing .....	¥ 46.1	¥ 25.7
Agriculture, forestry, fishery and mining .....	0.7	0.3
Construction .....	32.4	16.0
Transport, information, communications and utilities .....	11.3	11.3
Wholesale and retail .....	54.7	42.6
Financial and insurance .....	9.6	(0.0)
Real estate .....	52.9	(3.6)
Services .....	28.2	24.7
Other industries .....	44.6	18.7
Subtotal .....	¥280.5	¥135.7
Overseas operations and offshore banking accounts		
Financial institutions .....	¥ 5.6	¥ 0.0
C&I companies .....	16.3	6.0
Others .....	—	—
Subtotal .....	¥ 21.9	¥ 6.0
<b>Total .....</b>	<b>¥302.4</b>	<b>¥141.8</b>

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. Scope

The following approaches are used to calculate market risk equivalent amounts.

#### (1) Internal Models Approach

General market risk of SMBC, Sumitomo Mitsui Banking Corporation Europe Limited, SMBC Capital Markets, Inc., SMBC Capital Markets Limited, SMBC Derivative Products Limited, and SMBC Capital Markets (Asia) Limited

#### (2) Standardized Measurement Method

- Specific risk
- General market risk of consolidated subsidiaries other than SMBC, Sumitomo Mitsui Banking Corporation Europe Limited, SMBC Capital Markets, Inc., SMBC Capital Markets Limited, SMBC Derivative Products Limited, and SMBC Capital Markets (Asia) Limited

### 2. Valuation Method Corresponding to Transaction Characteristics

All assets and liabilities held in the trading book — therefore, subject to calculation of the market risk equivalent amount — are transactions with high market liquidity. Securities and monetary claims are carried at the fiscal year-end market price, and derivatives such as swaps, futures and options are stated at amounts that would be settled if the transactions were terminated at the consolidated balance sheet date.

### 3. VaR Results (Trading Book)

	Billions of yen	
	Fiscal 2008	Fiscal 2007
Fiscal year-end.....	¥2.0	¥2.2
Maximum.....	2.8	4.3
Minimum.....	1.4	2.1
Average.....	2.0	2.8

- 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. Figures for the trading book exclude specific risks.  
 3. Includes principal consolidated subsidiaries.

## ■ Interest Rate Risk in Banking Book

Interest rate risk in the banking book fluctuates significantly depending on the method of recognizing maturity of demand deposits (such as current accounts and ordinary deposits which funds can be withdrawn on demand) and the method of predicting early withdrawal from fixed-term deposits and prepayment of consumer loans. Key assumptions made by SMBC in measuring interest rate risk in the banking book are as follows.

### 1. Method of Recognizing Maturity of Demand Deposits

The total amount of demand deposits expected to remain with the bank for the long term (with 50% of the lowest balance during the past 5 years as the upper limit) is recognized as a core deposit amount and interest rate risk is measured for each maturity with 5 years as the maximum term (the average is 2.5 years).

### 2. Method of Estimating Early Withdrawal from Fixed-term Deposits and Prepayment of Consumer Loans

The rate of early withdrawal from fixed-term deposits and the rate of prepayment of consumer loans are estimated and the rates are used to calculate cash flows used for measuring interest rate risk.

### 3. VaR Results (Banking Book)

	Billions of yen	
	Fiscal 2008	Fiscal 2007
Fiscal year-end.....	¥41.4	¥23.3
Maximum.....	43.9	59.3
Minimum.....	26.9	20.9
Average.....	34.2	31.3

- 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.

## Operational Risk

### 1. Operational Risk Equivalent Amount Calculation Methodology

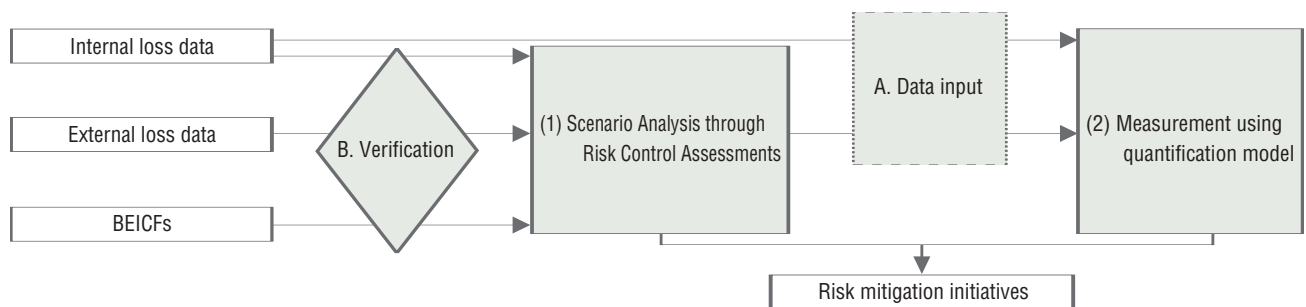
SMFG adopted the Advanced Measurement Approaches (AMA) for exposures as of March 31, 2008. As of March 31, 2009, the following consolidated subsidiaries have also adopted the AMA, and the remaining consolidated subsidiaries have adopted the Basic Indicator Approach (BIA).

Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Card Company, Limited, The Japan Research Institute, Limited, SMBC Friend Securities Co., Ltd., Sumitomo Mitsui Finance and Leasing Co., Ltd., Kansai Urban Banking Corporation, The Japan Net Bank, Limited, SMBC Guarantee Co., Ltd., SMBC Finance Service Co., Ltd., THE MINATO BANK, LTD., SMBC Center Service Co., Ltd., SMBC Delivery Service Co., Ltd., SMBC Green Service Co., Ltd., SMBC International Business Co., Ltd., SMBC International Operations Co., Ltd., SMBC Loan Business Service Co., Ltd., SMBC Market Service Co., Ltd., SMBC Loan Administration and Operations Service Co., Ltd., and Sumitomo Mitsui Banking Corporation Europe Limited.

Among companies which had previously adopted the BIA, Sumitomo Mitsui Finance and Leasing Co., Ltd. and Kansai Urban Banking Corporation adopted the AMA for exposures as of March 31, 2009.

### 2. Outline of the AMA

An outline of the AMA for operational risk management is described in the section on Risk Management. In this section, we would like to present an explanation of the preparation of data that is input into the quantification model and the verification of scenario assessment using internal loss data, external loss data, and Business Environment and Internal Control Factors (BEICFs). We will also give an outline of the methodology for measuring the operational risk equivalent amount (“required capital”) using the quantification model.



#### (1) Scenario Analysis through Risk Control Assessments

##### A. Preparation of Data Input into the Quantification Model

In order to estimate the frequency of occurrence of “low-frequency and high-severity” events, which is the purpose of risk control assessment, we estimate the loss frequency in terms of four loss amounts (¥100 million, ¥1 billion, ¥5 billion, and ¥10 billion) for each scenario, then input the total amount by loss event type for each entity, namely, SMFG (consolidated), SMBC (consolidated), and SMBC (nonconsolidated), into the quantification model.

At SMFG and SMBC, by using a different assessment method according to loss event type and organizational classification, we obtain a proper grasp of operational risk profile of the Group. The following section provides typical calculation examples for scenarios of SMBC domestic business offices.

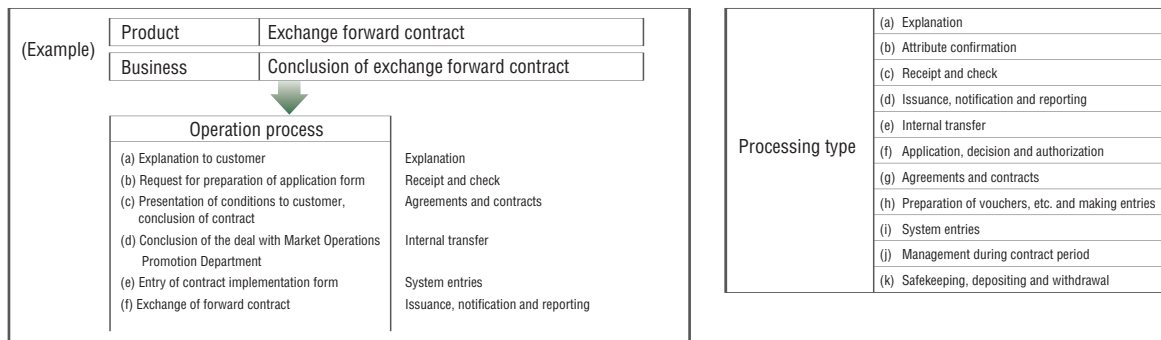
## (A) Deriving and Scoring Scenarios

## a. Deriving Scenarios

In order to grasp all potential risks of a business/product, we first identify “business processes & /products” stipulated in the “Common Procedures of Operations.” Then, we derive all possible scenarios for the generation of a loss event of prescribed magnitude by breaking down the operation process of each “business processes & /products” into “processing types.”

We evaluate each individual scenario on an operation process basis.

## Classification of Business, Products and Processing Type (Example)



## b. Scenario Assessment

In order to assess scenarios, it is necessary to quantify loss frequency and amount for each scenario. At SMBC, in order to quantify loss frequency for each scenario, we execute risk control assessments on each scenario.

In risk assessment, in order to measure the easiness of loss occurrence in each operation process before taking into account the risk management (control) situation, we set standards for various assessment items — transaction volume, volatility of transaction volume, time limits and so on — and the operation process is scored on how well the standards are met.

## Risk Scoring (Examples)

Perspective	Risk Items	What to Assess	Score
Easiness of making an error	(a) Transaction volume	Largeness of annual processing volume	1
	(b) Volatility of transaction volumes	Degree of concentration of processing on specific dates	0
	(c) Time limits	Shortness of deadlines and degree of urgency	2
	(d) Complexity of process	Degree of processing complexity, processing volume per task	1
	(e) Complexity of products	Product complexity	0
Easiness of an error leading to a clerical accident	(f) Deal with outside party	Easiness of error in transferring actual items/funds to customer/other bank leading to loss accident	0
	(g) Booking of business products	Easiness of error in handling of, or in notifying actions to be taken on, products with market risk leading to loss event	0

Control assessment is executed from the perspective of preventive control and detection & recovery control. We set standards for various items — establishment of manuals and procedures, processing authority and pre-process check, post-process check, and so on — and the operation process is scored on how well the standards are met.

### Control Assessment (Examples)

Perspective	Risk Items	What to Assess	Score
Design of procedures	(a) Establishment of manuals and procedures	Whether rules/ procedures/etc. have been documented or updated	1
	(b) Details of manuals and procedures	Whether there are rules for accurate processing execution without omissions and whether they are effective (excluding those included in below three risk items)	0
Authority and verification	(c) Processing authority and pre-process check	Assess processing authority, pre-process check	1
	(d) Post-process check	Assess post-process check and accident detection measures (assess only preventive measures)	0
System situation	(e) System processing	Degree of system processing	0

### (B) Quantifying Loss Frequency of Each Scenario

#### a. Generation of “Average Frequency Table” for Domestic Business Offices

To quantify loss frequency for domestic branches, we assume future loss frequency is similar to historical loss frequency. And we generate an average frequency table, which is used to estimate future loss frequency. The average frequency table comprises rows of total risk score and columns of total control score and the number of loss occurrences in a one-year period for each combination of scores is given.

As risk and control assessment items are expected to have different loss occurrence contribution ratios, we analyze their loss occurrence contribution ratios for each assessment item by executing a regression analysis and weight each assessment item.

#### Average Frequency Table (Example)

(Times/Year)

Total Score		Control					
		~2.0	2.4	2.8	3.2	3.6	4.0
Risk	5.5~	***	***	***	***	***	***
	4.5~5.5	***	***	***	***	***	***
	3.5~4.5	***	***	***	***	***	***
	2.5~3.5	***	***	***	***	2.40	***
	1.5~2.5	***	***	***	***	***	***
	0.5~1.5	***	***	***	***	***	***
	~0.5	***	***	***	***	***	***

#### b. Quantifying Loss Frequency of Each Scenario

Total risk assessment score and total control assessment score are calculated for each scenario taking into account the weight of each assessment item described above. Then, the loss frequency of each scenario (the number of times the loss event described in the scenario occurs during a one-year period) is estimated using the average frequency table.

### (C) Quantifying Loss Amount for Each Scenario

In order to quantify the loss amount for each scenario, we generate loss distribution for each “business process & product” by using the historical transaction data of SMBC. Specifically, we assume that the historical transaction volume follows a logarithmic normal (log-normal) distribution for each “business process & product” and generate the log-normal distribution.

**(D) Estimating the Frequency of Occurrence of the “Low-Frequency and High-Severity” Events**

In order to estimate the probability of occurrence in terms of four loss amounts (¥100 million, ¥1 billion, ¥5 billion, and ¥10 billion) for each scenario, we use a log-normal distribution function for each scenario.

Because we assume the log-normal distribution to each “business process & product,” in case one loss event occurs in a one-year period, potential loss can be regarded as likewise arising from log-normal distribution. Therefore, in this case, we estimate the probability of occurrence of four loss amounts by substituting each loss amount for the loss amount of log-normal distribution.

In case that one loss event occurs in a one-year period, the method described above is followed. However, in case that several numbers of loss events occur in a one-year period, it is conceivable that the events occurred independently of each other. Therefore, the probability of occurrence of several loss events can be calculated by the probability of one loss event raised to the power of its loss frequency.

As we quantify the loss frequency for each scenario using the average frequency table for loss events over a one-year period, we are able to estimate the probability of four loss amounts by the probability arising from the above log-normal distribution function, raised to the power of loss frequency derived from the frequency table.

After estimating the loss frequency in terms of the four loss amounts for each scenario, we sum results for each loss event type and input them into the quantification model for SMFG (consolidated), SMBC (consolidated), and SMBC (nonconsolidated).

**B. Verification of Scenarios Using Three Data Elements**

At SMFG and SMBC, the verifications of the assessments of scenarios using internal loss data, external loss data, and BEICFs (hereinafter, “3 data elements”) are implemented quarterly. Specifically, SMFG and SMBC use these data and information and use them to determine, on a quarterly basis, whether there are any scenarios that have been omitted and whether the assessments of the scenarios are appropriate to ensure the completeness and appropriateness of the scenarios.

**(A) Reassessment of Scenarios Using Internal Loss Data**

Both SMFG and SMBC, in principle, compile internal loss data on all gross loss amounts of at least one yen. From the data, internal loss data which fulfill the established criteria are drawn, and the content of the related loss events is considered; then, a judgment is made regarding whether or not to review the scenario in question. Specifically, we pose a number of issues to consider, such as whether the scenario exists at SMBC, and, if so, whether the deviation between the actual loss and the assessed value of the scenario is within the tolerance range. In considering these issues, we follow a set pattern of logical reasoning in making a decision on whether the scenario should be revised.

When we decide it is necessary to revise the scenario, we make a reassessment based on the internal loss data. In this process, we consider redeveloping and reassessing the scenario and other related matters to ensure that the internal loss data is properly reflected in the scenario.

**(B) Reassessment of Scenarios Using External Loss Data**

At SMFG and SMBC, we have a database containing more than 6,000 cases of external losses that have been taken from the mass media, including newspapers, and purchased from data vendors. A framework has been created to enable the sharing of this database across the Group.

From this database, we draw external loss data which fulfill the established criteria, and the content of the related loss events is considered; then, a judgment is made regarding whether or not to revise the scenario in question. Specifically, we pose a number of issues to consider, such as whether the scenarios in question exist at SMBC, and, if so, whether the deviation between the actual loss and the assessed value of the scenario is within the tolerance range. In considering these issues, we follow a set pattern of logical reasoning in making a decision on whether the scenario should be reviewed.

When we decide it is necessary for the scenario to be reviewed, we make a reassessment based on the external loss data. In this process, we consider deriving and reassessing the scenario and other related matters to ensure that the external loss data is properly reflected in the scenario.

**(C) Reassessment of Scenarios Using BEICFs**

At SMFG and SMBC, we compile data related to changes in laws and regulations, changes in internal rules, policies and procedures, and new business, products and process, all of which are business environment and internal control factors (BEICFs). We use this information to consider periodically whether our scenarios should be reconsidered, and, even for events other than those listed previously, when major changes occur in the business environment, our systems provide, as necessary, for the consideration of whether scenarios should be revised.

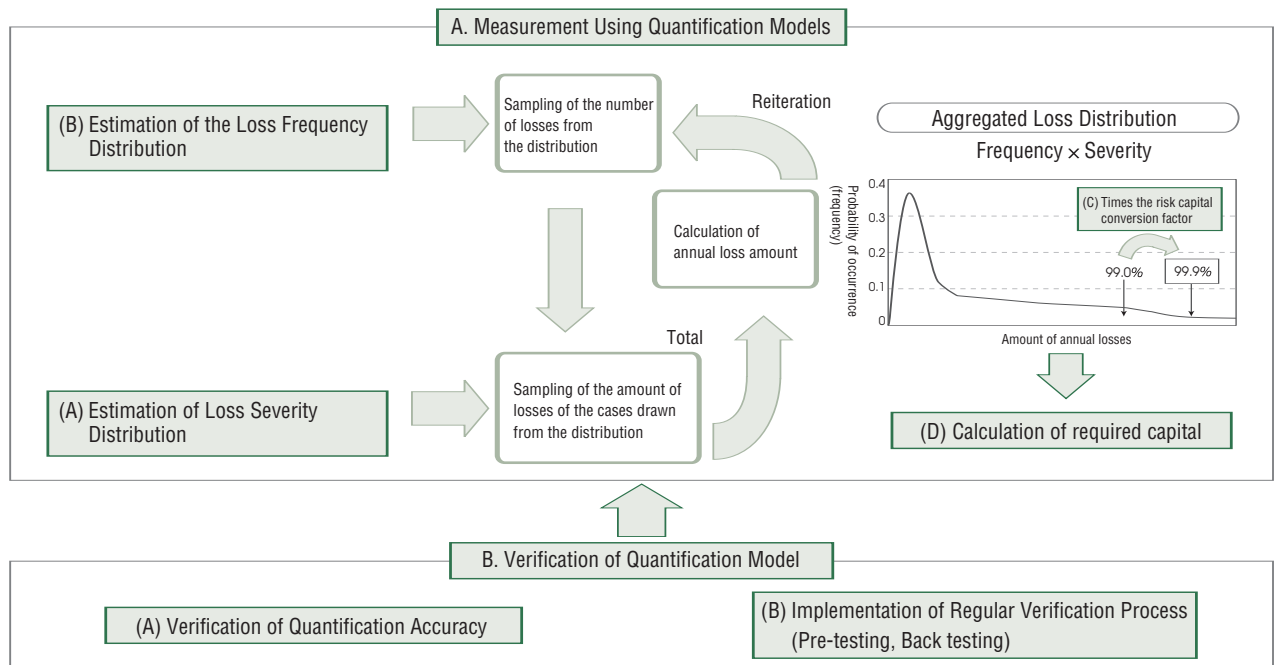
When we decide it is necessary for the scenario to be reviewed, we make a reassessment based on the information related to changes and other factors in BEICFs. In this process, we consider redeveloping and reassessing the scenario and other related matters to ensure that the changes in BEICFs are properly reflected in our scenarios.

**(2) Measurement Using Quantification Models**

When calculating operational risk using the quantification model, firstly, we input seven-year historical internal loss data and the data on the frequency of “low-frequency and high-severity” events in terms of four loss amounts, which have been estimated through risk control assessments, and generate a loss distribution. Secondly, we use this distribution to estimate the maximum loss amount with a 99.0 percentile confidence interval (hereinafter referred to as 99.0% VaR). Thirdly, we multiply this maximum loss by a number, which we call “the risk capital conversion factor,” to estimate 99.9% VaR. Finally, we calculate required capital by using a multiplier that has been determined based on the number of times in which actual losses have exceeded predicted losses through the use of back testing. In estimation of the aggregated loss distribution, we need to estimate the loss severity and frequency distribution.

In addition, we confirm whether the quantification model is functioning appropriately and conservatively in measuring operational risk by implementing various types of sensitivity analysis and verification tests.

The following chart puts the main points of this quantification method in order and explains how the results of measurement are verified.



**A. Measurement Using the Quantification Model**

**(A) Estimation of Loss Severity Distribution**

**a. Smoothed Bootstrap Method**

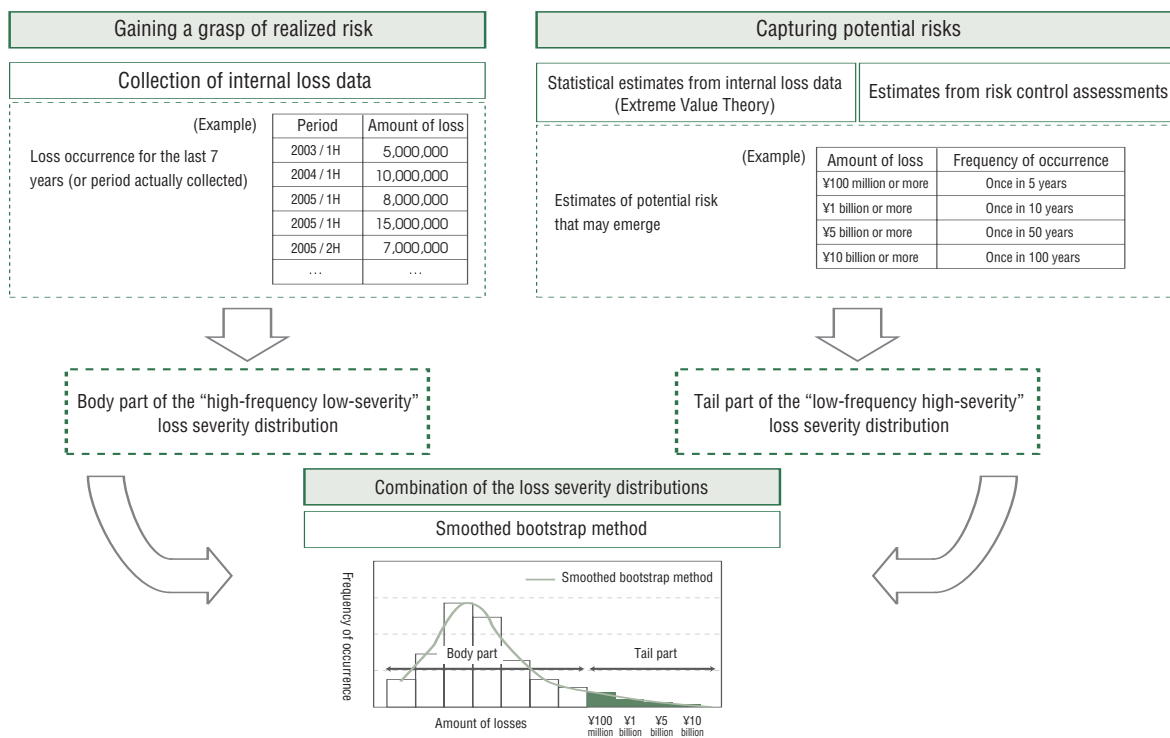
We employ the “smoothed bootstrap” method for generating the loss distribution. The smoothed bootstrap method is one of the methods that connect the distribution, of the realized risk and the potential risk event, smoothly. Under this method, no assumptions are made about the shape of the distribution as a whole, but assumptions are on the individual distribution related to realized individual losses. Therefore, this method takes advantage of the widely known parametric method as well as the non-parametric one.

Under the non-parametric method, if we use historical internal loss data to generate the loss severity distribution, we are not able to create the samples outside the actual observation points, and also it is particularly difficult to create a distribution with a fat tail. However, through the use of the method that can combine such data (on actual observations) with data on potential risks, it becomes possible to create large losses that occur rarely (with a potential impact) and that have not actually been found in historical internal loss data. In generating the distribution, while “high-frequency low-severity” events are based on sufficient historical internal loss data volume, for “low-frequency high-severity” events in the tail of the distribution, the historical internal data volume is insufficient. This approach makes it possible to reflect the severity (frequency of occurrence) of potential risk that has been assessed in the risk control assessments. In this way, using this model, realized risks and potential risks can be combined with congruity.

In estimating the loss distribution under this method, the Kernell function is applied to the loss data to derive “Kernell estimate” by the pile-up of functions. In particular, the log-normal distribution is applied as the Kernell function.

**b. Supplementing Results of Risk Control Assessments with Extreme Value Theory**

In order to capture potential risks, a statistical method known as Extreme Value Theory is used in addition to the results of risk control assessments. Extreme Value Theory is the statistical assessment method by which risks that may occur in the future accompanying larger losses than the actually observed ones in the internal loss data can be quantified, and fulfills the role of supplementing the risk control assessments.





**(B) Estimation of Loss Frequency Distribution**

The Poisson distribution is used for generating the loss frequency distribution. To estimate the Poisson distribution, it is necessary to estimate the average number of annual losses, but in this model, we do not simply take the annual average of all cases of losses for the entire period (several fiscal years) but instead, estimate the annual average number of loss cases for each fiscal year individually. Through this approach, we are able to take account of the deviations in the historical incidence of losses for different periods and are able to estimate loss cases that may occur in the future more appropriately.

**(C) Risk Capital Conversion Factor  $\gamma$** 

We calculate 99.0% VaR from the estimated aggregated loss distribution, and then multiply the risk capital conversion factor  $\gamma$  (gamma) in order to compute 99.9% VaR. By introducing  $\gamma$  it is unnecessary to estimate 99.9% VaR directly which can be estimated with lower accuracy, and it provides with stable estimation results by estimating 99.0% VaR which can be estimated with higher accuracy.

The factor  $\gamma$  means the ratio between 99.9% VaR and 99.0% VaR. In other words, it is the risk profile of the loss distribution and an indicator for the characteristics of the tail part of the distribution. The risk profile of the loss distribution is different for each loss event type, by which the calculation is performed. In addition, we have verified statistically that it could differ among SMFG (consolidated), SMBC (consolidated), and SMBC (nonconsolidated). To reflect their characteristics, we set a different value of  $\gamma$  for each entity. There is a tendency for  $\gamma$  to become smaller, etc., when there is a distribution of large expected losses or when the tail of the distribution is highly dense.

When setting  $\gamma$  initially, we conduct an analysis, taking into account the possibility of changes in the risk profiles of many types of loss distributions, and set values that maintain the stability and the conservativeness of capital. In addition, we assess changes in the risk profiles of the most recent loss distributions, including the present one, and, when changes are above a certain level, we conduct a review of the  $\gamma$  values. This makes it possible to keep values of  $\gamma$  appropriate to changes in the risk profile of the loss distribution and calculate stable values of required capital.

**(D) Calculation of Required Capital**

We calculate required capital by multiplying the 99.9% VaR calculated in the previous section by the multiplier for each loss event type that has been determined based on the number of breaches in back testing. As will be mentioned later, back testing is conducted periodically, and, when realized risk is found to be greater than the risks estimated with the quantification model (back testing excess), we take necessary steps, such as multiplying by the multiplier determined through prior analysis, to maintain the conservativeness of required capital estimates.

We then add the required capital amounts calculated for each loss event type to compute the required capital for SMFG (consolidated), SMBC (consolidated), and SMBC (nonconsolidated).

Please note that in calculating required capital, we do not subtract expected losses.

**B. Verification of the Quantification Model**

We conduct a range of sensitivity and verification tests to ensure that the measurement results of the quantification model are appropriate (quantification accuracy) and to confirm that our model is capable of measuring the amounts corresponding to the maximum losses from operational risk that may be incurred for a one year holding period, with a one-sided 99.9 percentile confidence interval. In the following paragraphs, we would like to explain the methods for assessing the quantification accuracy of our measurements and the framework we have in place for regular verifications.

**(A) Verification of Quantification Accuracy**

We have confirmed the reliability of the quantification model through a verification process from various perspectives. Specifically, we obtain a quantitative grasp of the possibilities for variation in measurement results that may arise from preconditions or assumptions made at the time the models were designed. In particular, we assess the possibilities for underestimating required capital and the possible magnitude of such underestimates. Then, in our periodic verification framework, which is described below, we make analyses of how to compensate for such underestimates. We apply our understanding of the possibilities for underestimation to the multiplier derived from back testing, and, if the accuracy of the quantification model deteriorates, we introduce a framework for making adjustments in the multiplier to avoid underestimating the amount of required capital.

**(B) Implementation of Regular Verification Process**

To confirm the appropriateness of the quantification model on a continuing basis, we conduct a regular verification process. Specifically, there are two types of verifications. One is back testing, which enables us to make a comprehensive judgment on the appropriateness of measurement results, and the other is pre-testing, in which we verify the accuracy of the quantification model prior to conducting actual measurements. In the following paragraphs, we present an explanation of these two test types.

**a. Back Testing**

In conducting back tests, we compare the estimates made by the quantification model with the maximum loss arising from business activities to verify on an ex post facto basis whether the measurement results obtained from the model are conservative enough and appropriate. When actual losses become greater than the losses estimated by the model (actual losses exceed the estimate when back tests are conducted), we apply the multiplier factor in accordance with the number of excesses in order to ensure conservativeness of quantification results.

Back testing is a well-known method for verifying comprehensively the appropriateness of VaR (statistical) models. We employ the test to obtain the maximum loss amount with the given confidence interval which the tests work effectively. By comparing the test results with the losses that actually occur, we increase the effectiveness of back testing.

**b. Pre-testing**

Pre-testing is conducted periodically, prior to use of the model for actual measurements, to verify whether the possibility of underestimation is increasing (model risk is rising), since it is possible that the multiplier used in back testing may lead to underestimation. As a result of pre-test verifications, we are able to confirm, on a continuing basis, whether the multiplier used in back testing are conservative enough or whether model risk is emerging.

**3. Usage of Insurance to Mitigate Risk**

SMFG had not taken measures to mitigate operational risk through insurance coverage for exposures as of March 31, 2009.

**4. Required Capital by Operational Risk Measurement Method**

March 31	Billions of yen	
	2009	2008
Advanced Measurement Approaches .....	¥223.5	¥224.5
Basic Indicator Approach .....	21.6	43.7
Total .....	¥245.1	¥268.2

# Capital Ratio Information

Sumitomo Mitsui Banking Corporation and Subsidiaries

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

March 31		Millions of yen	
		2009	2008
Tier I capital:	Capital stock.....	¥ 664,986	¥ 664,986
	Capital surplus .....	1,603,672	1,603,512
	Retained earnings .....	448,750	861,508
	Cash dividends to be paid .....	(19,947)	(15,383)
	Unrealized losses on other securities .....	(60,148)	—
	Foreign currency translation adjustments .....	(120,606)	(28,468)
	Stock acquisition rights .....	66	43
	Minority interests .....	1,972,044	1,462,222
	Goodwill and others .....	(0)	(2)
	Gain on sale on securitization transactions.....	(42,102)	(44,045)
	Amount equivalent to 50% of expected losses in excess of provision .....	(3,207)	—
	<b>Total Tier I capital (A) .....</b>	<b>4,443,507</b>	<b>4,504,375</b>
Tier II capital:	Unrealized gains on other securities after 55% discount .....	—	338,561
	Land revaluation excess after 55% discount.....	37,211	37,220
	General reserve for possible loan losses .....	58,610	44,969
	Excess amount of provision .....	—	89,794
	Subordinated debt.....	2,303,618	2,523,062
	<b>Total Tier II capital.....</b>	<b>2,399,439</b>	<b>3,033,608</b>
	<b>Tier II capital included as qualifying capital (B) .....</b>	<b>2,399,439</b>	<b>3,033,608</b>
Deductions:	(C) .....	284,199	339,552
Total qualifying capital:	(D) = (A) + (B) – (C) .....	¥ 6,558,747	¥ 7,198,431
Risk-weighted assets:	On-balance sheet items .....	¥37,853,376	¥45,445,432
	Off-balance sheet items .....	7,364,078	10,194,881
	Market risk items .....	248,081	402,197
	Operational risk .....	2,882,871	2,971,224
	Amount obtained by multiplying by 12.5 the excess of the amount obtained by multiplying the old required capital by the rate prescribed by the Notification over the new required capital .....	83,273	—
	<b>Total risk-weighted assets (E) .....</b>	<b>¥48,431,681</b>	<b>¥59,013,736</b>
Tier I risk-weighted capital ratio:	(A) / (E) × 100 .....	9.17%	7.63%
Total risk-weighted capital ratio:	(D) / (E) × 100 .....	13.54%	12.19%
Required capital:	(E) × 8% .....	¥ 3,874,534	¥ 4,721,098

### (Reference)

The consolidated capital ratio (International Standard) as of March 31, 2009, calculated using the foundation IRB approach is 11.99%.

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

March 31		Millions of yen	
		2009	2008
Tier I capital:	Capital stock.....	¥ 664,986	¥ 664,986
	Capital reserve .....	665,033	665,033
	Other capital surplus .....	702,514	702,514
	Other retained earnings .....	501,178	894,560
	Other .....	813,353	953,936
	Cash dividends to be paid.....	(19,947)	(15,383)
	Unrealized losses on other securities .....	(52,741)	—
	Gain on sale on securitization transactions.....	(42,102)	(44,045)
	Amount equivalent to 50% of expected losses in excess of provision.....	(36,100)	—
	Deductions of deferred tax assets.....	(29,108)	(58,930)
	<b>Total Tier I capital (A) .....</b>	<b>3,167,065</b>	<b>3,762,673</b>
Tier II capital:	Unrealized gains on other securities after 55% discount .....	—	339,932
	Land revaluation excess after 55% discount.....	30,722	30,774
	General reserve for possible loan losses .....	—	—
	Excess amount of provision .....	—	8,282
	Subordinated debt.....	3,171,369	2,683,172
	<b>Total Tier II capital.....</b>	<b>3,202,092</b>	<b>3,062,160</b>
	<b>Tier II capital included as qualifying capital (B) .....</b>	<b>3,167,065</b>	<b>3,062,160</b>
Deductions:	(C) .....	294,838	272,393
Total qualifying capital:	(D) = (A) + (B) - (C) .....	¥ 6,039,292	¥ 6,552,440
Risk-weighted assets:	On-balance sheet items .....	¥34,131,307	¥40,580,140
	Off-balance sheet items .....	6,518,178	8,619,697
	Market risk items .....	193,298	257,905
	Operational risk .....	2,160,664	2,241,099
	Amount obtained by multiplying by 12.5 the excess of the amount obtained by multiplying the old required capital by the rate prescribed by the Notification over the new required capital .....	572,410	—
	<b>Total risk-weighted assets (E).....</b>	<b>¥43,575,860</b>	<b>¥51,698,842</b>
Tier I risk-weighted capital ratio:	(A) / (E) × 100 .....	7.26%	7.27%
Total risk-weighted capital ratio:	(D) / (E) × 100 .....	13.85%	12.67%
Required capital:	(E) × 8% .....	¥ 3,486,068	¥ 4,135,907

#### (Reference)

The nonconsolidated capital ratio (International Standard) as of March 31, 2009, calculated using the foundation IRB approach is 12.28%.



# Corporate Data

## Sumitomo Mitsui Financial Group, Inc.

### ■ Board of Directors, Corporate Auditors, and Executive Officers (as of June 30, 2009)

#### BOARD OF DIRECTORS

##### Masayuki Oku

Chairman of the Board and Representative Director

##### Teisuke Kitayama

President and Representative Director

##### Fumihiko Tanizawa

Senior Managing Director  
Audit Dept.

##### Takeshi Kunibe

Director  
Public Relations Dept., Corporate Planning Dept.,  
Financial Accounting Dept., Strategic Financial Planning Dept.,  
Subsidiaries & Affiliates Dept.

##### Satoru Nakanishi

Director  
Consumer Business Planning Dept.

##### Junsuke Fujii

Director  
General Affairs Dept., Human Resources Dept.,  
Corporate Risk Management Dept.

##### Shigeru Iwamoto

Director (outside)

##### Yoshinori Yokoyama

Director (outside)

##### Kuniaki Nomura

Director (outside)

#### CORPORATE AUDITORS

##### Hiroki Nishio

Corporate Auditor

##### Yoji Yamaguchi

Corporate Auditor

##### Hideo Sawayama

Corporate Auditor

##### Hiroshi Araki

Corporate Auditor (outside)

##### Ikuo Uno

Corporate Auditor (outside)

##### Satoshi Ito

Corporate Auditor (outside)

#### EXECUTIVE OFFICERS

##### Wataru Ohara

Deputy President  
Corporate Risk Management Dept.

##### Hideo Shimada

Senior Managing Director  
IT Planning Dept.  
Director of The Japan Research Institute, Limited

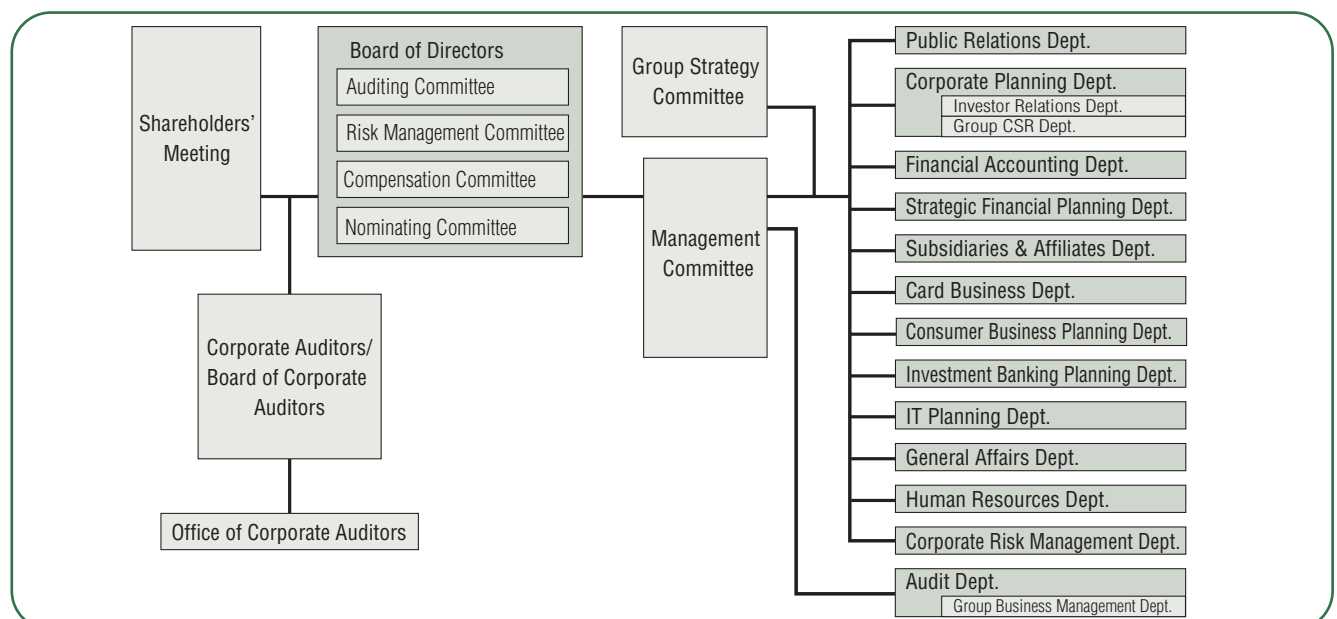
##### Tetsuya Kubo

Senior Managing Director  
Investment Banking Planning Dept.

##### Kazuya Jono

Managing Director  
Card Business Dept.  
President of SMFG Card & Credit, Inc.

### ■ SMFG Organization (as of June 30, 2009)



# Sumitomo Mitsui Banking Corporation

## ■ Board of Directors, Corporate Auditors, and Executive Officers (as of June 30, 2009)

### BOARD OF DIRECTORS

#### *Chairman of the Board*

**Teisuke Kitayama**

#### *President*

**Masayuki Oku\***

#### *Vice Chairman of the Board*

**Kenjiro Nakano**

#### *Deputy Presidents*

**Shigenobu Aikyo\***

Head of Middle Market Banking Unit  
Corporate Advisory Division

**Wataru Ohara\***

Risk Management Unit (Corporate Risk Management Dept.,  
Credit & Investment Planning Dept.)

**Yoshinori Kawamura\***

Head of Corporate Banking Unit and International Banking Unit  
Global Advisory Dept.

#### *Senior Managing Directors*

**Hideo Shimada\***

IT Planning Dept., IT Business Promotion Dept., Operations Planning  
Dept., Operations Support Dept., Director of The Japan Research  
Institute, Limited

**Keiichi Ando\***

Corporate Research Dept., Credit Administration Dept.  
Deputy Head of Corporate Banking Unit (Credit Dept.) and Investment  
Banking Unit (Structured Finance Credit Dept., Trust Services Dept.)

**Takeshi Kunibe\***

Public Relations Dept., Corporate Planning Dept., Financial  
Accounting Dept., Strategic Financial Planning Dept., Subsidiaries &  
Affiliates Dept.

**Tetsuya Kubo\***

Head of Investment Banking Unit

**Satoru Nakanishi\***

Head of Consumer Banking Unit

**Junsuke Fujii\***

Human Resources Dept., Human Resources Development Dept.,  
Quality Management Dept., General Affairs Dept., Legal Dept.,  
Administrative Services Dept.

**Koichi Miyata\***

Head of Treasury Unit  
Human Resources Dept., Human Resources Development Dept.

#### *Directors (outside)*

**Shigeru Iwamoto**

**Yoshinori Yokoyama**

**Kuniaki Nomura**

\*Executive Officers

### CORPORATE AUDITORS

**Nobuo Tsukuni**

Corporate Auditor

**Hiroki Yaze**

Corporate Auditor

**Hiroshi Araki**

Corporate Auditor (outside)

**Ikuo Uno**

Corporate Auditor (outside)

**Satoshi Ito**

Corporate Auditor (outside)

**Hiroki Nishio**

Corporate Auditor

### EXECUTIVE OFFICERS

#### *Managing Directors*

**Koki Nomura**

Deputy Head of Middle Market Banking Unit (in charge of East Japan)

**Kazumasa Hashimoto**

Deputy Head of Middle Market Banking Unit (in charge of West Japan)

**Kozo Masaki**

Deputy Head of Middle Market Banking Unit and International Banking Unit  
Global Advisory Dept.

Chairman of Sumitomo Mitsui Banking Corporation (China) Limited

**Jun Mizoguchi**

Head of Europe Division

President of Sumitomo Mitsui Banking Corporation Europe Limited

**Tatsuo Yamanaka**

Head of Corporate Advisory Division

**Kazuya Jono**

Deputy Head of Consumer Banking Unit

Head of Private Advisory Dept.

President of SMFG Card & Credit, Inc.

**Hideo Hiyama**

Deputy Head of International Banking Unit

**Naoyuki Kawamoto**

General Manager, Corporate Risk Management Dept.

**Koichi Minami**

Deputy Head of Middle Market Banking Unit (Credit Dept. I)

**Yoshihiko Shimizu**

Internal Audit Dept., Credit Review Dept.

**Yuichiro Takada**

Tokyo Corporate Banking Division (Tokyo Corporate Banking Depts. I,  
II, and III)

**Koichi Danno**

Head of The Asia Pacific Division

**Hiroshi Minoura**

Head of The Americas Division

**Mitsunori Watanabe**

Tokyo Corporate Banking Division (Tokyo Corporate Banking Depts.  
IV, V, and VI)

**Yujiro Ito**

General Affairs Dept., Legal Dept., Administrative Services Dept.

**Shuichi Kageyama**

Osaka Corporate Banking Division (Osaka Corporate Banking Depts. I, II, and III)

**Seiichiro Takahashi**

Deputy Head of Treasury Unit

**Hidetoshi Furukawa**

Nagoya Corporate Banking Division (Nagoya Corporate Banking Dept.)  
Head of Nagoya Middle Market Banking Division

**Ikuhiko Morikawa**

Deputy Head of Consumer Banking Unit

*Directors***Katsunori Okubo**

General Manager, Hong Kong Branch

**Kazuhiro Shibata**

Deputy Head of Middle Market Banking Unit

**Hiroyuki Iwami**

General Manager, Tokyo Corporate Banking Dept. III

**Yuichiro Ueda**

General Manager, Credit Dept., Corporate Banking Unit

**Shusuke Kurose**

IT Planning Dept., IT Business Promotion Dept., Operations Planning Dept., Operations Support Dept.

**Nobuaki Kurumatani**

General Manager, Corporate Planning Dept.

**Toshimi Tagata**

General Manager, Real Estate Finance Dept.

**Masaki Tachibana**

Deputy Head of Corporate Advisory Division

**Kohei Hirota**

Head of Shinjuku Middle Market Banking Division, Saitama Ikebukuro Middle Market Banking Division and Shibuya Middle Market Banking Division

**Yoshimi Miura**

General Manager, Nagoya Corporate Banking Dept.

**William M. Ginn**

General Manager, Corporate Banking Dept.-II, Americas Division and Specialized Finance Dept., Americas Division  
Chairman of SMBC Leasing and Finance, Inc.

**Nicholas Andrew Pitts-Tucker**

Co-General Manager, Structured Finance Dept., Europe Division and International Finance Dept., Europe Division  
Director of Sumitomo Mitsui Banking Corporation Europe Limited

**Hikota Koshika**

Head of Kobe Middle Market Banking Division

**Ryosuke Harada**

Deputy Head of Middle Market Banking Unit (Credit Dept. II)

**Haruhide Maeda**

General Manager, Himeji Corporate Business Office

**Nobuo Iida**

Head of Osaka Kita Middle Market Banking Division and Osaka Minami Middle Market Banking Division

**Takahiko Kato**

General Manager, Singapore Branch

**Ichiro Onishi**

Deputy Head of Consumer Banking Unit

**Kazunori Okuyama**

Vice Chairman and President of Sumitomo Mitsui Banking Corporation (China) Limited

**Fumitoshi Onodera**

Head of Tokyo Toshin Middle Market Banking Division and Yokohama Middle Market Banking Division

**Hiroshi Kobayashi**

(Special Appointive Director)

**Toru Nagamoto**

General Manager, Internal Audit Dept.

**Atsuhiko Inoue**

General Manager, Osaka Corporate Banking Dept. I

**Shogo Sekimoto**

General Manager, Tokyo Corporate Banking Dept. I

**Toshiyuki Teramoto**

General Manager, Credit Dept. I, Middle Market Banking Unit

**Manabu Narita**

General Manager, Planning Dept., Corporate Banking Unit & Middle Market Banking Unit

**Chris Chan Chi Keung**

General Manager, Corporate Banking Dept., Greater China

**Shinichi Hayashida**

General Manager, Credit Management Dept., International Banking Unit

**Shunso Matsuda**

General Manager, Nihonbashi Corporate Business Office

**Tadashi Matsuhashi**

Head of Tokyo Higashi Middle Market Banking Division

**Etsutaka Inoue**

General Manager, Hibiya Corporate Business Office-II

**Katsuhiko Kanabe**

General Manager, IT Planning Dept.

**Hisaya Kuroyanagi**

General Manager, Global Advisory Dept.

**Yasushi Sakai**

General Manager, Financial Accounting Dept.

**Hiroshi Mishima**

General Manager, Planning Dept., Treasury Unit

**Jun Ota**

General Manager, Planning Dept., Investment Banking Unit

**Yasuyuki Kawasaki**

General Manager, Human Resources Dept.

**Fumiaki Kurahara**

General Manager, Structured Finance Dept.

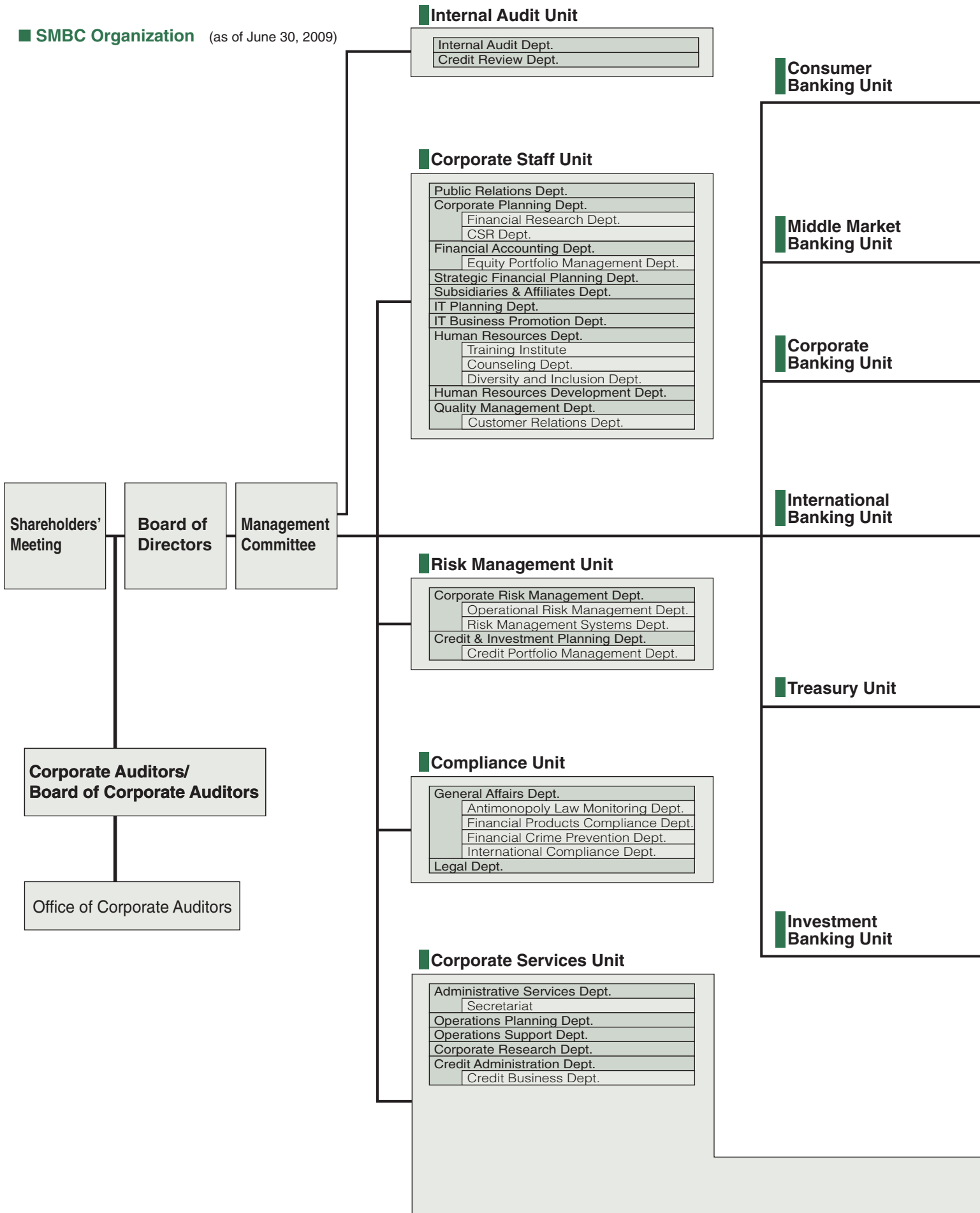
**Makoto Takashima**

General Manager, Planning Dept., International Banking Unit

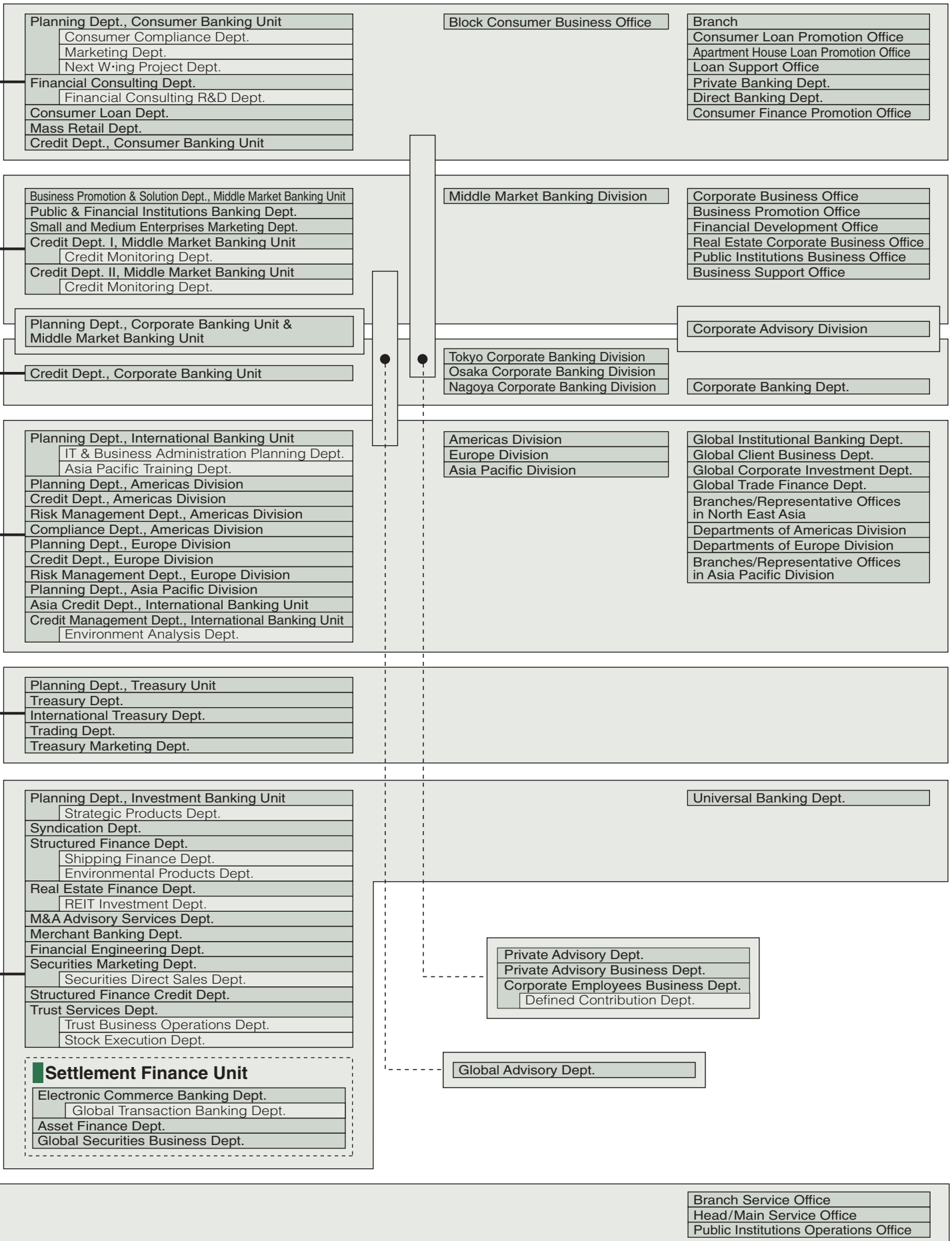
**Ryoji Yukino**

General Manager, Planning Dept., Consumer Banking Unit

■ **SMBC Organization** (as of June 30, 2009)







## Principal Subsidiaries and Affiliates (as of March 31, 2009)

All companies shown hereunder are consolidated subsidiaries or affiliates of Sumitomo Mitsui Financial Group, Inc. Those printed in green ink are consolidated subsidiaries or affiliates of Sumitomo Mitsui Banking Corporation.

### ■ Principal Domestic Subsidiaries

Company Name	Issued Capital (Millions of Yen)	Percentage of SMFG's Voting Rights (%)	Percentage of SMBC's Voting Rights (%)	Established	Main Business
Sumitomo Mitsui Banking Corporation	664,986	100	—	Jun. 6, 1996	Commercial banking
Sumitomo Mitsui Card Company, Limited	34,000	0 (65.99)	—	Dec. 26, 1967	Credit card services
Sumitomo Mitsui Finance and Leasing Company, Limited	15,000	60	—	Feb. 4, 1963	Leasing
The Japan Research Institute, Limited	10,000	100	—	Nov. 1, 2002	System engineering, data processing, management consulting, and economic research
SMBC Friend Securities Co., Ltd.	27,270	100	—	Mar. 2, 1948	Securities
SMFG Card & Credit, Inc.	100	100	—	Oct. 1, 2008	Business management
SAKURA CARD CO., LTD.	7,438	0 (95.74)	85.14 (10.59)	Feb. 23, 1983	Credit card services
QUOQ Inc.*1	4,750	0 (56.53)	0 (12.82)	Apr. 5, 1978	Credit card services
SMM Auto Finance, Inc.	7,700	0 (56)	41	Sept. 17, 1993	Automotive financing
The Japan Net Bank, Limited	37,250	0 (59.70)	59.70	Sept. 19, 2000	Commercial banking
SMBC Loan Business Planning Co., Ltd.	100,010	0 (100)	100	Apr. 1, 2004	Management support services
SMBC Loan Adviser Co., Ltd.	10	0 (100)	0 (100)	Apr. 1, 1998	Consulting and agency services for consumer loans
SMBC Guarantee Co., Ltd.	187,720	0 (100)	0 (100)	Jul. 14, 1976	Credit guarantee
SMBC Finance Business Planning Co., Ltd.	10	0 (100)	100	Apr. 1, 2004	Management support services
SMBC Finance Service Co., Ltd.	71,705	0 (100)	0 (100)	Dec. 5, 1972	Loans, collecting agent and factoring
SMBC Business Support Co., Ltd.	10	0 (100)	0 (100)	Jul. 1, 2004	Clerical work outsourcer
Financial Link Co., Ltd.	160	0 (100)	0 (100)	Sept. 29, 2000	Data processing service and e-trading consulting
SMBC Consulting Co., Ltd.	1,100	0 (100)	50 (25)	May 1, 1981	Management consulting and seminar organizer
SMBC Support & Solution Co., Ltd.	10	0 (100)	100	Apr. 1, 1996	Help desk and system support
SMBC Servicer Co., Ltd.	1,000	0 (100)	100	Mar. 11, 1999	Servicer
SAKURA KCS Corporation	2,054	0 (50.21)	27.53 (5.00)	Mar. 29, 1969	System engineering and data processing
THE MINATO BANK, LTD.	27,484	0 (46.34)	45.10 (1.23)	Sept. 6, 1949	Commercial banking
Kansai Urban Banking Corporation	47,039	0 (68.26)	56.42 (0.16)	Jul. 1, 1922	Commercial banking
SMBC Staff Service Co., Ltd.	90	0 (100)	100	Jul. 15, 1982	Temporary manpower service
SMBC Learning Support Co., Ltd.	10	0 (100)	100	May 27, 1998	Seminar organizer
SMBC PERSONNEL SUPPORT CO., LTD.	10	0 (100)	100	Apr. 15, 2002	Banking clerical work
SMBC Center Service Co., Ltd.	100	0 (100)	100	Oct. 16, 1995	Banking clerical work
SMBC Delivery Service Co., Ltd.	30	0 (100)	100	Jan. 31, 1996	Banking clerical work
SMBC Green Service Co., Ltd.	30	0 (100)	100	Mar. 15, 1990	Banking clerical work
SMBC International Business Co., Ltd.	20	0 (100)	100	Sept. 28, 1983	Banking clerical work
SMBC International Operations Co., Ltd.	40	0 (100)	100	Dec. 21, 1994	Banking clerical work
SMBC Loan Business Service Co., Ltd.	70	0 (100)	100	Sept. 24, 1976	Banking clerical work
SMBC Market Service Co., Ltd.	10	0 (100)	100	Feb. 3, 2003	Banking clerical work
SMBC Loan Administration and Operations Service Co., Ltd.	10	0 (100)	100	Feb. 3, 2003	Banking clerical work
SMBC Property Research Service Co., Ltd.	30	0 (100)	100	Feb. 1, 1984	Banking clerical work
Japan Pension Navigator Co., Ltd.	1,600	0 (69.71)	69.71	Sept. 21, 2000	Defined contribution plan administrator

Note: Figures in parentheses ( ) in the voting rights columns indicate voting rights held indirectly via subsidiaries and affiliates.

## ■ Principal Overseas Subsidiaries

Company Name	Country	Issued Capital	Percentage of SMFG's Voting Rights (%)	Percentage of SMBC's Voting Rights (%)	Established	Main Business
Sumitomo Mitsui Banking Corporation Europe Limited	U.K.	US\$1,600 million	0 (100)	100	Mar. 5, 2003	Commercial banking
Manufacturers Bank	U.S.A.	US\$80.786 million	0 (100)	100	Jun. 26, 1962	Commercial banking
Sumitomo Mitsui Banking Corporation of Canada	Canada	CS\$169 million	0 (100)	100	Apr. 1, 2001	Commercial banking
Banco Sumitomo Mitsui Brasileiro S.A.	Brazil	R\$409.357 million	0 (100)	100	Oct. 6, 1958	Commercial banking
PT Bank Sumitomo Mitsui Indonesia	Indonesia	Rp1,502.4 billion	0 (99.00)	99.00	Aug. 22, 1989	Commercial banking
SMBC Leasing and Finance, Inc.	U.S.A.	US\$1,620	0 (100)	89.69 (7.69)	Nov. 9, 1990	Leasing, investments
SMBC Capital Markets, Inc.	U.S.A.	US\$100	0 (100)	90 (10)	Dec. 4, 1986	Derivatives and investments
SMBC Securities, Inc.	U.S.A.	US\$100	0 (100)	90 (10)	Aug. 8, 1990	Securities, investments
SMBC Financial Services, Inc.	U.S.A.	US\$3 million	0 (100)	100	Aug. 8, 1990	Investments, investment advisor
SMBC Cayman LC Limited*2	Cayman Islands	US\$500	0 (100)	100	Feb. 7, 2003	Credit guarantee, bond investment
Sumitomo Finance (Asia) Limited	Cayman Islands	US\$35 million	0 (100)	100	Sept. 26, 1973	Investments
SBTC, Inc.	U.S.A.	US\$50 million	0 (100)	100	Jan. 26, 1998	Investments
SB Treasury Company L.L.C.	U.S.A.	US\$470 million	0 (100)	0 (100)	Jan. 26, 1998	Loans
SB Equity Securities (Cayman), Limited	Cayman Islands	¥25,000 million	0 (100)	100	Dec. 15, 1998	Finance
SFVI Limited	British Virgin Islands	US\$300	0 (100)	100	Jul. 30, 1997	Investments
Sakura Finance (Cayman) Limited	Cayman Islands	US\$100,000	0 (100)	100	Feb. 11, 1991	Finance
Sakura Preferred Capital (Cayman) Limited	Cayman Islands	¥10 million	0 (100)	100	Nov. 12, 1998	Finance
SMBC International Finance N.V.	Netherlands Antilles	US\$200,000	0 (100)	100	Jun. 25, 1990	Finance
SMBC Leasing Investment LLC	U.S.A.	US\$334.691 million	0 (100)	0 (100)	Apr. 7, 2003	Investments in leasing
SMBC Capital Partners LLC	U.S.A.	US\$10,000	0 (100)	100	Dec. 18, 2003	Holding and trading securities
SMBC MVI SPC	Cayman Islands	US\$195 million	0 (100)	100	Sept. 9, 2004	Loans, buying/selling of monetary claims
SMBC DIP Limited	Cayman Islands	US\$8 million	0 (100)	100	Mar. 16, 2005	Loans, buying/selling of monetary claims
SMBC Capital Markets Limited	U.K.	US\$797 million	0 (100)	100	Mar. 13, 1990	Derivatives and investments
SMBC Derivative Products Limited	U.K.	US\$300 million	0 (100)	0 (100)	Apr. 18, 1995	Derivatives and investments
SMBC Capital India Private Limited	India	Rs400 million	0 (100)	99.99 (0.01)	Apr. 3, 2008	Advisory services
Sumitomo Mitsui Finance Dublin Limited	Ireland	US\$18 million	0 (100)	100	Sept. 19, 1989	Finance
Sakura Finance Asia Limited	Hong Kong	US\$65.5 million	0 (100)	100	Oct. 17, 1977	Investments
Sumitomo Mitsui Finance Australia Limited	Australia	A\$156.5 million	0 (100)	100	Jun. 29, 1984	Investments
SMFG Preferred Capital USD 1 Limited	Cayman Islands	US\$1,650.35 million	100	—	Nov. 28, 2006	Finance

Company Name	Country	Issued Capital	Percentage of SMFG's Voting Rights (%)	Percentage of SMBC's Voting Rights (%)	Established	Main Business
SMFG Preferred Capital GBP 1 Limited	Cayman Islands	£500.1 million	100	—	Nov. 28, 2006	Finance
SMFG Preferred Capital USD 2 Limited	Cayman Islands	US\$1,800 million	100	—	Oct. 25, 2007	Finance
SMFG Preferred Capital GBP 2 Limited	Cayman Islands	£250 million	100	—	Oct. 25, 2007	Finance
SMFG Preferred Capital JPY 1 Limited	Cayman Islands	¥135,000 million	100	—	Jan. 11, 2008	Finance
SMFG Preferred Capital USD 3 Limited	Cayman Islands	US\$1,350 million	100	—	Jul. 8, 2008	Finance
SMFG Preferred Capital JPY 2 Limited	Cayman Islands	¥698,900 million	100	—	Nov. 3, 2008	Finance
SMBC Preferred Capital USD 1 Limited	Cayman Islands	US\$1,664 million	0 (100)	100	Nov. 28, 2006	Finance
SMBC Preferred Capital GBP 1 Limited	Cayman Islands	£505 million	0 (100)	100	Nov. 28, 2006	Finance
SMBC Preferred Capital USD 2 Limited	Cayman Islands	US\$1,811 million	0 (100)	100	Oct. 25, 2007	Finance
SMBC Preferred Capital GBP 2 Limited	Cayman Islands	£251.5 million	0 (100)	100	Oct. 25, 2007	Finance
SMBC Preferred Capital JPY 1 Limited	Cayman Islands	¥137,000 million	0 (100)	100	Jan. 11, 2008	Finance
SMBC Preferred Capital USD 3 Limited	Cayman Islands	US\$1,358 million	0 (100)	100	Jul. 8, 2008	Finance
SMBC Preferred Capital JPY 2 Limited	Cayman Islands	¥706,500 million	0 (100)	100	Nov. 19, 2008	Finance

## ■ Principal Affiliates

Company Name	Issued Capital (Millions of Yen)	Percentage of SMFG's Voting Rights (%)	Percentage of SMBC's Voting Rights (%)	Established	Main Business
Daiwa Securities SMBC Co. Ltd.	255,700	40	—	Feb. 5, 1999	Securities
Daiwa SMBC Capital Co., Ltd.	18,767	0 (40.18)	40.18	Oct. 20, 1983	Venture capital
Daiwa Securities SMBC Principal Investments Co., Ltd.	1,200	0 (100)	—	Oct. 1, 2001	Investments, fund management
Daiwa SB Investments Ltd.	2,000	43.96	—	Apr. 1, 1999	Investment advisory and investment trust management
Sumitomo Mitsui Asset Management Company, Limited	2,000	0 (27.5)	27.5	Dec. 1, 2002	Investment advisory and investment trust management
JSOL Corporation	5,000	0 (50)	—	Jul. 3, 2006	System engineering and data processing
Sakura Information Systems Co., Ltd.	600	0 (49)	49	Nov. 29, 1972	System engineering and data processing
Vietnam Export Import Commercial Joint Stock Bank	VND7,219.999 billion	0 (15.07)	15.07	May 24, 1989	Commercial banking
Promise Co., Ltd.	80,737	0 (22.02)	22.02	Mar. 20, 1962	Consumer loans
At-Loan Co., Ltd.	10,912	0 (100)	49.99 (50.00)	Jun. 8, 2000	Consumer loans
SANYO SHINPAN FINANCE CO., LTD.	16,268	0 (100)	0 (100)	Nov. 22, 1946	Consumer loans
POCKET CARD Co., LTD.	11,268	0 (47.02)	4.99 (42.02)	May 25, 1982	Credit card services
Central Finance Co., Ltd.*1	23,254	0 (24.73)	—	Jan. 28, 1960	Credit card services
OMC Card, Inc.*1	51,343	0 (48.81)	—	Sept. 11, 1950	Credit card services
Sumitomo Mitsui Auto Service Company, Limited	6,950	39.99	—	Feb. 21, 1981	Leasing

\*1 Central Finance Co., Ltd., OMC Card, Inc. and QUOQ Inc. merged to form a new SMFG affiliate, Cedyne Financial Corporation, on April 1, 2009.

\*2 SMBC Cayman LC Limited, like other subsidiaries of SMBC, is a separate corporate entity with its own separate creditors and the claims of such creditors are prior to the claims of SMBC, as the direct or indirect holder of the equity in such subsidiary.

## International Directory (as of June 30, 2009)

### Asia and Oceania

#### SMBC Branches and Representative Offices

##### Hong Kong Branch

7th & 8th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong Special Administrative Region, The People's Republic of China  
Tel: 852 (2206) 2000  
Fax: 852 (2206) 2888

##### Shanghai Branch

11F, Shanghai World Financial Center, 100 Century Avenue, Pudong New Area, Shanghai 200120, The People's Republic of China  
Tel: 86 (21) 3860-9000  
Fax: 86 (21) 3860-9999

##### Dalian Representative Office

Senmao Building 9F, 147 Zhongshan Lu, Dalian 116011, The People's Republic of China  
Tel: 86 (411) 8370-7873  
Fax: 86 (411) 8370-7761

##### Chongqing Representative Office

27F, Metropolitan Tower, 68 Zourong Road, Yuzhong District, Chongqing 400010, The People's Republic of China  
Tel: 86 (23) 6280-3394  
Fax: 86 (23) 6280-3748

##### Shenyang Representative Office

Room No. 606, Gloria Plaza Hotel Shenyang, No. 32 Yingbin Street, Shenhe District, Shenyang 110013, The People's Republic of China  
Tel: 86 (24) 2252-8310  
Fax: 86 (24) 2252-8769

##### Taipei Branch

Aurora International Building 9F, No. 2, Hsin Yi Rd. Sec. 5, Taipei, Taiwan  
Tel: 886-2-2720-8100  
Fax: 886-2-2720-8287

##### Seoul Branch

Young Poong Bldg. 7F, 33, Seorin-dong, Jongno-gu, Seoul, 110-752, Korea  
Tel: 82-2-732-1801  
Fax: 82-2-399-6330

##### Singapore Branch

3 Temasek Avenue #06-01, Centennial Tower, Singapore 039190, The Republic of Singapore  
Tel: 65-6882-0001  
Fax: 65-6887-0330

##### Labuan Branch

Level 12 (B&C), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Labuan, Federal Territory, Malaysia  
Tel: 60 (87) 410955  
Fax: 60 (87) 410959

##### Labuan Branch Kuala Lumpur Marketing Office

Letter Box No. 25, 29th Floor, UBN Tower, 10, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia  
Tel: 60 (3) 2026-8392  
Fax: 60 (3) 2026-8395

##### Kuala Lumpur Representative Office

Letter Box No. 25, 29th Floor, UBN Tower, 10, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia  
Tel: 60 (3) 2026-8392  
Fax: 60 (3) 2026-8395

##### Ho Chi Minh City Branch

9th Floor, The Landmark, 5B Ton Duc Thang Street, District 1, Ho Chi Minh City, Vietnam  
Tel: 84 (8) 3520-2525  
Fax: 84 (8) 3822-7762

##### Hanoi Branch

1105, 11th Floor, Pacific Place Building, 83B Ly Thuong Kiet Street, Hanoi, Vietnam  
Tel: 84 (4) 3946-1100  
Fax: 84 (4) 3946-1133

##### Yangon Representative Office

Room Number 717/718, 7th Floor, Traders Hotel, 223 Sule Pagoda Road, Pabedan Township, Yangon, Myanmar  
Tel: 95 (1) 242828 ext.7717  
Fax: 95 (1) 381227

##### Bangkok Branch

8th-10th Floor, Q.House Lumpini Building, 1 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand  
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Fax: 66 (2) 353-8282

##### Manila Representative Office

20th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, Metro Manila, The Philippines  
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Fax: 63 (2) 811-0877

##### Sydney Branch

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Fax: 61 (2) 9376-1863

SMBC Principal Subsidiaries/  
Affiliates  
SMFG Network

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**Sumitomo Mitsui Banking  
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Park, Jiangsu Province 215021,  
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**Sumitomo Mitsui Banking  
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**Sumitomo Mitsui Finance  
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**SMBC Capital Markets Limited  
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Corporation**

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6784 Ayala Avenue, Makati City,  
Metro Manila, The Philippines

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Fax: 84 (8) 3829-6063

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Bangkok 10120 Thailand  
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**BSL Leasing Co., Ltd.**  
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Tel: 66 (2) 670-4700  
Fax: 66 (2) 679-6160

**SMBC Capital India Private Limited**  
B-14/A, Qutab Institutional Area,  
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1100016, India  
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**The Japan Research Institute  
(Shanghai) Solution Co., Ltd.**  
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Fax: 86 (21) 5054-6122

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Bangkok 10120 Thailand  
Tel: 66 (2) 677-7400  
Fax: 66 (2) 677-7413

**Sumitomo Mitsui Finance and  
Leasing (China) Co., Ltd.**  
Room 2502-2503, Goldlion Tower,  
138 Ti Yu Dong Road,  
Guangzhou, 510620  
The People's Republic of China  
Tel: 86 (20) 8755-0021  
Fax: 86 (20) 8755-0422

**Sumitomo Mitsui Finance and  
Leasing (China) Co., Ltd.  
Shanghai Branch**  
Unit 2301-2303, Lippo Plaza,  
222 Middle Huaihai Road,  
Luwan District, Shanghai, 200021  
The People's Republic of China  
Tel: 86(21)5396-5522  
Fax: 86(21)5396-5552

**SMFL Leasing (Malaysia) Sdn. Bhd.**  
Letter Box No. 58, 11th Floor,  
UBN Tower, 10 Jalan P. Ramlee,  
50250 Kuala Lumpur, Malaysia  
Tel: 60 (3) 2026-2619  
Fax: 60 (3) 2026-2627

**Sumitomo Mitsui Auto Leasing &  
Service (Thailand) Co., Ltd.**  
161, Nuntawan Building, 10th Floor,  
Rajdamri Road,  
Khwaeng Lumpinee,  
Khet Pathumwan,  
Bangkok Metropolis, Thailand  
Tel: 66-2252-9511  
Fax: 66-2255-3130

## The Americas

### SMBC Branches and Representative Offices

#### New York Branch

277 Park Avenue, New York,  
NY 10172, U.S.A.  
Tel: 1 (212) 224-4000  
Fax: 1 (212) 593-9522

#### Cayman Branch

P.O. Box 694, Edward Street,  
George Town, Grand Cayman,  
Cayman Islands

#### Los Angeles Branch

601 South Figueroa Street,  
Suite 1800, Los Angeles,  
CA 90017, U.S.A.  
Tel: 1 (213) 452-7800  
Fax: 1 (213) 623-6832

#### San Francisco Branch

555 California Street, Suite 3350,  
San Francisco, CA 94104, U.S.A.  
Tel: 1 (415) 616-3000  
Fax: 1 (415) 397-1475

#### Houston Representative Office

Two Allen Center, 1200 Smith  
Street, Suite 1140 Houston, Texas  
77002, U.S.A.  
Tel: 1 (713) 277-3500  
Fax: 1 (713) 277-3555

#### Mexico City Representative Office

Torre Altiava Boulevard Manuel  
Avila Camacho 138 Piso 2, Loc. B  
Lomas de Chapultepec, 11000  
Mexico, D.F.  
Tel: 52 (55) 2623-0200  
Fax: 52 (55) 2623-1375

### SMBC Principal Subsidiaries/ Affiliates SMFG Network

#### Manufacturers Bank

515 South Figueroa Street,  
Los Angeles, CA 90071, U.S.A.  
Tel: 1 (213) 489-6200  
Fax: 1 (213) 489-6254

#### Sumitomo Mitsui Banking Corporation of Canada

Ernst & Young Tower, Suite 1400,  
P.O. Box 172, Toronto Dominion  
Centre, Toronto, Ontario M5K  
1H6, Canada  
Tel: 1 (416) 368-4766  
Fax: 1 (416) 367-3565

#### Banco Sumitomo Mitsui Brasileiro S.A.

Avenida Paulista, 37-11 e 12  
andar, Sao Paulo-SP-CEP 01311-  
902, Brazil  
Tel: 55 (11) 3178-8000  
Fax: 55 (11) 3289-1668

#### SMBC Capital Markets, Inc.

277 Park Avenue, New York,  
NY 10172, U.S.A.  
Tel: 1 (212) 224-5100  
Fax: 1 (212) 224-5181

#### SMBC Leasing and Finance, Inc.

277 Park Avenue, New York,  
NY 10172, U.S.A.  
Tel: 1 (212) 224-5200  
Fax: 1 (212) 224-5222

#### SMBC Securities, Inc.

277 Park Avenue, New York,  
NY 10172, U.S.A.  
Tel: 1 (212) 224-5300  
Fax: 1 (212) 224-5333

#### JRI America, Inc.

277 Park Avenue, New York,  
NY 10172, U.S.A.  
Tel: 1 (212) 224-4200  
Fax: 1 (212) 224-4611

## Europe, Middle-East and Africa

### SMBC Branches and Representative Offices

#### Düsseldorf Branch

Prinzenallee 7, 40549 Düsseldorf,  
Federal Republic of Germany  
Tel: 49 (211) 36190  
Fax: 49 (211) 3619236

#### Brussels Branch

Avenue des Arts, 58, Bte. 18,  
1000 Brussels, Belgium  
Tel: 32 (2) 551-5000  
Fax: 32 (2) 513-4100

#### Dubai Branch

Building One, 5th Floor, Gate  
Precinct, Dubai International  
Financial Centre, PO Box 506559  
Dubai, United Arab Emirates  
Tel: 971 (4) 428-8000  
Fax: 971 (4) 428-8001

#### Madrid Representative Office

Villanueva, 12-1. B, 28001 Madrid,  
Spain  
Tel: 34 (91) 576-6196  
Fax: 34 (91) 577-7525  
(Premises relocated on August 7, 2009)

#### SMBC Amsterdam Representative Office

Strawinskylaan 1733 Toren D-12,  
1077XX Amsterdam, The  
Netherlands  
Tel: 31 (20) 718-3888  
Fax: 31 (20) 718-3889

#### Prague Representative Office

International Business Centre,  
Pobrezni 3, 186 00 Prague 8,  
Czech Republic  
Tel: 420-224-832-911  
Fax: 420-224-832-933



### **Bahrain Representative Office**

No. 406 & 407 (Entrance 3, 4th Floor) Manama Centre,  
Government Road, Manama,  
State of Bahrain  
Tel: 973-17223211  
Fax: 973-17224424

### **Tehran Representative Office**

4th Floor, 80 Nezami Gangavi  
Street, Vali-e-Asr Avenue, Tehran  
14348, Islamic Republic of Iran  
Tel: 98 (21) 8879-4586/4569  
Fax: 98 (21) 8820-6523

### **Doha QFC Office**

Office 1901, 19th Floor, Qatar  
Financial Centre Tower,  
Diplomatic Area-West bay, Doha,  
Qatar, P.O. Box 23769  
Tel: 974-496-7572  
Fax: 974-496-7576

### **Cairo Representative Office**

Flat No. 6 of the 14th Fl., 3 Ibn  
Kasir Street, Cornish El Nile, Giza,  
Arab Republic of Egypt  
Tel: 20 (2) 3761-7657  
Fax: 20 (2) 3761-7658

### **Johannesburg Representative Office**

Building Four, First Floor,  
Commerce Square,  
39 Rivonia Road, Sandhurst,  
Sandton 2196, South Africa  
Tel: 27 (11) 502-1780  
Fax: 27 (11) 502-1790

### **SMBC Principal Subsidiaries/ Affiliates SMFG Network**

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#### **Sumitomo Mitsui Banking Corporation Europe Limited Head Office**

99 Queen Victoria Street, London  
EC4V 4EH, U.K.  
Tel: 44 (20) 7786-1000  
Fax: 44 (20) 7236-0049

#### **Sumitomo Mitsui Banking Corporation Europe Limited Paris Branch**

20, Rue de la Ville l'Evêque,  
75008 Paris, France  
Tel: 33 (1) 44 (71) 40-00  
Fax: 33 (1) 44 (71) 40-50

#### **Sumitomo Mitsui Banking Corporation Europe Limited Milan Branch**

Via della Spiga 30/ Via Senato 25,  
20121 Milan, Italy  
Tel: 39 (02) 7636-1700  
Fax: 39 (02) 7636-1701

#### **Sumitomo Mitsui Banking Corporation Europe Limited Moscow Representative Office**

Room Number 305, Building 5,  
Ilyinka St. 3/8 Moscow, 109012  
Russian Federation  
Tel: 7 (495) 789-3973  
Fax: 7 (495) 789-3975

#### **SMBC Capital Markets Limited**

99 Queen Victoria Street, London  
EC4V 4EH, U.K.  
Tel: 44 (20) 7786-1400  
Fax: 44 (20) 7786-1490

#### **SMBC Derivative Products Limited**

99 Queen Victoria Street, London  
EC4V 4EH, U.K.  
Tel: 44 (20) 7786-1400  
Fax: 44 (20) 7786-1490

### **ZAO Sumitomo Mitsui Rus Bank**

Krasnopresnenskaya  
naberezhnaya 18, block C,  
20th Floor, Moscow 123317,  
Russian Federation  
(Operations scheduled to commence  
during 2009)

### **Sumitomo Mitsui Finance Dublin Limited**

La Touche House, I.F.S.C.,  
Custom House Docks, Dublin 1,  
Ireland  
Tel: 353 (1) 670-0066  
Fax: 353 (1) 670-0353

### **JRI Europe, Limited**

99 Queen Victoria Street, London  
EC4V 4EH, U.K.  
Tel: 44 (20) 7406-2700  
Fax: 44 (20) 7406-2799

### **SMFL Aircraft Capital Corporation B.V.**

World Trade Center Amsterdam,  
Strawinskyalaan 907,  
1077 XX Amsterdam,  
The Netherlands  
Tel: 31-20-575-2570  
Fax: 31-20-575-2571



# GLOBAL NETWORK

## Asia and Oceania

- Sumitomo Mitsui Banking Corporation (China) Limited Head Office (Shanghai)
- Sumitomo Mitsui Banking Corporation (China) Limited Tianjin Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Guangzhou Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Suzhou Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Hangzhou Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Beijing Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Tianjin Binhai Sub-Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Suzhou Industrial Park Sub-Branch
- Shanghai Branch
- Dalian Representative Office
- Chongqing Representative Office
- Shenyang Representative Office
- Hong Kong Branch
- SMBC Capital Markets Limited Hong Kong Branch
- Taipei Branch
- Seoul Branch
- Singapore Branch
- Labuan Branch
- Labuan Branch Kuala Lumpur Marketing Office
- Kuala Lumpur Representative Office
- Ho Chi Minh City Branch
- Hanoi Branch
- Vietnam Export Import Commercial Joint Stock Bank
- Yangon Representative Office
- Bangkok Branch
- Manila Representative Office
- SMBC Metro Investment Corporation
- Sydney Branch
- Sumitomo Mitsui Finance Australia Limited
- PT Bank Sumitomo Mitsui Indonesia
- SMBC Capital India Private Limited

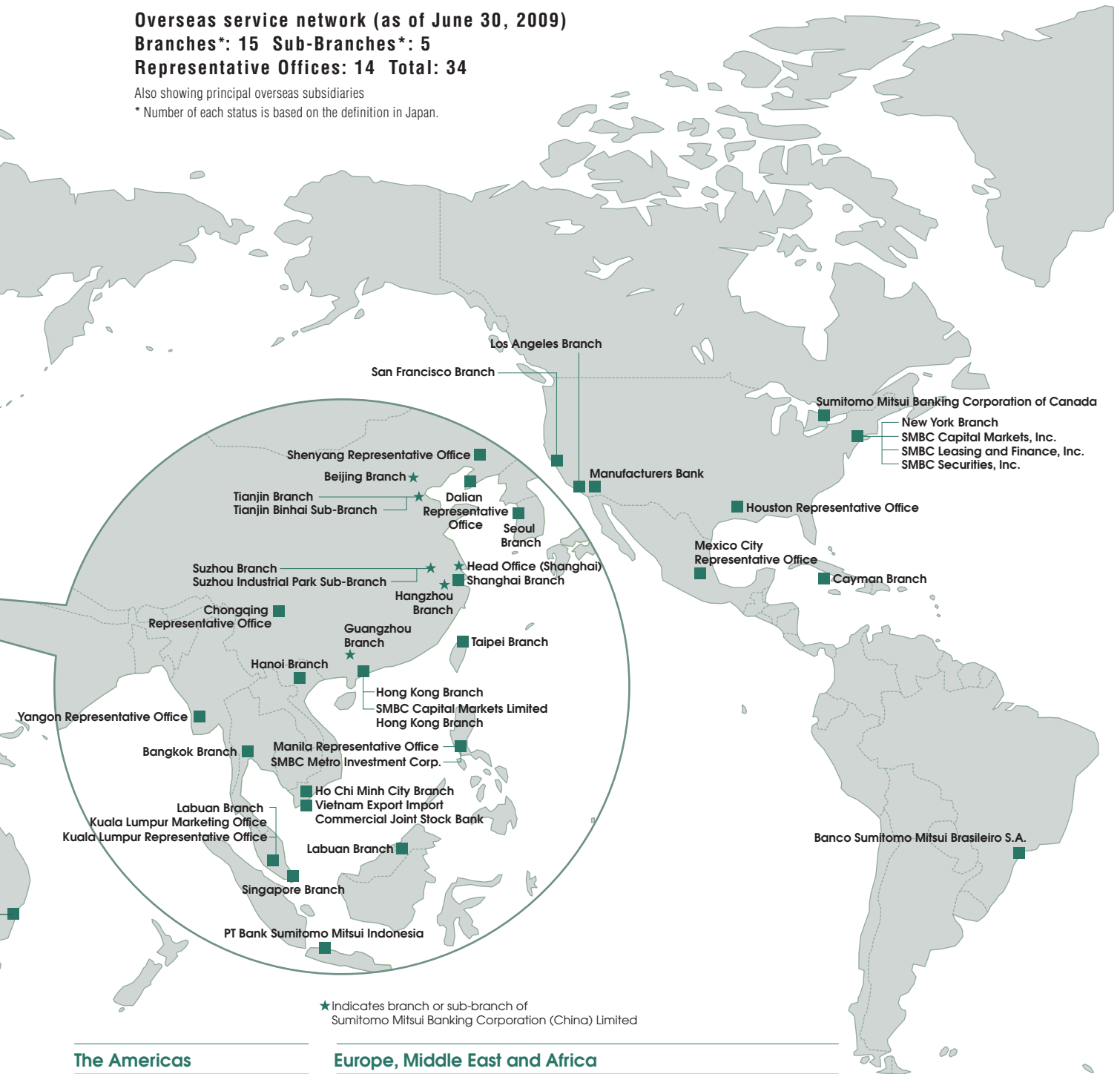
**Overseas service network (as of June 30, 2009)**

**Branches\*: 15 Sub-Branches\*: 5**

**Representative Offices: 14 Total: 34**

Also showing principal overseas subsidiaries

\* Number of each status is based on the definition in Japan.



★ Indicates branch or sub-branch of Sumitomo Mitsui Banking Corporation (China) Limited

**The Americas**

- New York Branch  
SMBC Capital Markets, Inc.  
SMBC Leasing and Finance, Inc.  
SMBC Securities, Inc.
- Los Angeles Branch\*
- San Francisco Branch\*
- Houston Representative Office\*
- Mexico City Representative Office\*
- Cayman Branch
- Manufacturers Bank
- Sumitomo Mitsui Banking Corporation of Canada
- Banco Sumitomo Mitsui Brasileiro S.A.

**Europe, Middle East and Africa**

- Sumitomo Mitsui Banking Corporation Europe Limited  
SMBC Capital Markets Limited
- Sumitomo Mitsui Banking Corporation Europe Limited Paris Branch
- Sumitomo Mitsui Banking Corporation Europe Limited Milan Branch
- Düsseldorf Branch
- Brussels Branch
- SMBC Amsterdam Representative Office
- Madrid Representative Office
- Prague Representative Office
- ZAO Sumitomo Mitsui Rus Bank  
(Operations scheduled to commence during 2009)
- Sumitomo Mitsui Banking Corporation Europe Limited  
Moscow Representative Office
- Sumitomo Mitsui Finance Dublin Limited
- Dubai Branch
- Doha QFC Office
- Bahrain Representative Office
- Tehran Representative Office
- Cairo Representative Office
- Johannesburg Representative Office





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**SMFG** SUMITOMO MITSUI  
FINANCIAL GROUP