



Sumitomo Mitsui Financial Group, Inc. (SMFG)

Financial Results for the Fiscal Year ended March 31, 2010

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 Stock Exchange Listings: Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya Stock Exchange (code: 8316)
 URL: <http://www.smfg.co.jp>
 President: Teisuke Kitayama
 Date of Ordinary General Meeting of Shareholders: June 29, 2010
 Date of Payment of Year-End Dividends: June 29, 2010

(Note) Amounts less than one million yen have been omitted.

1. Consolidated Financial Results (for the fiscal year ended March 31, 2010)

(1) Operating Results

(Millions of yen, except per share data and percentages)

	Ordinary Income		Ordinary Profit		Net Income (Loss)	
Fiscal Year ended March 31, 2010	¥ 3,166,465	(10.9) %	¥ 558,769	- %	¥ 271,559	- %
ended March 31, 2009	3,552,843	(23.2)	45,311	(94.5)	(373,456)	-

	Net Income (Loss) per Share	Net Income Per Share (Diluted)	Return on Net Assets	Ordinary Profit on Total Assets	Ordinary Profit on Ordinary Income
Fiscal Year ended March 31, 2010	¥ 248.40	¥ 244.18	7.6 %	0.5 %	17.6 %
ended March 31, 2009	(497.39)	-	(14.3)	0.0	1.3

Notes: 1. Equity in earnings (losses) of affiliates

(a) for the fiscal year ended March 31, 2010: ¥ (21,542) million (b) for the fiscal year ended March 31, 2009: ¥ (94,876) million

2. Percentages shown in Ordinary Income, Ordinary Profit and Net Income are the increase (decrease) from the previous fiscal year.

(2) Financial Position

(Millions of yen, except per share data and percentages)

	Total Assets	Net Assets	Net Assets Ratio	Net Assets per Share	Capital Ratio
March 31, 2010	¥ 123,159,513	¥ 7,000,805	4.0 %	¥ 3,391.75	(Preliminary) 15.02 %
March 31, 2009	119,637,224	4,611,764	2.1	2,790.27	11.47

Notes: 1. Stockholders' equity

(a) as of March 31, 2010: ¥ 4,951,323 million (b) as of March 31, 2009: ¥ 2,469,788 million

2. Net Assets Ratio = {(Net assets - Stock acquisition rights - Minority interests) / Total assets} X 100

3. 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).

(3) Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at year-end
Fiscal Year ended March 31, 2010	¥ (1,880,921)	¥ (157,661)	¥ 1,451,099	¥ 3,371,193
ended March 31, 2009	7,368,053	(6,639,254)	352,652	3,800,890

2. Dividends on Common Stock

(Millions of yen, except per share data and percentages)

	Dividends per Share					Total Dividends (Annual)	Dividend Payout Ratio	Ratio of Dividends to Net Assets
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual			
Fiscal Year ended March 31, 2009	¥ -	¥7,000	¥ -	¥20	¥ -	¥ 70,461	- %	2.6 %
ended March 31, 2010	-	45	-	55	100	123,197	46.8	3.6
ending March 31, 2011 (Forecast)	-	50	-	50	100		42.2	

Notes: 1. "Dividend Payout Ratio" and "Ratio of Dividends to Net Assets" are reported on a consolidated basis.

2. Dividends on unlisted preferred stocks are reported on page 3.

3. Earnings Forecast on a Consolidated Basis (for the fiscal year ending March 31, 2011)

(Millions of yen, except per share data and percentages)

	Ordinary Income		Ordinary Profit		Net Income		Net Income per Share
Six Months ending September 30, 2010	¥ 1,700,000	8.5%	¥ 330,000	48.5%	¥ 160,000	29.5%	¥ 112.32
Fiscal Year ending March 31, 2011	3,400,000	7.4	690,000	23.5	340,000	25.2	238.95

Note: Percentages shown in Ordinary Income, Ordinary Profit and Net Income are the increase (decrease) from the results of the previous fiscal year.

4. Other Information

(1) Change in significant consolidated subsidiaries in the fiscal year

Newly consolidated: 1 company (SMFG Preferred Capital JPY 3 Limited)

Excluded: None

(2) Change in significant accounting principles, policies and presentation

(a) There was a change due to revision of accounting standards.

(b) There was no change due to other reason.

(Note) The details are reported in 5.(8) of “(6) Significant Accounting Policies for Preparing Consolidated Financial Statements” (page 23) and “(7) Application of New Accounting Standards” (page 25).

(3) Number of common stocks issued

(a) Number of shares issued (including treasury shares)

(i) as of March 31, 2010: 1,414,055,625 shares (ii) as of March 31, 2009: 789,080,477 shares

(b) Number of treasury shares

(i) as of March 31, 2010: 17,070,100 shares (ii) as of March 31, 2009: 17,028,466 shares

(Note) Number of shares used in calculating “Net Income (Loss) per Share” (on a consolidated basis) is reported on page 44.

[Reference] Parent Company Financial Information on a Non-consolidated Basis

1. Non-consolidated Financial Results (for the fiscal year ended March 31, 2010)

(1) Operating Results

(Millions of yen, except per share data and percentages)

	Operating Income		Operating Profit		Ordinary Profit		Net Income	
Fiscal Year ended March 31, 2010	¥ 133,379	(1.0) %	¥ 116,737	(7.3) %	¥ 94,534	(7.6) %	¥ 66,176	(36.0) %
ended March 31, 2009	134,772	20.7	125,982	19.5	102,309	14.9	103,468	24.7

	Net Income per Share	Net Income per Share (Diluted)
Fiscal Year ended March 31, 2010	¥ 53.82	¥ -
ended March 31, 2009	118.43	-

Note: Percentages shown in Operating Income, Operating Profit, Ordinary Profit and Net Income are the increase (decrease) from the previous fiscal year.

(2) Financial Position

(Millions of yen, except per share data and percentages)

	Total Assets	Net Assets	Net Assets Ratio	Net Assets per Share
March 31, 2010	¥ 6,152,774	¥ 4,805,574	78.1 %	¥ 3,256.32
March 31, 2009	4,057,313	2,977,547	73.4	3,389.38

Note: Stockholders' equity

(a) as of March 31, 2010: ¥4,805,574 million (b) as of March 31, 2009: ¥2,977,547 million

2. Earnings Forecast on a Nonconsolidated Basis (for the fiscal year ending March 31, 2011)

(Millions of yen, except per share data and percentages)

	Operating Income		Operating Profit		Ordinary Profit	
Six Months ending September 30, 2010	¥ 85,000	160.8%	¥ 75,000	158.1%	¥ 70,000	310.1%
Fiscal Year ending March 31, 2011	220,000	64.9	200,000	71.3	190,000	101.0

	Net Income		Net Income per Share
Six Months ending September 30, 2010	¥ 70,000	282.3%	¥ 47.44
Fiscal Year ending March 31, 2011	190,000	187.1	130.33

Note: Percentages shown in Operating Income, Operating Profit, Ordinary Profit and Net Income are the increase (decrease) from the results of the previous fiscal year.

This document 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.

The following items are among the factors that could cause actual results to differ materially from the forward-looking statements in this document: 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.

Dividends on Preferred Stock

(Millions of yen, except per share data)

Type	Record Date	Cash Dividends per Share					Total Dividends (Annual)
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual	
Preferred stock (Type 4)	Fiscal Year ended March 31, 2009	¥ –	¥ 67,500	¥ –	¥ 67,500	¥ 135,000	¥ 4,509
	Fiscal Year ended March 31, 2010	–	67,500	–	–	67,500	2,254
Preferred stock (Type 6)	Fiscal Year ended March 31, 2009	–	44,250	–	44,250	88,500	6,195
	Fiscal Year ended March 31, 2010	–	44,250	–	44,250	88,500	6,195
	Fiscal Year ending March 31, 2011 (Forecast)	–	44,250	–	44,250	88,500	

<Reference> Calculation for Indices

- Return on Net Assets (consolidated basis):

$$\frac{\text{Net income} - \text{Dividends on preferred stock}}{\{(\text{Stockholders' equity at beginning of year} - \text{Number of preferred stocks issued at beginning of year} \times \text{Issue price}) + (\text{Stockholders' equity at year-end} - \text{Number of preferred stocks issued at year-end} \times \text{Issue price})\} / 2} \times 100$$

- Dividend Payout Ratio (consolidated basis):

$$\frac{\text{Dividends on common stock}}{\text{Net income} - \text{Dividends on preferred stock}} \times 100$$

- Ratio of Dividends to Net Assets (consolidated basis):

$$\frac{\text{Dividends on common stock}}{\{(\text{Stockholders' equity at beginning of year} - \text{Number of preferred stocks issued at beginning of year} \times \text{Issue price}) + (\text{Stockholders' equity at year-end} - \text{Number of preferred stocks issued at year-end} \times \text{Issue price})\} / 2} \times 100$$

- Forecasted Net Income per Share (consolidated basis):

$$\frac{\text{Forecasted net income} - \text{Forecasted preferred stock dividends}}{\text{Forecasted average number of common stocks during the period (excluding treasury stock)}}$$

[Retroactive Adjustment for Stock Split]

SMFG implemented a 100 for 1 stock split of common stock on January 4, 2009. If the stock split had been implemented at the beginning of the fiscal year, dividends on common stock per share would be as follows.

(Yen)

Record Date	Cash Dividends per Share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
Fiscal Year ended March 31, 2009	¥ –	¥ 70	¥ –	¥ 20	¥ 90

I. Operating and Financial Review

1. Consolidated Operating Results for the Fiscal Year Ended March 31, 2010 (Fiscal 2009)

(1) Operating Results

Sumitomo Mitsui Financial Group, Inc. (“SMFG”) designated fiscal 2009 as the year for “establishing the next foundation for future growth, while continuing to strengthen businesses consistent with our philosophy of ‘Following the Basics,’” and continued to focus on implementing “strengthening targeted growth business areas” and “fortifying the platform for supporting sustainable growth.”

In fiscal 2009, ordinary income decreased ¥386.3 billion year on year to ¥3,166.4 billion. This was attributable mainly to a decrease in interest income such as interest on loans and bills discounts due to lower interest rates in Japan and overseas.

Ordinary expenses decreased ¥899.8 billion year on year to ¥2,607.6 billion. This is mainly attributable to a decrease in interest expenses such as interests on deposits and a decrease in credit cost by SMBC resulting from the government’s economic stimulus package, measures tailored to borrowers’ business and financial conditions and improvement in overseas markets.

As a result of the factors mentioned above, SMFG recorded ordinary profit of ¥558.7 billion, a year-on-year increase of ¥513.4 billion, and net income of ¥271.5 billion, a year-on-year increase of ¥645.0 billion

(2) Segment Information

The breakdown of ordinary income and total assets before elimination of internal transactions is as follows:

By business

Ordinary income		
Banking business	67%	(down 5 points from the previous fiscal year)
Leasing business	10%	(up 1 point)
Other business	23%	(up 4 points)
Total assets		
Banking business	87%	(down 4 points from the previous fiscal year-end)
Leasing business	2%	(down 0 point)
Other business	11%	(up 4 points)

By Region

Ordinary income		
Japan	83%	(up 4 points from the previous fiscal year)
The Americas	9%	(up 1 point)
Europe and Middle East	4%	(down 3 points)
Asia and Oceania	4%	(down 2 points)
Total assets		
Japan	85%	(up 2 points from the previous fiscal year-end)
The Americas	7%	(down 1 point)
Europe and Middle East	4%	(down 1 point)
Asia and Oceania	4%	(up 0 point)

(3) Earnings Forecast for the fiscal year ending March 31, 2011 (Fiscal 2010)

In fiscal 2010, SMFG has designated its management policy as “transforming our business model to grow steadily under a new regulatory and competitive environment through a forward-looking approach” and “emphasizing return on risks and costs, in order to improve asset quality and thoroughly control expenses and credit costs,” and will continue to focus on “securing a resilient capital base” and “reinforcing our business portfolio to achieve sustainable growth.”

As for earnings forecast on a consolidated basis, ordinary income, ordinary profit and net income are expected to amount to ¥3,400 billion, ¥690 billion, and ¥340 billion, respectively.

On a non-consolidated basis, operating income, operating profit, ordinary profit and net income are expected to amount to ¥220 billion, ¥200 billion, ¥190 billion, and ¥190 billion, respectively.

2. Consolidated Financial Position as of March 31, 2010

(1) Assets and Liabilities

Deposits were ¥78,648.5 billion, an year-on-year increase of ¥3,079.0 billion and negotiable certificates of deposit were ¥6,995.6 billion, a decrease of ¥465.6 billion.

Loans and bills discounted decreased, in both domestic and overseas markets, to ¥62,701.0 billion, a year-on-year decrease of ¥2,434.2 billion despite efforts to supply funds efficiently.

Total assets were ¥123,159.5 billion, an increase of ¥3,522.2 billion.

(2) Net Assets

Net assets were ¥7,000.8 billion, an year-on-year increase of ¥2,389.0 billion. Stockholders' equity was ¥4,644.6 billion, an year-on-year increase of ¥2,045.4 billion as a result of the issuance of new shares totaling ¥1,834.0 billion and recording of net income.

(3) Cash Flows

SMFG used ¥1,880.9 billion of "Cash flows from operating activities," used ¥157.6 billion of "Cash flows from investing activities," and generated ¥1,451.0 billion of "Cash flows from financing activities."

Consequently, Cash and cash equivalents amounted to ¥3,371.1 billion, a decrease of ¥429.6 billion.

(4) Capital Ratio (preliminary)

Capital ratio was 15.02% on a consolidated basis.

3. Dividend Policy and Dividends for Fiscal 2009 and 2010

SMFG has a basic policy of steadily increasing returns to shareholders through the sustainable growth of its enterprise value, while enhancing its capital to maintain financial soundness in light of the public nature of its business as a bank holding company, and aims to realize a payout ratio of over 20% on a consolidated net income basis.

In line with this policy, SMFG decided to pay the following year-end dividends on common stocks, in view of the fiscal 2009 operating results. Dividends on preferred stocks will be paid as prescribed.

Common stock:

Year-end dividends	¥ 55 per share	
Annual (including interim dividend)	¥100	(year-on-year increase of ¥10)

Preferred stock (type 6):

Year-end dividends	¥44,250
Annual (including interim dividend)	¥88,500

SMFG intends to pay the following dividends for fiscal 2010, based on the earnings forecast, level of dividend payout ratio and policy of maintaining stable dividend payment. Dividends on preferred stocks will be paid as prescribed.

Common stock	¥100 per share	(the same as fiscal 2009)
[interim dividends]	[50]	
Preferred stock (type 6)	¥88,500 per share	
[interim dividends]	[44,250]	

4. Risk Factors

Principal risk factors that could materially affect SMFG's operating results and financial position are as follows. SMFG takes necessary measures to prevent/mitigate the risk of such events from occurring, and responds quickly and appropriately when such events do occur.

- Risk of economic and financial environment deteriorating
- Risk of SMFG's strategy failing
- Risk of joint venture, alliance, investment, merger and acquisition failing
- Risk of overseas expansion failing
- Risk of non-performing loans and credit costs increasing
- Risks associated with equity portfolio
- Risks associated with trading business and investment activities
- Risks associated with foreign exchange trading
- Risk of capital ratio declining
- Risk related to changes in laws, regulations, regimes, and other regulatory matters

(Note) The above risk factors are as of May 14, 2010.

II. Overview of SMFG Group

SMFG group conducts primary banking business through the following financial services: leasing, securities, credit card business, investment banking, loans and venture capital. SMFG has 307 consolidated subsidiaries and 58 companies accounted for by the equity method.

* consolidated subsidiary ** equity method affiliate

Sumitomo Mitsui Financial Group, Inc.	Banking business	<p>Principal subsidiaries</p> <p>Domestic</p> <ul style="list-style-type: none"> * Sumitomo Mitsui Banking Corporation ("SMBC") * THE MINATO BANK, LTD. (Listed on the First Section of Tokyo Stock Exchange and Osaka Securities Exchange) * Kansai Urban Banking Corporation (Listed on the First Section of Tokyo Stock Exchange and Osaka Securities Exchange) * The Japan Net Bank, Limited (Internet banking) * SMBC Guarantee Co., Ltd. (Credit guarantee) <p>Overseas</p> <ul style="list-style-type: none"> * Sumitomo Mitsui Banking Corporation Europe Limited * Sumitomo Mitsui Banking Corporation (China) Limited * Manufacturers Bank * Sumitomo Mitsui Banking Corporation of Canada * Banco Sumitomo Mitsui Brasileiro S.A. * ZAO Sumitomo Mitsui Rus Bank * PT Bank Sumitomo Mitsui Indonesia ** Vietnam Export Import Commercial Joint Stock Bank
	Leasing business	<p>Principal subsidiaries and affiliated companies</p> <p>Domestic</p> <ul style="list-style-type: none"> * Sumitomo Mitsui Finance and Leasing Company, Limited ** Sumitomo Mitsui Auto Service Company, Limited <p>Overseas</p> <ul style="list-style-type: none"> * SMBC Leasing and Finance, Inc.
	Other business	<p>Principal subsidiaries and affiliated companies</p> <p>Domestic</p> <ul style="list-style-type: none"> * ORIX Credit Corporation (Consumer finance) * Sumitomo Mitsui Card Company, Limited (Credit card services) * SAKURA CARD CO., Ltd. (Credit card services) * SMBC Consulting Co., Ltd. (Management consulting and information services) * SMBC Finance Service Co., Ltd. (Loans, factoring and collecting agent) * Financial Link Company, Limited (Data processing service and consulting) * SMBC Friend Securities Co., Ltd. (Securities) * Nikko Cordial Securities Inc. (Securities) * The Japan Research Institute, Limited (System development, data processing, management consulting and economic research) * Sakura KCS Corporation (System engineering and data processing) (Listed on the Second Section of Osaka Securities Exchange) * Japan Pension Navigator Co., Ltd. (Operational management of defined contribution pension plans) * SMM Auto Finance, Inc. (Automobile sales finance) ** Promise Co., Ltd. (Consumer finance) (Listed on the First Section of Tokyo Stock Exchange) ** At-Loan Co., Ltd. (Consumer finance) ** SANYO SHINPAN FINANCE CO., LTD. (Consumer finance) ** POCKET CARD CO., LTD. (Credit card services) (Listed on the First Section of Tokyo Stock Exchange and Osaka Securities Exchange) ** Cedyne Financial Corporation (Credit card and shopping credit services) (Listed on the First Section of Tokyo Stock Exchange and Nagoya Stock Exchange) ** Daiwa SMBC Capital Co., Ltd. (Venture capital) ** Daiwa SB Investments Ltd. (Investment advisory and investment trust management) ** Sumitomo Mitsui Asset Management Company, Limited (Investment advisory and investment trust management) ** JSOL CORPORATION (System development and data processing) ** Sakura Information Systems Co., Ltd. (System engineering and data processing) <p>Overseas</p> <ul style="list-style-type: none"> * SMBC Capital Markets, Inc. (Derivatives and investments) * SMBC Capital Markets Limited (Derivatives) * SMBC Securities, Inc. (Securities)

The detail of change in specific subsidiary in the fiscal year ended March 31, 2010 is as follows:

Name	Address	Capital	Business	Percentage of Voting Rights
SMFG Preferred Capital JPY 3 Limited	Cayman Islands	¥ 392,900 million	Other business (Finance)	100%

(Note) Capital amounts less than units have been omitted.

III. Management Policy

1. Our Mission

Our group-wide management philosophy is as follows.

- 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.

In line with this philosophy, SMFG and its group companies put their collective energy into becoming “a globally competitive financial services group with the highest trust.”

2. Targeted Management Indices

We will proactively implement initiatives to “secure a resilient capital base” and “reinforce our business portfolio to achieve sustainable growth,” in order to remain competitive under new regulatory and competitive environment and early capture growth opportunities. We aim to maintain over around 10% of consolidated Tier I ratio, while targeting around 10% of consolidated ROE in the medium term.

3. Medium- to Long-term Management Strategy

The business environment of financial institutions is changing radically as regulators discuss the global reform of financial regulations in order to prevent another financial crisis, but our core mission remains unchanged, namely, to become a “globally competitive financial services group with the highest trust” by maximizing our strengths of “Spirit of Innovation,” “Speed” and “Solution & Execution.”

We will also further enhance our enterprise value by taking steps to “secure a resilient capital base” and make every effort to implement measures to “reinforce our business portfolio to achieve sustainable growth” through reviewing current businesses and allocating more capital and resources into targeted growth business areas as we decipher long-term changes in our business environment.

4. Issues to be Addressed

We designated our management policy for fiscal 2010 as “transforming our business model to grow steadily under a new regulatory and competitive environment through a forward-looking approach” and “emphasizing return on risks and costs, in order to improve asset quality and thoroughly control expenses and credit costs.” We will also continue to promote initiatives to “secure a resilient capital base” and “reinforce our business portfolio to achieve sustainable growth.” In addition, we will establish a good balance between investing and funding in view of the ongoing discussions on liquidity standards.

(1) Securing a resilient capital base

We completed a ¥861.0 billion common equity offering in July 2009 and another ¥973.0 billion in February 2010, and repurchased and cancelled preferred securities issued by overseas special purpose companies and perpetual subordinated bonds issued by Sumitomo Mitsui Banking Corporation (SMBC) through an overseas tender offering to optimize the capital structure and enhance capital quality. We further increased our capital quality in January 2010 by issuing common shares to The Goldman Sachs Inc., based on an agreement, in exchange for all the preferred shares held by Goldman Sachs and its subsidiary. Going forward, we aim to maintain over around 10% of consolidated Tier I ratio while taking measures to reduce risks to our capital posed by volatility in equity holdings.

With respect to listing on the New York Stock Exchange, we are making final preparations for listing in fiscal 2010.

(2) Reinforcing business portfolio to achieve sustainable growth

We will fortify our bottom-line profit by reviewing current businesses as well as pursue profitability by focusing on targeted growth business areas. We will also strive to enhance customer responsiveness by leveraging advisory functions and further increase productivity by improving business processes.

(i) Fortify bottom-line profit by reviewing current businesses

Meeting financial needs of customers is financial institutions’ social responsibility and we work to fulfill our function as a financial intermediary optimally and actively. SMBC has been proactively delivering optimal products and services

based on understanding of customers' needs and issues. However, taking into account the enactment of the "Act Concerning Temporary Measures to Facilitate Financing to SMEs, etc.," we are intensifying our customer responsiveness by establishing a framework for handling requests for facilitating financing from SMEs and individual customers and so on.

At the same time as meeting the financial needs of customers as above, we will fortify our bottom-line profit by focusing on control and reduction of credit costs and improve risk-return profile by rebalancing our asset portfolio towards assets with high growth potential from assets with low yields.

(ii) Pursue profitability by focusing on targeted growth business areas

- "Nikko Cordial Securities Inc."

In March 2010, Nikko Cordial Securities Inc., which became a wholly-owned subsidiary of SMBC in October 2009, launched its medium-term management plan, spanning the three years until fiscal 2012, with the view to "becoming the No.1 general securities company in Japan which is excellent both in quality and quantity and globally competitive." Maintaining low-cost operations based on IT, etc., Nikko Cordial Securities will take measures such as promoting sustainable expansion of existing business centering on retail business, creating new business centering on the wholesale business, actively employing personnel and enhancing personnel development programs, increasing system investment, and improving the organizational structure of the head office in response to full-line business operations.

- "Overseas business centered on Asia"

In the Asia-Pacific region, we have been responding flexibly and quickly to local business requirements through SMBC's Asia Pacific Division. Additionally, for the purpose of enabling further flexible and quick response to the diversified and sophisticated needs of corporate customers, SMBC have newly established the Financial Products Marketing Dept. in May 2010 by integrating certain functions of its Investment Banking Unit in Australia and Asia, aiming to provide solutions more speedily and optimally. In China, we have been developing business through Sumitomo Mitsui Banking Corporation (China) Limited which was established in April 2009. In April 2010, in order to deliver cross-border services and products more tailored to the individual needs of these customers, we established a framework to facilitate support for Japanese corporate customers in a globally integrated manner by transferring functions related to business with Japanese corporate customers, including planning and management, from SMBC's Planning Dept., International Banking Unit to its Planning Dept., Corporate Banking Unit & Middle Marketing Banking Unit. In addition, we have been taking steps to further strengthen our business in Asia by leveraging SMBC's business and capital alliances with leading financial institutions in the region, such as Kookmin Bank of South Korea, First Commercial Bank of Taiwan, Vietnam Eximbank of Vietnam, Bank of East Asia of Hong Kong, and Bank Central Asia of Indonesia.

In Europe and the Americas, we are continuing to bolster our financial products with a competitive edge, including project finance. In addition, leveraging SMBC's alliance with a South African subsidiary of a leading U.K. financial institution, Barclays plc, we will proactively support our clients such as Japanese corporate customers in the region.

- "Payment and settlement services, consumer finance"

In the credit card business, we have been taking various measures to "establish the number one credit card business entity in Japan" based on a two-company system consisting of Sumitomo Mitsui Card Co., Ltd. (SMCC) and Cedyna Financial Corporation by striving to realize economies of scale for the group as a whole and to maximize top-line synergies by drawing on the strengths of each company.

Cedyna will issue new shares by third-party allotment in May 2010, subject to approval of the relevant authorities and to be subscribed by the intermediary holding company SMFG Card & Credit Inc., in order to (a) accelerate and ensure implementation of management restructuring including investing in new businesses and IT systems and cost restructuring, to increase its enterprise value; (b) further clarify the positioning of Cedyna as a core entity in the credit card business together with SMCC; and (c) further enhance Cedyna's capital base. After the subscription, Cedyna will become a consolidated subsidiary of SMFG.

In the consumer finance business, our goal is to create an even better foundation for meeting the sound financing needs of individual consumers, capitalizing on the strategic alliances of Group companies to capture market shares and enhance efficiency. As part of this strategy, SMBC made ORIX Credit Corporation into its consolidated subsidiary in July 2009. It also reached a basic agreement in March 2010 regarding revision of the business model under the cascade scheme among SMBC, Promise Co. Ltd. and At-Loan Co., Ltd. and a merger of At-Loan Co. Ltd. by Promise Co., Ltd. through absorption-type merger. Through these initiatives, we believe we will be able to further enhance our market presence in the

changing consumer finance market and respond to the needs of a wider range of customers.

(iii) Further enhance customer responsiveness by leveraging advisory functions

- “Solution providing for corporations” and “Investment banking and trust business”

We remain strongly committed to delivering our corporate clients high-quality solutions that precisely address a broad range of management issues. SMBC’s Corporate Advisory Division, Private Advisory Dept. and Global Advisory Dept. are three specialized departments that operate across business segments — consumer, corporate and overseas. This structure facilitates the pooling of “V-KIP” (value, knowledge, information and profits) among these departments. As a result, we can deliver more tailored support to corporate clients and upgrade our ability to provide outstanding solutions.

We are also taking measures to draw on the resources of Group companies to formulate solutions. Sumitomo Mitsui Finance and Leasing is promoting an aircraft operating lease business, which is one of the strategic joint businesses in leasing with Sumitomo Corporation, as well as a variety of other leasing services that offer financial and sales solutions for both users and suppliers. In addition, The Japan Research Institute offers a lineup of high value-added services by continuously strengthening existing services that range from consulting for management reforms and IT utilization to the planning and creation of strategic IT systems.

- “Financial consulting for individuals”

For individual customers, we are increasing the sophistication of our financial consulting services, aiming to realize “total consulting services” which offer customers one-stop services for various financial products and services. Specifically, SMBC offers investment trusts, pension-type insurance, discretionary asset management services and started to deal level-premium insurances at all its branches in August 2009. Further, it has been offering products and services jointly with Nikko Cordial Securities, including a jointly developed investment trust, holding joint seminars and a customer referral service between the two, since October 2009. Moreover, SMBC launched a securities intermediary business for individual customers in April of this year. Leveraging the products lineup and fundamental strength in securities business of Nikko Cordial Securities, we will deliver products and services that meet individual customers’ needs. In addition, we will promote collaboration between securities companies within our group, such as Nikko Cordial Securities providing products to SMBC Friend Securities Co., Ltd. Furthermore, we are exploring avenues of cooperation in wealth management and other areas with Barclays plc.

(iv) Further increase productivity by improving business processes

With regards to controlling expenses, we prioritize expenditures based on their amount, timing and impact in order to better allocate the limited resources to targeted growth business areas. We consistently maintain an overhead ratio of less than 50% for SMBC on a non-consolidated basis by pursuing business efficiency.

The above initiatives are premised on a strong compliance framework; we will establish such a framework and thoroughly comply with both domestic and overseas laws and regulations. Specifically, SMBC is further enhancing its framework for explaining products and services to customers from the viewpoint of customer protection, continuing to manage conflict of interests appropriately, further enhancing preventive measures against transactions with anti-social forces and strengthening anti-money laundering measures. Also, functions to incorporate customer opinions and requests will be reinforced, thereby enhancing customer satisfaction and service quality.

We plan a dividend payment of ¥100 per common share for fiscal 2010, the same as in fiscal 2009, and will continue to actively examine measures to increase return to shareholders.

In fiscal 2010, through these initiatives, we intend to achieve steady results, and further increase its value to its customers and shareholders and in the financial markets and society.

IV. Consolidated Financial Statements

(1) Consolidated Balance Sheets

March 31,	(Millions of yen)	
	2010	2009
Assets:		
Cash and due from banks	¥ 5,839,672	¥ 5,241,694
Call loans and bills bought	1,121,145	633,655
Receivables under resale agreements	25,226	10,487
Receivables under securities borrowing transactions	5,440,622	1,820,228
Monetary claims bought	1,006,738	1,024,050
Trading assets	6,708,688	4,924,961
Money held in trust	18,734	8,985
Securities	28,623,968	28,698,164
Loans and bills discounted	62,701,033	65,135,319
Foreign exchanges	1,107,289	885,082
Lease receivables and investment assets	1,839,662	1,968,347
Other assets	3,610,046	4,257,251
Tangible fixed assets	1,081,125	1,008,801
Buildings	314,461	296,219
Land	544,075	531,726
Lease assets	8,159	7,206
Construction in progress	8,206	3,527
Other tangible fixed assets	206,222	170,121
Intangible fixed assets	626,248	361,884
Software	215,563	163,522
Goodwill	363,507	186,793
Lease assets	367	480
Other intangible fixed assets	46,809	11,087
Deferred tax assets	728,586	857,658
Customers' liabilities for acceptances and guarantees	3,749,056	3,878,504
Reserve for possible loan losses	(1,068,329)	(1,077,852)
Total assets	<u>¥123,159,513</u>	<u>¥119,637,224</u>

(continued)

March 31,	(Millions of yen)	
	2010	2009
Liabilities:		
Deposits	¥ 78,648,595	¥ 75,569,497
Negotiable certificates of deposit	6,995,619	7,461,284
Call money and bills sold	2,119,557	2,499,113
Payables under repurchase agreements	1,120,860	778,993
Payables under securities lending transactions	4,315,774	7,589,283
Commercial paper	310,787	—
Trading liabilities	5,066,727	3,597,658
Borrowed money	5,470,578	4,644,699
Foreign exchanges	192,299	281,145
Short-term bonds	1,212,178	1,019,342
Bonds	3,422,672	3,683,483
Due to trust account	159,554	60,918
Other liabilities	3,193,146	3,803,046
Reserve for employee bonuses	43,443	27,659
Reserve for executive bonuses	2,333	513
Reserve for employee retirement benefits	41,691	35,643
Reserve for executive retirement benefits	8,216	7,965
Reserve for reimbursement of deposits	11,734	11,767
Reserves under the special laws	393	432
Deferred tax liabilities	26,520	27,287
Deferred tax liabilities for land revaluation	46,966	47,217
Acceptances and guarantees	3,749,056	3,878,504
Total liabilities	116,158,708	115,025,460
Net assets:		
Capital stock	2,337,895	1,420,877
Capital surplus	978,897	57,245
Retained earnings	1,451,945	1,245,085
Treasury stock	(124,061)	(124,024)
Stockholders' equity	4,644,677	2,599,183
Net unrealized gains (losses) on other securities	412,708	(14,649)
Net deferred losses on hedges	(39,367)	(20,835)
Land revaluation excess	34,955	35,159
Foreign currency translation adjustments	(101,650)	(129,068)
Valuation and translation adjustments	306,646	(129,394)
Stock acquisition rights	81	66
Minority interests	2,049,400	2,141,908
Total net assets	7,000,805	4,611,764
Total liabilities and net assets	¥123,159,513	¥119,637,224

(2) Consolidated Statements of Operations

Year ended March 31,	(Millions of yen)	
	2010	2009
Ordinary income:	¥3,166,465	¥3,552,843
Interest income	1,695,805	2,087,348
Interest on loans and discounts	1,280,297	1,550,081
Interest and dividends on securities	241,216	299,616
Interest on call loans and bills bought	7,657	14,686
Interest on receivables under resale agreements	902	1,750
Interest on receivables under securities borrowing transactions	5,413	4,506
Interest on deposits with banks	14,757	42,738
Interest on lease transactions	74,542	77,772
Other interest income	71,018	96,195
Trust fees	1,778	2,122
Fees and commissions	729,364	672,752
Trading income	194,087	211,738
Other operating income	453,012	529,599
Lease-related income	54,253	46,446
Installment-related income	178,641	201,219
Other	220,117	281,933
Other income	92,416	49,281
Ordinary expenses:	2,607,696	3,507,532
Interest expenses	314,893	748,894
Interest on deposits	145,979	326,447
Interest on negotiable certificates of deposit	34,042	47,911
Interest on call money and bills sold	6,271	22,524
Interest on payables under repurchase agreements	1,390	7,298
Interest on payables under securities lending transactions	6,165	59,962
Interest on commercial paper	194	-
Interest on borrowed money	37,708	62,750
Interest on short-term bonds	2,902	6,678
Interest on bonds	70,749	82,577
Other interest expenses	9,489	132,743
Fees and commissions payments	120,748	115,574
Other operating expenses	401,773	473,212
Lease-related expenses	30,833	26,473
Installment-related expenses	164,150	164,452
Other	206,789	282,286
General and administrative expenses	1,161,302	1,063,419
Other expenses	608,978	1,106,431
Provision for reserve for possible loan losses	201,620	402,807
Other	407,358	703,623
Ordinary profit	<u>558,769</u>	<u>45,311</u>
Extraordinary gains	18,222	3,692
Gains on disposal of fixed assets	17,179	1,297
Recoveries of written-off claims	968	1,708
Transfer from reserve for eventual future operating losses from financial instruments transactions	74	686
Extraordinary losses	18,894	19,507
Losses on disposal of fixed assets	6,003	12,144
Losses on impairment of fixed assets	12,856	7,363
Provision for reserve for eventual future operating losses from financial instruments transactions	34	-
Income before income taxes and minority interests	<u>558,097</u>	<u>29,495</u>
Income taxes		
current	104,110	72,238
deferred	74,759	262,405
Minority interests in net income	107,668	68,308
Net income (loss)	<u>¥ 271,559</u>	<u>¥ (373,456)</u>

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31,	(Millions of yen)	
	2010	2009
Stockholders' equity		
Capital stock		
Balance at the end of the previous fiscal year	¥ 1,420,877	¥ 1,420,877
Changes in the fiscal year		
Issuance of new shares	917,018	-
Net changes in the fiscal year	917,018	-
Balance at the end of the fiscal year	<u>2,337,895</u>	<u>1,420,877</u>
Capital surplus		
Balance at the end of the previous fiscal year	57,245	57,826
Changes in the fiscal year		
Issuance of new shares	928,094	-
Disposal of treasury stock	(108)	(580)
Decrease due to decrease in affiliates	(6,333)	-
Net changes in the fiscal year	921,652	(580)
Balance at the end of the fiscal year	<u>978,897</u>	<u>57,245</u>
Retained earnings		
Balance at the end of the previous fiscal year	1,245,085	1,740,610
Decrease in retained earnings at the beginning of the fiscal year due to accounting change of overseas subsidiaries	-	(3,132)
Changes in the fiscal year		
Cash dividends	(71,174)	(118,833)
Net income (loss)	271,559	(373,456)
Increase due to increase in subsidiaries	8	19
Increase due to decrease in subsidiaries	3	8
Decrease due to increase in subsidiaries	(11)	(14)
Decrease due to decrease in subsidiaries	(1)	(1)
Increase due to decrease in affiliates	6,333	-
Reversal of land revaluation excess	141	(114)
Net changes in the fiscal year	206,859	(492,392)
Balance at the end of the fiscal year	<u>1,451,945</u>	<u>1,245,085</u>
Treasury stock		
Balance at the end of the previous fiscal year	(124,024)	(123,989)
Changes in the fiscal year		
Purchase of treasury stock	(189)	(943)
Disposal of treasury stock	152	907
Net changes in the fiscal year	(36)	(35)
Balance at the end of the fiscal year	<u>(124,061)</u>	<u>(124,024)</u>
Total stockholders' equity		
Balance at the end of the previous fiscal year	2,599,183	3,095,324
Decrease in retained earnings at the beginning of the fiscal year due to accounting change of overseas subsidiaries	-	(3,132)
Changes in the fiscal year		
Issuance of new shares	1,845,113	-
Cash dividends	(71,174)	(118,833)
Net income	271,559	(373,456)
Purchase of treasury stock	(189)	(943)
Disposal of treasury stock	43	326
Increase due to increase in subsidiaries	8	19
Increase due to decrease in subsidiaries	3	8
Decrease due to increase in subsidiaries	(11)	(14)
Decrease due to decrease in subsidiaries	(1)	(1)
Increase due to decrease in affiliates	6,333	-
Decrease due to decrease in affiliates	(6,333)	-
Reversal of land revaluation excess	141	(114)
Net changes in the fiscal year	2,045,493	(493,008)
Balance at the end of the fiscal year	<u>4,644,677</u>	<u>2,599,183</u>

(continued)

Year ended March 31,	(Millions of yen)	
	2010	2009
Valuation and translation adjustments		
Net unrealized gains (losses) on other securities		
Balance at the end of the previous fiscal year	(14,649)	550,648
Changes in the fiscal year		
Net changes in items other than stockholders' equity in the fiscal year	427,358	(565,298)
Net changes in the fiscal year	427,358	(565,298)
Balance at the end of the fiscal year	412,708	(14,649)
Net deferred losses on hedges		
Balance at the end of the previous fiscal year	(20,835)	(75,233)
Changes in the fiscal year		
Net changes in items other than stockholders' equity in the fiscal year	(18,531)	54,397
Net changes in the fiscal year	(18,531)	54,397
Balance at the end of the fiscal year	(39,367)	(20,835)
Land revaluation excess		
Balance at the end of the previous fiscal year	35,159	34,910
Changes in the fiscal year		
Net changes in items other than stockholders' equity in the fiscal year	(204)	248
Net changes in the fiscal year	(204)	248
Balance at the end of the fiscal year	34,955	35,159
Foreign currency translation adjustments		
Balance at the end of the previous fiscal year	(129,068)	(27,323)
Changes in the fiscal year		
Net changes in items other than stockholders' equity in the fiscal year	27,418	(101,744)
Net changes in the fiscal year	27,418	(101,744)
Balance at the end of the fiscal year	(101,650)	(129,068)
Valuation and translation adjustments		
Balance at the end of the previous fiscal year	(129,394)	483,002
Changes in the fiscal year		
Net changes in items other than stockholders' equity in the fiscal year	436,040	(612,396)
Net changes in the fiscal year	436,040	(612,396)
Balance at the end of the fiscal year	306,646	(129,394)
Stock acquisition rights		
Balance at the end of the previous fiscal year	66	43
Changes in the fiscal year		
Net changes in items other than stockholders' equity in the fiscal year	15	22
Net changes in the fiscal year	15	22
Balance at the end of the fiscal year	81	66
Minority interests		
Balance at the end of the previous fiscal year	2,141,908	1,645,705
Changes in the fiscal year		
Net changes in items other than stockholders' equity in the fiscal year	(92,508)	496,202
Net changes in the fiscal year	(92,508)	496,202
Balance at the end of the fiscal year	2,049,400	2,141,908

(continued)

Year ended March 31,	(Millions of yen)	
	2010	2009
Total net assets		
Balance at the end of the previous fiscal year	4,611,764	5,224,076
Decrease in retained earnings at the beginning of the fiscal year due to accounting change of overseas subsidiaries	–	(3,132)
Changes in the fiscal year		
Issuance of new shares	1,845,113	–
Cash dividends	(71,174)	(118,833)
Net income	271,559	(373,456)
Purchase of treasury stock	(189)	(943)
Disposal of treasury stock	43	326
Increase due to increase in subsidiaries	8	19
Increase due to decrease in subsidiaries	3	8
Decrease due to increase in subsidiaries	(11)	(14)
Decrease due to decrease in subsidiaries	(1)	(1)
Increase due to decrease in affiliates	6,333	–
Decrease due to decrease in affiliates	(6,333)	–
Reversal of revaluation reserve for land	141	(114)
Net changes in items other than stockholders' equity in the fiscal year	343,547	(116,171)
Net changes in the fiscal year	2,389,041	(609,180)
Balance at the end of the fiscal year	<u>¥ 7,000,805</u>	<u>¥ 4,611,764</u>

(4) Consolidated Statements of Cash Flows

(Millions of yen)

Year ended March 31,	2010	2009
Cash flows from operating activities:		
Income before income taxes and minority interests	¥ 558,097	¥ 29,495
Depreciation	136,860	123,025
Losses on impairment of fixed assets	12,856	7,363
Amortization of goodwill	18,634	8,388
Equity in losses of affiliates	21,542	94,876
Net change in reserve for possible loan losses	(1,419)	191,190
Net change in reserve for employee bonuses	7,543	102
Net change in reserve for executive bonuses	813	(630)
Net change in reserve for employee retirement benefits	903	2,273
Net change in reserve for executive retirement benefits	204	58
Net change in reserve for reimbursement of deposits	(43)	1,350
Interest income	(1,695,805)	(2,087,348)
Interest expenses	314,893	748,894
Net (gains) losses on securities	(19,837)	155,831
Net losses from money held in trust	245	134
Net exchange losses	83,038	184,195
Net (gains) losses from disposal of fixed assets	(11,176)	10,847
Net change in trading assets	(983,770)	(912,601)
Net change in trading liabilities	1,195,098	1,028,101
Net change in loans and bills discounted	3,591,071	(3,439,852)
Net change in deposits	1,918,359	3,031,427
Net change in negotiable certificates of deposit	(462,243)	4,384,033
Net change in borrowed money (excluding subordinated debt)	541,021	475,829
Net change in deposits with banks	(770,291)	764,080
Net change in call loans and bills bought and others	(474,477)	409,341
Net change in receivables under securities borrowing transactions	(3,226,847)	119,941
Net change in call money and bills sold and others	(473,642)	(1,186,720)
Net change in commercial paper	310,787	–
Net change in payables under securities lending transactions	(3,409,463)	1,857,241
Net change in foreign exchanges (assets)	(220,622)	2,261
Net change in foreign exchanges (liabilities)	(89,277)	(19,280)
Net change in lease receivables and investment assets	202,531	46,904
Net change in short-term bonds (liabilities)	168,836	244,242
Issuance and redemption of bonds (excluding subordinated bonds)	(211,844)	(283,810)
Net change in due to trust account	98,635	(19,878)
Interest received	1,760,370	2,132,561
Interest paid	(341,821)	(765,686)
Other, net	(321,815)	137,137
Subtotal	(1,772,056)	7,475,320
Income taxes paid	(108,864)	(107,266)
Net cash provided by (used in) operating activities	(1,880,921)	7,368,053

(continued)	(Millions of yen)	
Year ended March 31,	2010	2009
Cash flows from investing activities:		
Purchases of securities	(46,300,009)	(53,213,459)
Proceeds from sale of securities	32,626,376	34,674,690
Proceeds from maturity of securities	14,263,916	12,176,246
Purchases of money held in trust	(9,748)	(2,135)
Proceeds from sale of money held in trust	27	0
Purchases of tangible fixed assets	(156,154)	(175,632)
Proceeds from sale of tangible fixed assets	37,114	12,081
Purchases of intangible fixed assets	(82,287)	(74,489)
Proceeds from sale of intangible fixed assets	111	58
Purchases of stocks of subsidiaries	-	(21,925)
Proceeds from sale of stocks of subsidiaries	-	363
Purchases of treasury stocks of subsidiaries	-	(20,000)
Proceeds from purchase of stocks of subsidiaries resulting in changes in scope of consolidation	-	355
Purchases of stocks of subsidiaries resulting in changes in scope of consolidation	(537,007)	(8,675)
Proceeds from sale of stocks of subsidiaries resulting in changes in scope of consolidation	-	13,264
Net cash used in investing activities	<u>(157,661)</u>	<u>(6,639,254)</u>
Cash flows from financing activities:		
Proceeds from issuance of subordinated borrowings	8,000	5,000
Repayment of subordinated borrowings	(78,000)	(92,500)
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights	611,172	380,600
Repayment of subordinated bonds and bonds with stock acquisition rights	(639,981)	(316,874)
Issuance of new shares	1,824,896	-
Dividends paid	(71,063)	(118,758)
Proceeds from contributions paid by minority stockholders	388,000	1,046,529
Repayments to minority stockholders	(492,987)	(460,564)
Dividends paid to minority stockholders	(98,791)	(90,162)
Purchases of treasury stock	(189)	(943)
Proceeds from disposal of treasury stock	43	326
Net cash provided by financing activities	<u>1,451,099</u>	<u>352,652</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(302)</u>	<u>(17,315)</u>
Net change in cash and cash equivalents	(587,786)	1,064,136
Cash and cash equivalents at the beginning of the year	3,800,890	2,736,752
Change in cash and cash equivalents due to merger of consolidated subsidiaries	158,089	-
Change in cash and cash equivalents due to newly consolidated subsidiaries	-	0
Cash and cash equivalents at the end of the year	<u>¥ 3,371,193</u>	<u>¥ 3,800,890</u>

(5) Note on the Assumption as a Going Concern

Not applicable.

(6) Significant Accounting Policies for Preparing Consolidated Financial Statements

1. Scope of consolidation

(1) Consolidated subsidiaries 307 companies

Principal companies: Sumitomo Mitsui Banking Corporation
 THE MINATO BANK, LTD.
 Kansai Urban Banking Corporation
 Sumitomo Mitsui Banking Corporation Europe Limited
 Sumitomo Mitsui Banking Corporation (China) Limited
 Manufacturers Bank
 Sumitomo Mitsui Finance and Leasing Company, Limited
 Sumitomo Mitsui Card Company, Limited
 SMBC Finance Service Co., Ltd.
 SMBC Friend Securities Co., Ltd.
 Nikko Cordial Securities Inc.
 The Japan Research Institute, Limited
 SMBC Capital Markets, Inc.

Changes in consolidated subsidiaries in the fiscal year ended March 31, 2010 are as follows:

62 companies including Nikko Cordial Securities Inc. were newly consolidated due mainly to an acquisition of stocks.

35 companies including QUOQ Inc. (“QUOQ”) were excluded from the scope of consolidation because they were no longer subsidiaries due to a merger and other reasons.

Also, 8 companies including Apricot Navigation 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.

(2) Unconsolidated subsidiaries

Principal company: SBCS Co., Ltd.

214 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 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, 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.

2. Application of the equity method

(1) Unconsolidated subsidiaries accounted for by the equity method 4 companies

Principal company: SBCS Co., Ltd.

(2) Affiliates accounted for by the equity method 54 companies

Principal companies: Sumitomo Mitsui Auto Service Company, Limited
 Promise Co., Ltd.
 Cedyne Financial Corporation
 Daiwa SMBC Capital Co., Ltd.
 Daiwa SB Investments Ltd.
 Sumitomo Mitsui Asset Management Company, Limited

Changes in affiliates accounted for by the equity method in the fiscal year are as follows:

16 companies including P.T. Nikko Securities Indonesia newly became affiliated companies accounted for by the equity method due mainly to acquisition of shares.

2 companies including AJCC CORPORATION 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. 35 companies including Daiwa Securities SMBC Co. Ltd. were also excluded due to a sale of stocks and other reasons.

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

214 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 Consolidated Financial Statements Regulations.

(4) Affiliates that are not accounted for by the equity method

Principal company:

Daiwa SB Investments (USA) Ltd.

Affiliates that are not accounted for by the equity method are also excluded from the scope of equity method because their total amounts in terms of net income and retained earnings are 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.

3. The balance sheet dates of consolidated subsidiaries

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

June 30	4	companies
July 31	2	companies
September 30	5	companies
October 31	2	companies
November 30	5	companies
December 31	120	companies
January 31	18	companies
February 28	8	companies
March 31	143	companies

(2) The subsidiaries whose balance sheet dates are June 30, 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. As for the subsidiaries whose balance sheet dates are October 31, their financial statements are consolidated based on the provisional financial statements closed as of January 31 and March 31, respectively. The other companies are consolidated on the basis of their respective balance sheet dates.

Overseas consolidated subsidiaries whose balance sheet dates are December 31 were established in March 2010. They are consolidated after the accounts were provisionally closed as of March 31.

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

4. Special purpose entities

(1) Outline of special purpose entities and transactions

SMBC, a consolidated subsidiary of SMFG, provides credit lines, liquidity lines and loans to 12 special purpose entities ("SPEs") for their fund needs and issuing of commercial paper. The SPEs are engaged in purchases of monetary claims such as receivables from SMBC customers and incorporated under the laws of the Cayman Islands or as intermediate corporations with limited liabilities.

The combined assets and liabilities of the 12 SPEs as of their most recent closing dates were ¥2,261,647 million and ¥2,261,476 million, respectively. SMBC has no voting rights in the SPEs and sends no directors or employees.

(2) Principal transactions with the SPEs as of and for the fiscal year ended March 31, 2010

(Millions of yen)

Balances of principal transactions as of March 31, 2010		Principal profit or loss for the fiscal year ended March 31, 2010	
Item	Amount	Item	Amount
Loans and bills discounted	¥1,630,152	Interest on loans and discounts	¥17,520
Credit lines	670,385	Fees and commissions	2,288
Liquidity lines	279,947		

5. Accounting policies

(1) Standards for recognition and measurement of trading assets/liabilities and trading profits/losses

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

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

(2) Standards for recognition and measurement of securities

- (a) Debt securities that consolidated subsidiaries have the positive intent and ability to hold to maturity are classified as held-to-maturity securities and are carried at amortized cost (straight-line method) using the moving-average method. Investments in unconsolidated subsidiaries and affiliates that are not accounted for by the equity method are carried at cost using the moving-average method. Securities other than trading purpose securities, held-to-maturity securities and investments in unconsolidated subsidiaries and affiliates are classified as “other securities” (available-for-sale securities). Stocks in other securities that have market prices are carried at their average market prices during the final month of the 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 which are extremely difficult to determine fair value with no available market prices are carried at cost using the moving-average method. Net unrealized gains (losses) on other securities, net of income taxes, are included in “Net assets,” after deducting the amount that is reflected in the fiscal year’s earnings by applying fair value hedge accounting
- (b) Securities included in money held in trust are carried in the same method as in (1) and (2) (a) above.

(3) Standards for recognition and measurement of derivative transactions

Derivative transactions, excluding those classified as trading derivatives, are carried at fair value.

(4) Depreciation

(a) Tangible fixed assets

Tangible fixed assets owned by SMFG and its consolidated subsidiary, SMBC are depreciated using the straight-line method. 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 tangible fixed assets primarily using the straight-line method over the estimated useful lives of the respective assets.

(b) Intangible fixed assets

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

(c) Lease assets

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

(5) Reserve for possible loan losses

The reserve for possible loan losses of major consolidated subsidiaries is provided as detailed below in accordance with the internal standards for write-offs and provisions.

For claims on borrowers that have entered into bankruptcy, special liquidation proceedings or similar legal proceedings (“bankrupt borrowers”) or borrowers that are not legally or formally insolvent but are regarded as substantially in the same situation (“effectively bankrupt borrowers”), a reserve is provided based on the amount of claims, after the write-off stated below, net of the expected amount of recoveries from collateral and guarantees.

For claims on borrowers that are not currently bankrupt but are perceived to have a high risk of falling into bankruptcy (“potentially bankrupt borrowers”), a reserve is provided in the amount deemed necessary based on an overall solvency assessment of the claims, net of the expected amount of recoveries from collateral and guarantees.

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

For other claims, a reserve is provided based on the historical loan-loss ratio.

For claims originated in specific overseas countries, an additional reserve is provided in the amount deemed necessary based on the assessment of political and economic conditions.

Branches and credit supervision departments assess all claims in accordance with the internal rules for self-assessment of assets, and the Credit Review Department, independent from these operating sections, audits their assessment. The reserve is provided based on the results of these assessments.

The reserve for possible loan losses of other consolidated subsidiaries for general claims is provided in the amount deemed necessary based on the historical loan-loss ratios, and for doubtful claims in the amount deemed uncollectible based on assessment of each claim.

For collateralized or guaranteed claims on bankrupt borrowers and effectively bankrupt borrowers, the amount exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and written off against the total outstanding amount of the claims. The amount of write-off was ¥843,781 million.

(6) Reserve for employee bonuses

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

(7) 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 fiscal year.

(8) Reserve for employee retirement benefits

The reserve for 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 within the employees' average remaining service period at incurrence.

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

"Partial Amendments to Accounting Standard for Retirement Benefits (Part3)" (ASBJ Statement No. 19, issued on July 31, 2008) became effective from the fiscal year beginning on and after April 1, 2009. Accordingly, SMFG has applied them from this fiscal year. This accounting method has no impact on the consolidated financial statements for the fiscal year ended March 31, 2010.

(9) 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 our internal regulations.

(10) Reserve for reimbursement of deposits

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

(11) Reserve under the special laws

The reserve under the special laws is a reserve for contingent liabilities and provided for compensation for losses from securities related transactions or derivative transactions, pursuant to Article 46-5 of the Financial Instruments and Exchange Law.

(12) Translation of foreign currency assets and liabilities

Assets and liabilities of SMFG and SMBC denominated in foreign currencies and accounts of SMBC overseas branches are translated into Japanese yen mainly at the exchange rate prevailing at the consolidated balance sheet date, with the exception of stocks of subsidiaries and affiliates translated at rates prevailing at the time of acquisition.

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

(13) 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 full term of the lease, based on the contractual amount of lease fees per month.

(c) Recognition of income and expenses on installment sales

Primarily, installment-sales-related income and installment-sales-related expenses are recognized on a due-date basis over the full period of the installment sales.

(14) Hedge accounting

(a) Hedging against interest rate changes

As for the hedge accounting method applied to hedging transactions for interest rate risk arising from financial assets and liabilities, SMBC applies deferred hedge accounting.

SMBC applies deferred hedge accounting stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No.24) to portfolio hedges on groups of large-volume, small-value monetary claims and debts.

As for the portfolio hedges to offset market fluctuation, SMBC assesses the effectiveness of such hedges by classifying the hedged items (such as deposits and loans) and the hedging instruments (such as interest rate swaps) by their maturity. As for the portfolio hedges to fix cash flows, SMBC assesses the effectiveness of such hedges by verifying the correlation between the hedged items and the hedging instruments.

As for the individual hedges, SMBC also assesses the effectiveness of such individual hedges.

As a result of the application of JICPA Industry Audit Committee Report No.24, SMBC discontinued the application of hedge accounting or applied fair value hedge accounting to a portion of the hedging instruments using “macro hedge,” which had been applied in order to manage interest rate risk arising from large-volume transactions in loans, deposits and other interest-earning assets and interest-bearing liabilities as a whole using derivatives pursuant to “Temporary Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry” (JICPA Industry Audit Committee Report No.15). The deferred hedge losses and gains related to such a portion of hedging instruments are charged to “Interest income” or “Interest expenses” over a 12-year period (maximum) according to their maturity from the fiscal year ended March 31, 2004. At the fiscal year-end, gross amounts of deferred hedge losses and gains on “macro hedge” (before deducting tax effect) were ¥2,470 million and ¥2,416 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) Hedging against share price fluctuations

SMBC applies fair value hedge accounting to individual hedges offsetting the price fluctuation of the shares that are classified under other securities, and that are held for the purpose of strategic investment, and accordingly evaluates the effectiveness of such individual hedges.

(d) 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 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 fair value 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).

(15) Consumption tax

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

6. Valuation of consolidated subsidiaries’ assets and liabilities

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

7. Amortization of goodwill

Goodwill on SMBC Friend Securities Co., Ltd., Sumitomo Mitsui Finance and Leasing Company, Limited, Nikko Cordial Securities Inc. and Kansai Urban Banking Corporation is amortized using the straight-line method over 20 years. Goodwill on other companies is charged or credited to income directly when incurred.

8. Scope of “Cash and cash equivalents” on Consolidated Statement of Cash Flows

For the purposes of presenting the consolidated statement of cash flows, “Cash and cash equivalents” are cash on hand, non-interest earning deposits with banks and deposits paid to Bank of Japan.

(7) Application of New Accounting Standards

(Accounting Standard for Financial Instruments)

“Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, partially revised on March 10, 2008) and “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, issued on March 10, 2008) became effective from the fiscal year ending on and after March 31, 2010. SMFG has applied them from this fiscal year. Accordingly, this accounting change has the following impact on the consolidated financial statements as compared with the previous accounting method:

	(Millions of yen)
Monetary claims bought	¥ 8,710
Securities	41,914
Net unrealized gains (losses) on other securities	39,315
Deferred tax assets	(27,056)
Reserve for possible loan losses	(34,999)

As a result, ordinary profit and income before income taxes and minority interests increased by ¥19,251 million each as compared with the former method.

(8) Additional Information

On June 22, 2009, SMFG issued 219,700 thousand new shares of common stock at ¥3,766 per share (issue price) for final allocation by underwriters at ¥3,928 per share (offer price). Furthermore, in connection with the over-allotment of 15,300 thousand shares of common stock offered for sale at ¥3,928 per share (sales price) in the public offering, SMFG issued 8,931 thousand new shares of common stock at ¥3,766 per share (issue price) through third-party allocation to the underwriter who conducted the over-allotment on July 27, 2009. The purchase agreement for the offering prescribes that the total amount of issue price be treated as the total amount of subscription price and no underwriting commission be paid. Accordingly, other expenses do not include the amount equivalent to the underwriting commission for the offering in the amount of ¥37,038 million. Out of the issue price per share, ¥1,883 is accounted for as capital stock and ¥1,883 as capital surplus.

On January 27, 2010, SMFG issued 340,000 thousand new shares of common stock at ¥2,702.81 per share (issue price) for final allocation by underwriters at ¥2,804 per share (offer price). Furthermore, in connection with the over-allotment of 20,000 thousand shares of common stock offered for sale at ¥2,804 per share (sales price) in the public offering, SMFG issued 20,000 thousand new shares of common stock at ¥2,702.81 per share (issue price) through third-party allocation to the underwriter who conducted the over-allotment on February 10, 2010. The purchase agreement for the offering prescribes that the total amount of issue price be treated as the total amount of subscription price and no underwriting commission be paid. Accordingly, other expenses do not include the amount equivalent to the underwriting commission for the offering in the amount of ¥36,428 million. Out of the issue price per share, ¥1,351.405 is accounted for as capital stock and ¥1,351.405 as capital surplus.

Equity of ¥11,075 million attributable to SMFG, of which a consolidated subsidiary and an equity method affiliated company of SMFG recorded as earnings under the purchase agreement for the offering, was accounted for as “Capital surplus.”

(9) Notes to Consolidated Financial Statements**Notes to Consolidated Balance Sheet**

1. Securities included stocks of unconsolidated subsidiaries and affiliates of ¥316,485 million and investments of ¥5,412 million.
2. Japanese government bonds as a sub-account of Securities and trading securities as a sub-account of Trading assets include ¥41,826 million of unsecured loan securities for which borrowers have the right to sell or pledge.
As for the unsecured borrowed securities for which SMBC has the right to sell or pledge and the securities which SMBC purchased under resale agreements and borrowed with cash collateral, that are permitted to be sold or pledged without restrictions, ¥3,840,308 million of securities are pledged, and ¥133,566 million of securities are held in hand as of the consolidated balance sheet date.
3. Bankrupt loans and Non-accrual loans were ¥165,131 million and ¥1,075,782 million, respectively.
“Bankrupt loans” are loans, after write-off, to legally bankrupt borrowers as defined in Article 96-1-3 and 96-1-4 of the Enforcement Ordinance No.97 of the Japanese Corporate Tax Law (issued in 1965) and on which accrued interest income is not recognized as there is substantial doubt about the ultimate collectability of either principal or interest because they are past due for a considerable period of time or for other reasons.
“Non-accrual loans” are loans on which accrued interest income is not recognized, excluding “Bankrupt loans” and loans on which interest payments are deferred in order to support the borrowers’ recovery from financial difficulties.
4. Past due loans (3 months or more) totaled ¥38,315 million.
“Past due loans (3 months or more)” are loans on which the principal or interest is past due for three months or more, excluding “Bankrupt loans” and “Non-accrual loans.”
5. Restructured loans totaled ¥250,256 million.
“Restructured loans” are loans on which terms and conditions have been amended in favor of the borrowers (e.g., reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt forgiveness) in order to support the borrowers’ recovery from financial difficulties, excluding “Bankrupt loans,” “Non-accrual loans” and “Past due loans (3 months or more).”
6. The total amount of Bankrupt loans, Non-accrual loans, Past due loans (3 months or more) and Restructured loans was ¥1,529,484 million. The amounts of loans presented in Notes 3 to 6 above are the amounts before deduction of reserve for possible loan losses.
7. Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No.24. SMFG’s banking subsidiaries have rights to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions. The total face value was ¥617,381 million.

8. Assets pledged as collateral were as follows:

	(Millions of yen)
Assets pledged as collateral	
Cash and due from banks	¥ 703
Call loans and bills bought	367,035
Monetary claims bought	1,870
Trading assets	2,337,389
Securities	4,649,170
Loans and bills discounted	1,631,290
Lease receivables and investment assets	15,478
Tangible fixed assets	16,165
Other assets (installment account receivable, etc.)	3,087
Liabilities corresponding to assets pledged as collateral	
Deposits	¥ 24,992
Call money and bills sold	642,100
Payables under repurchase agreements	1,120,860
Payables under securities lending transactions	3,664,591
Trading liabilities	365,974
Borrowed money	1,468,005
Other liabilities	14,611
Acceptances and guarantees	123,733

In addition, Cash and due from banks of ¥25,804 million, Trading assets of ¥111,283 million, Securities of ¥14,233,542 million and Loans and bills discounted of ¥1,171,863 million were pledged as collateral for cash settlements, variation margins of futures markets and certain other purposes.

Other assets include surety deposits and intangible of ¥102,085 million, variation margins of futures markets of ¥8,457 million, and other variation margins of ¥83,768 million.

9. Commitment line contracts on overdrafts and loans are agreements to lend to customers, up to a prescribed amount, as long as there is no violation of any condition established in the contracts. The amount of unused commitments was ¥41,957,592 million and the amount of unused commitments whose original contract terms are within one year or unconditionally cancelable at any time was ¥36,373,235 million. 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 such need arises and securing claims after the contracts are made.

10. SMBC and another consolidated subsidiary revaluated their own land for business activities in accordance with the "Law Concerning Land Revaluation" (the "Law") effective March 31, 1998 and the law concerning amendment of the Law effective March 31, 2001. The income taxes corresponding to the net unrealized gains are 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 also revaluated its own land for business activities in accordance with the Law. The net unrealized gains, net of deferred taxes, are reported as "Land revaluation excess" in "Net assets."

Date of the revaluation

SMBC:
 March 31, 1998 and March 31, 2002

Another consolidated subsidiary and an affiliate:
 March 31, 1999 and March 31, 2002

Method of revaluation (stipulated in Article 3-3 of the Law)

SMBC:
 Fair values were determined by applying appropriate adjustments for land shape and timing of appraisal to the values stipulated in Article 2-3, 2-4 or 2-5 of the Enforcement Ordinance of the Law Concerning Land Revaluation (the Enforcement Ordinance No.119) effective March 31, 1998.

Another consolidated subsidiary and an affiliate:
 Fair values were determined based on the values stipulated in Article 2-3 and 2-5 of the Enforcement Ordinance No.119.

11. Accumulated depreciation on tangible fixed assets amounted to ¥671,298 million.

12. Deferred gain on fixed assets deductible for tax purposes amounted to ¥66,529 million.

13. The balance of subordinated debt included in "Borrowed money" was ¥378,729 million.

14. The balance of subordinated bonds included in "Bonds" was ¥2,232,925 million.

15. The amount guaranteed by banking subsidiaries to privately-placed bonds (stipulated by Article 2-3 of Financial Instruments and Exchange Law) in "Securities" was ¥2,136,145 million.

Notes to Consolidated Statement of Operations

1. “Other income” included gains on sales of stocks and other securities of ¥57,231 million.
2. “Other expenses” included write-off of loans of ¥176,672 million, losses on sales of stocks of ¥34,814 million, losses on devaluation of stocks and other securities of ¥32,495 million, losses on delinquent loans sold of ¥76,439 million and equity in losses of affiliates of ¥21,542 million.
3. The difference between the recoverable amount and the book value of the following assets is recognized as “Losses on impairment of fixed assets” and included in “Extraordinary losses” in the fiscal year.

(Millions of yen)				
Area	Purpose of use		Type	Impairment loss
Tokyo metropolitan area	Branches	1 branch	Land and buildings, etc.	¥ 13
	Corporate assets	6 item		8,295
	Idle assets	31 items		1,511
	Others	4 items		335
Kinki area	Branches	1 branches	Land and buildings, etc.	164
	Corporate assets	2 item		35
	Idle assets	38 items		1,436
	Others	2 items		256
Others	Corporate assets	3 items	Land and buildings, etc.	21
	Idle assets	10 items		281
	Others	2 items		503

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.

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, corporate assets, 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.

Notes to Consolidated Statement of Changes in Net Assets

1. Type and number of shares issued and treasury shares

	Number of shares as of the previous fiscal year-end	Number of shares increased in the fiscal year	Number of shares decreased in the fiscal year	Number of shares as of the fiscal year-end
Shares issued				
Common stock	789,080,477	(*1) 624,975,148	—	1,414,055,625
Preferred stock (1st series type 4)	4,175	—	(*2) 4,175	—
Preferred stock (2nd series type 4)	4,175	—	(*2) 4,175	—
Preferred stock (3rd series type 4)	4,175	—	(*2) 4,175	—
Preferred stock (4th series type 4)	4,175	—	(*2) 4,175	—
Preferred stock (9th series type 4)	4,175	—	(*2) 4,175	—
Preferred stock (10th series type 4)	4,175	—	(*2) 4,175	—
Preferred stock (11th series type 4)	4,175	—	(*2) 4,175	—
Preferred stock (12th series type 4)	4,175	—	(*2) 4,175	—
Preferred stock (1st series type 6)	70,001	—	—	70,001
Total	789,183,878	624,975,148	33,400	1,414,125,626
Treasury shares				
Common stock	17,028,466	(*3) 54,672	(*3) 13,038	17,070,100
Preferred stock (1st series type 4)	—	(*2) 4,175	(*2) 4,175	—
Preferred stock (2nd series type 4)	—	(*2) 4,175	(*2) 4,175	—
Preferred stock (3rd series type 4)	—	(*2) 4,175	(*2) 4,175	—
Preferred stock (4th series type 4)	—	(*2) 4,175	(*2) 4,175	—
Preferred stock (9th series type 4)	—	(*2) 4,175	(*2) 4,175	—
Preferred stock (10th series type 4)	—	(*2) 4,175	(*2) 4,175	—
Preferred stock (11th series type 4)	—	(*2) 4,175	(*2) 4,175	—
Preferred stock (12th series type 4)	—	(*2) 4,175	(*2) 4,175	—
Total	17,028,466	88,072	46,438	17,070,100

(*) 1. Increase in number of common shares issued

- 559,700,000 shares due to issuance of new shares by way of public offering on June 22, 2009 and January 27, 2010
- 28,931,300 shares due to issuance of new shares by way of third-party allotment on July 27, 2009 and February 10, 2010
- 36,343,848 shares due to exercising of rights to request acquisition of common shares with respect to preferred stock (1st through 4th and 9th through 12th series Type 4) on January 28, 2010

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

- 4,175 shares due to acquisition of own shares on January 28, 2010 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 (1st through 4th and 9th through and 12th series Type 4)

- 4,175 shares due to retirement of treasury shares on February 8, 2010

3. Increase in number of treasury common shares

- 54,672 shares due to purchase of fractional shares

Decrease in number of treasury common shares

- 12,990 shares due to sale of fractional shares
- 48 shares due to sale by affiliates accounted for by the equity method

2. Information on stock acquisition rights

	Detail of stock acquisition rights	Type of shares	Number of shares				Balance as of the fiscal year-end (Millions of yen)
			Previous fiscal year-end	Increase in the fiscal year	Decrease in the fiscal year	Fiscal year-end	
SMFG	Stock acquisition rights as stock options						¥ —
Consolidated subsidiaries							81
Total							¥ 81

3. Information on dividends

(1) Dividends paid in the fiscal year

(Millions of yen, except per share data)

Date of resolution	Type of shares	Cash dividends	Cash dividends per share	Record date	Effective date
Ordinary general meeting of shareholders held on June 26, 2009	Common stock	¥15,707	¥ 20	March 31, 2009	June 26, 2009
	Preferred stock (1st series type 4)	281	67,500	March 31, 2009	June 26, 2009
	Preferred stock (2nd series type 4)	281	67,500	March 31, 2009	June 26, 2009
	Preferred stock (3rd series type 4)	281	67,500	March 31, 2009	June 26, 2009
	Preferred stock (4th series type 4)	281	67,500	March 31, 2009	June 26, 2009
	Preferred stock (9th series type 4)	281	67,500	March 31, 2009	June 26, 2009
	Preferred stock (10th series type 4)	281	67,500	March 31, 2009	June 26, 2009
	Preferred stock (11th series type 4)	281	67,500	March 31, 2009	June 26, 2009
	Preferred stock (12th series type 4)	281	67,500	March 31, 2009	June 26, 2009
	Preferred stock (1st series type 6)	3,097	44,250	March 31, 2009	June 26, 2009
Meeting of the Board of Directors held on November 13, 2009	Common stock	¥45,629	¥ 45	September 30, 2009	December 4, 2009
	Preferred stock (1st series type 4)	281	67,500	September 30, 2009	December 4, 2009
	Preferred stock (2nd series type 4)	281	67,500	September 30, 2009	December 4, 2009
	Preferred stock (3rd series type 4)	281	67,500	September 30, 2009	December 4, 2009
	Preferred stock (4th series type 4)	281	67,500	September 30, 2009	December 4, 2009
	Preferred stock (9th series type 4)	281	67,500	September 30, 2009	December 4, 2009
	Preferred stock (10th series type 4)	281	67,500	September 30, 2009	December 4, 2009
	Preferred stock (11th series type 4)	281	67,500	September 30, 2009	December 4, 2009
	Preferred stock (12th series type 4)	281	67,500	September 30, 2009	December 4, 2009
	Preferred stock (1st series type 6)	3,097	44,250	September 30, 2009	December 4, 2009

(2) Dividends to be paid in the next fiscal year

(Millions of yen, except per share data)

Date of resolution	Type of shares	Cash dividends	Source of dividends	Cash dividends per share	Record date	Effective date
Ordinary general meeting of shareholders to be held on June 29, 2010	Common stock	¥77,567	Retained earnings	¥ 55	March 31, 2010	June 29, 2010
	Preferred stock (1st series type 6)	3,097	Retained earnings	44,250	March 31, 2010	June 29, 2010

Notes to Consolidated Statement of Cash Flows

1. Reconciliation of “Cash and due from banks” of the consolidated balance sheet to “Cash and cash equivalents” at the fiscal year-end is as follows:

March 31, 2010	(Millions of yen)
Cash and due from banks	¥ 5,839,672
Interest-earning deposits, excluding deposits to Bank of Japan	(2,468,478)
Cash and cash equivalents	<u>¥ 3,371,193</u>

2. Reconciliation of the opening balance and the expense (net) for acquisition with respect to acquisition of 18 companies including Nikko Cordial Securities Inc. is as follows:

		(Millions of yen)
Assets		¥1,953,475
Trading assets		¥786,535
Liabilities		(1,552,271)
Call money and bills sold		¥(321,000)
Borrowed money		¥(295,020)
Minority interests		(711)
Goodwill		167,607
Acquisition costs for the 18 companies' stocks	(a)	568,099
The 18 companies' Cash and cash equivalents	(b)	(58,246)
(a) – (b) Expense for acquisition of the 18 companies		<u>¥ (509,853)</u>

3. Significant non-money transactions

- (1) The major assets and liabilities which were acquired due to a merger between Kansai Urban Banking Corporation and The Biwako Bank, Limited are as follows:

	(Millions of yen)
Assets	¥ 1,113,801
Loans and bills discounted	795,445
Securities	89,968
Liabilities	¥ 1,078,769
Deposits	1,033,256

- (2) QUOQ Inc. and one other company were excluded from the scope of consolidation due to a merger with OMC Card, Inc. Their major assets and liabilities are as follows:

	(Millions of yen)
Assets	¥ 730,001
Other assets	401,031
Customers' liabilities for acceptances and guarantees	258,620
Liabilities	¥ 714,850
Borrowed money	343,002
Acceptances and guarantees	258,620

Fair Value of Financial Instruments

(1) “Consolidated balance sheet amounts,” “Fair value” and “Net unrealized gains (losses)” of financial instruments as of March 31, 2010 are as follows. The amounts shown in the following table do not include financial instruments (see the next page) whose fair values are extremely difficult to determine, such as unlisted stocks classified as other securities, and stocks of subsidiaries and affiliates.

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
(1) Cash and due from banks (*1)	¥5,838,781	¥5,839,844	¥ 1,063
(2) Call loans and bills bought (*1)	1,119,705	1,121,304	1,598
(3) Receivables under resale agreements	25,226	25,226	–
(4) Receivables under securities borrowing transactions	5,440,622	5,440,622	–
(5) Monetary claims bought (*1)	997,290	1,010,523	13,233
(6) Trading assets			
Securities classified as trading purposes	3,058,033	3,058,033	–
(7) Money held in trust	18,734	18,734	–
(8) Securities			
Bonds classified as held-to-maturity	3,272,012	3,330,623	58,610
Other securities	24,383,712	24,383,712	–
(9) Loans and bills discounted	62,701,033		
Reserve for possible loan losses (*1)	(801,234)		
	61,899,799	62,891,684	991,885
(10) Foreign exchanges (*1)	1,101,719	1,105,607	3,888
(11) Lease receivables and investment assets (*1)	1,824,961	1,933,129	108,168
Total assets	¥108,980,596	¥110,159,045	¥1,178,449
(1) Deposits	78,648,595	78,674,772	26,176
(2) Negotiable certificates of deposit	6,995,619	6,995,575	(43)
(3) Call money and bills sold	2,119,557	2,119,557	(0)
(4) Payables under repurchase agreements	1,120,860	1,120,860	–
(5) Payables under securities lending transactions	4,315,774	4,315,774	–
(6) Commercial paper	310,787	310,787	–
(7) Trading liabilities			
Trading securities sold for short sales	1,582,808	1,582,808	–
(8) Borrowed money	5,470,578	5,489,347	18,768
(9) Foreign exchanges	192,299	192,299	–
(10) Short-term bonds	1,212,178	1,212,178	–
(11) Bonds	3,422,672	3,514,970	92,298
(12) Due to trust account	159,554	159,554	–
Total liabilities	¥105,551,287	¥105,688,486	¥137,199
Derivative transactions (*2)			
Hedge accounting not applied	245,128	245,128	–
Hedge accounting applied	183,211	183,211	–
Total	¥ 428,339	¥ 428,339	–

(Notes)

(*1) The amounts do not include general reserve for possible loan losses and specific reserve for possible loan losses. The reserves for possible losses on “Cash and due from banks,” “Call loans and bills bought,” “Monetary claims bought,” “Foreign exchanges,” and “Lease receivables and investment assets” are deducted directly from “Consolidated balance sheet amount” since they are immaterial.

(*2) The amounts collectively represent the derivative transactions which are recorded on “Trading assets,” “Trading liabilities,” “Other assets” and “Other liabilities.” Debts and credits arising from derivative transactions are presented on a net basis.

(2) Financial instruments whose fair values are extremely difficult to determine are as follows.

	(Millions of yen)
	Consolidated balance sheet amount
Monetary claims bought	
Monetary claims bought without market prices (*1)	¥ 7,889
Securities	
Unlisted stocks, etc. (*2,4)	291,922
Investments in partnerships, etc. (*3,4)	354,422
Total	<u>¥ 654,234</u>

(Notes)

- (*1) They are beneficiary claims that (a) behave more like equity than debt, (b) do not have market prices, and (c) it is difficult to rationally estimate their values. They include commodity investments and beneficiary claims on loan trusts.
- (*2) They are not included in the scope of fair value disclosure since there are no market prices and it is extremely difficult to determine their fair values.
- (*3) They are capital contributions with no market prices. The above-stated amount includes the book value amount of investments in the partnership of which SMFG records net changes in their balance sheets and statements of income.
- (*4) Unlisted stocks and investments in partnership totaling ¥26,770 million was written-off in the fiscal year ended March 31, 2010.

Fair Value of Securities and Money Held in Trust

1. Securities

(Note)

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 “Cash and due from banks” and beneficiary claims on loan trusts classified as “Monetary claims bought,” in addition to “Securities” stated in the consolidated balance sheet.

(1) Securities classified as trading purposes

As of March 31, 2010	(Millions of yen)
Valuations gains (losses) included in the earnings for the fiscal year	¥ (2,583)

(2) Bonds classified as held-to-maturity

As of March 31, 2010		(Millions of yen)		
		Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
Bonds with unrealized gains	Japanese government bonds	¥ 2,251,114	¥ 2,600,336	¥ 49,221
	Japanese local government bonds	151,580	154,660	3,079
	Japanese corporate bonds	239,417	246,457	7,039
	Other	2,195	2,199	4
	Subtotal	¥ 2,944,308	¥ 3,003,653	¥ 59,344
Bonds with unrealized losses	Japanese government bonds	¥ 320,098	¥ 319,472	(626)
	Japanese local government bonds	2,700	2,697	(2)
	Japanese corporate bonds	411	410	(1)
	Other	15,121	15,017	(104)
	Subtotal	338,331	337,596	(734)
Total		¥ 3,282,639	¥ 3,341,250	¥ 58,610

(3) Other securities

As of March 31, 2010		(Millions of yen)		
		Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other securities with unrealized gains	Stocks	¥ 1,604,127	¥ 1,060,381	¥ 543,745
	Bonds	13,863,729	13,731,907	131,821
	Japanese government bonds	10,769,980	10,707,770	62,209
	Japanese local government bonds	196,170	194,047	2,123
	Japanese corporate bonds	2,897,578	2,830,090	67,488
	Other	2,494,792	2,371,004	123,788
	Subtotal	¥ 17,962,649	¥ 17,163,293	¥ 799,355
Other securities with unrealized losses	Stocks	¥ 786,294	¥ 919,055	(132,761)
	Bonds	3,580,239	3,588,402	(8,163)
	Japanese government bonds	3,097,128	3,099,871	(2,743)
	Japanese local government bonds	72,197	72,313	(116)
	Japanese corporate bonds	410,951	416,253	(5,302)
	Other	2,542,531	2,614,548	(72,017)
	Subtotal	6,909,102	7,122,043	(212,941)
Total		¥ 24,871,752	¥ 24,285,337	¥ 586,414

(Notes)

- Net unrealized gains (losses) on other securities shown above include gains of ¥105 million that are recognized in the fiscal year's earnings by applying fair value hedge accounting.
- Other securities whose fair values are extremely difficult to determine are as follows.

	Consolidated balance sheet amount
Stocks	¥ 285,123
Other	369,111
Total	¥ 654,234

These amounts are not included in “(3) Other securities” since there are no market prices and it is extremely difficult to determine their fair values.

(4) Held-to-maturity bonds sold during the fiscal year

There are no corresponding transactions.

(5) Other securities sold during the fiscal year

Year ended March 31, 2010	(Millions of yen)		
	Sales amount	Gains on sales	Losses on sales
Stocks	¥ 107,588	¥ 50,898	¥ (3,556)
Bonds	20,061,150	35,397	(6,154)
Japanese government bonds	19,422,804	32,937	(5,915)
Japanese local government bonds	196,472	634	(103)
Japanese corporate bonds	441,872	1,825	(136)
Other	12,193,240	61,872	(24,367)
Total	¥ 32,361,979	¥ 148,167	¥ (34,079)

(6) Change of classification of securities

There are no corresponding transactions.

(7) Write-down of securities

Other securities with fair value are considered as impaired if the fair value decreases materially below the acquisition cost and such decline is not considered as recoverable. 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 loss for the fiscal year was ¥19,519 million. The rule for determining “material decline” is as follows and is based on the classification of issuers under the rules of self-assessment of assets.

Bankrupt/ Effectively bankrupt/ Potentially bankrupt issuer : 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 four categories of issuers.

2. Money Held in Trust

(1) Money held in trust classified as trading purposes

As of March 31, 2010	(Millions of yen)
Valuations gains (losses) included in the earnings for the fiscal year	¥ 13

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

There are no corresponding transactions.

(3) Other money held in trust

As of March 31, 2010	(Millions of yen)				
	Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Other money held in trust	¥ 17,250	¥ 17,188	¥ 62	¥ 157	¥ (95)

(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

Net unrealized gains (losses) on other securities that is reported on the consolidated balance sheet is shown as follows:

As of March 31, 2010	(Millions of yen)
Net unrealized gains (losses)	¥ 586,154
Other securities	586,091
Other money held in trust	62
(-) Deferred tax liabilities	168,758
Net unrealized gains (losses) on other securities (before following adjustment)	<u>417,396</u>
(-) Minority interests	7,991
(+) SMFG's interest in net unrealized gains (losses) on valuation of other securities held by affiliates accounted for by the equity method	<u>3,304</u>
Net unrealized gains (losses) on other securities	<u>¥ 412,708</u>

(Notes)

1. Net unrealized gains (losses) on other securities shown above include gains of ¥105 million that is recognized in the fiscal year's earnings by applying fair value hedge accounting.
2. Net unrealized gains (losses) included foreign currency translation adjustments on non-marketable securities denominated in foreign currencies.

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. Certain domestic consolidated subsidiaries in Japan adopt defined-contribution pension plan and have general type of employee pension plans. They may grant additional benefits in case 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 benefit trusts.

2. Projected benefit obligation

As of March 31, 2010		(Millions of yen)
Projected benefit obligation	(A)	¥ (938,161)
Plan assets	(B)	891,366
Unfunded projected benefit obligation	(C) = (A)+(B)	(46,794)
Unrecognized net actuarial gain or loss	(D)	226,268
Unrecognized prior service cost	(E)	(15,234)
Net amount recorded on the consolidated balance sheet	(F) = (C)+(D)+(E)	164,240
Prepaid pension cost	(G)	205,931
Reserve for employee retirement benefits	(F)-(G)	¥ (41,691)

(Note)

Some consolidated subsidiaries adopt simple method in calculating projected benefit obligation.

3. Pension expenses

Year ended March 31, 2010		(Millions of yen)
Service cost		¥ 21,052
Interest cost on projected benefit obligation		22,459
Expected return on plan assets		(23,883)
Amortization of unrecognized net actuarial gain or loss		60,456
Amortization of unrecognized prior service cost		(11,167)
Other (nonrecurring additional retirement allowance paid and other)		4,229
Pension expenses		¥ 73,146

(Notes)

1. Pension expenses of consolidated subsidiaries which adopt simple method are included in "Service cost."
2. Premium paid to defined-contribution pension is included in "Other."

4. Assumptions

Year ended March 31, 2010	
(1) Discount rate	1.4% - 2.5%
(2) Expected rate of return on plan assets	0% - 4.0%
(3) Allocation of estimated amount of retirement benefits	Allocated to each period by the straight-line method
(4) Term to amortize unrecognized prior service cost	Mainly 9 years (amortized using the straight-line method, within the employees' average remaining service period at incurrence)
(5) Term to amortize unrecognized net actuarial gain or loss	Mainly 9 years (amortized using the straight-line method, primarily over 9 years within the employees' average remaining service period, commencing from the next fiscal year of incurrence)

Stock Options

1. Amount of stock options to be expensed in the fiscal year

General and administrative expenses ¥15 million

2. Outline of stock options and changes

(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 stock split implemented on January 4, 2009.

Price information (Yen)

Date of resolution	June 27, 2002
Exercise price	¥ 6,649
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
Title and number of grantees	Directors and employees 45	Directors and employees 44	Directors and employees 65	Directors and employees 174
Number of stock options	Common shares 238,000	Common shares 234,000	Common shares 306,000	Common shares 399,000
Grant date	July 31, 2001	July 31, 2002	July 31, 2003	July 30, 2004
Condition for vesting	N.A.	N.A.	N.A.	N.A.
Requisite service period	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
Date of resolution	June 29, 2005	June 29, 2006	June 29, 2006	June 28, 2007
Title and number of grantees	Directors and employees 183	Directors 9	Officers not doubling as directors 14, Employees 46	Directors 10
Number of stock options	Common shares 464,000	Common shares 162,000	Common shares 115,000	Common shares 174,000
Grant date	July 29, 2005	July 31, 2006	July 31, 2006	July 31, 2007
Condition for vesting	N.A.	N.A.	N.A.	N.A.
Requisite service period	N.A.	N.A.	N.A.	N.A.
Exercise period	June 30, 2007 to June 29, 2015	June 30, 2008 to June 29, 2016	June 30, 2008 to June 29, 2016	June 29, 2009 to June 28, 2017

Date of resolution	June 28, 2007	June 27, 2008	June 26, 2009
Title and number of grantees	Officers not doubling as directors 14, Employees 48	Directors 9, Officers not doubling as directors 16, Employees 45	Directors 11, Officers not doubling as directors 14, Employees 57
Number of stock options	Common shares 112,000	Common shares 289,000	Common shares 350,000
Grant date	July 31, 2007	July 31, 2008	July 31, 2009
Condition for vesting	N.A.	N.A.	N.A.
Requisite service period	N.A.	N.A.	N.A.
Exercise period	June 29, 2009 to June 28, 2017	June 28, 2010 to June 27, 2018	June 27, 2011 to June 26, 2019

(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
Before vested				
Previous fiscal year-end	–	–	–	–
Granted	–	–	–	–
Forfeited	–	–	–	–
Vested	–	–	–	–
Outstanding	–	–	–	–
After vested				
Previous fiscal year-end	112,000	158,000	228,000	329,000
Vested	–	–	–	–
Exercised	8,000	20,000	6,000	–
Forfeited	–	–	–	4,000
Exercisable	104,000	138,000	222,000	325,000

Date of resolution	June 29, 2005	June 29, 2006	June 29, 2006	June 28, 2007
Before vested				
Previous fiscal year-end	–	–	–	174,000
Granted	–	–	–	–
Forfeited	–	–	–	–
Vested	–	–	–	174,000
Outstanding	–	–	–	–
After vested				
Previous fiscal year-end	451,000	162,000	115,000	–
Vested	–	–	–	174,000
Exercised	–	–	–	–
Forfeited	–	–	–	–
Exercisable	451,000	162,000	115,000	174,000

Date of resolution	June 28, 2007	June 27, 2008	June 26, 2009
Before vested			
Previous fiscal year-end	112,000	289,000	–
Granted	–	–	350,000
Forfeited	–	–	–
Vested	112,000	–	–
Outstanding	–	289,000	350,000
After vested			
Previous fiscal year-end	–	–	–
Vested	112,000	–	–
Exercised	–	–	–
Forfeited	–	–	–
Exercisable	112,000	–	–

Price information (Yen)

Date of resolution	June 28, 2001	June 27, 2002	June 27, 2003	June 29, 2004
Exercise price	¥ 155	¥ 131	¥ 179	¥ 202
Average exercise price	200	163	200	—
Fair value at the grant date	—	—	—	—

Date of resolution	June 29, 2005	June 29, 2006	June 29, 2006	June 28, 2007
Exercise price	¥ 313	¥ 490	¥ 490	¥ 461
Average exercise price	—	—	—	—
Fair value at the grant date	—	138	138	96

Date of resolution	June 28, 2007	June 27, 2008	June 26, 2009
Exercise price	¥ 461	¥ 302	¥ 193
Average exercise price	—	—	—
Fair value at the grant date	96	37	51

(c) Valuation technique used for valuating fair value of stock options

Stock options granted in the fiscal year were valuated using the following valuation technique.

(i) Valuation technique: Black-Scholes option-pricing model

(ii) Principal parameters used in the option-pricing model

Date of resolution	June 26, 2009
Expected volatility (*1)	49.10%
Average expected life (*2)	5 years
Expected dividends (*3)	¥3 per share
Risk-free interest rate (*4)	0.70%

(*1) 1. Calculated based on the actual stock prices during the five years from June 2004 to June 2009.

2. The average expected life could not be estimated rationally due to insufficient amount of data.

Therefore, it was estimated assuming that the options were exercised at the mid point of the exercise period.

3. Expected dividends are based on the actual dividends on common stock for the fiscal year ended March 31, 2009.

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.

Segment Information

1. Business segment information

Year ended March 31, 2010		(Millions of yen)				
	Banking business	Leasing business	Other business	Total	Elimination	Consolidated
Ordinary income						
(1) External customers	¥2,281,797	¥322,691	¥561,976	¥3,166,465	¥ –	¥3,166,465
(2) Intersegment	46,765	5,484	242,343	294,593	(294,593)	–
Total	2,328,562	328,176	804,319	3,461,058	(294,593)	3,166,465
Ordinary expenses	1,880,076	284,948	683,373	2,848,397	(240,700)	2,607,696
Ordinary profit	¥ 448,486	¥ 43,228	¥ 120,946	¥ 612,661	¥ (53,892)	¥ 558,769
Assets	¥111,831,177	¥2,735,416	¥13,570,744	¥128,137,338	¥ (4,977,824)	¥123,159,513
Depreciation	78,608	28,501	29,746	136,856	4	136,860
Losses on impairment of fixed assets	11,396	988	470	12,856	–	12,856
Capital expenditure	108,434	88,583	41,424	238,441	0	238,441

(Notes)

- 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.
- "Other business" includes securities, credit card, investment banking, loans, venture capital, system development and information processing.
- Assets in "Elimination" include unallocated corporate assets of ¥6,214,065 million, most of which are stocks of SMFG's subsidiaries and affiliates.

2. Geographic segment information

Year ended March 31, 2010		(Millions of yen)					
	Japan	The Americas	Europe and Middle East	Asia and Oceania	Total	Elimination	Consolidated
Ordinary income							
(1) External customers	¥2,707,111	¥205,016	¥126,121	¥128,216	¥3,166,465	¥ –	¥3,166,465
(2) Intersegment	21,793	106,215	2,641	3,856	134,507	(134,507)	–
Total	2,728,905	311,232	128,763	132,072	3,300,973	(134,507)	3,166,465
Ordinary expenses	2,344,349	171,438	115,093	69,893	2,700,774	(93,077)	2,607,696
Ordinary profit	¥ 384,555	¥ 139,794	¥ 13,669	¥ 62,178	¥ 600,198	¥ (41,429)	¥ 558,769
Assets	¥107,412,125	¥8,255,658	¥4,931,900	¥5,638,760	¥126,238,444	¥ (3,078,930)	¥123,159,513

(Notes)

- 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.
- 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.
- Assets in "Elimination" include unallocated corporate assets of ¥6,214,065 million, most of which are stocks of SMFG's subsidiaries and affiliates.

3. Ordinary income from overseas operations

Year ended March 31, 2010	(Millions of yen)
Consolidated ordinary income from overseas operations (A)	¥ 459,354
Consolidated ordinary income (B)	3,166,465
(A) / (B)	14.5 %

(Notes)

- Consolidated ordinary income from overseas operations are presented as counterparts of overseas sales of companies in other industries.
- 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.

Business Combinations

<Purchase method>

Merger of subsidiary bank

Kansai Urban Banking Corporation (“KUBC”), a consolidated subsidiary of SMFG, merged with The Biwako Bank, Limited (“Biwako Bank”) on March 1, 2010. Outline of the merger is as follows.

(1) Outline of the business combination

(a) Name of the acquired company and its business

Biwako Bank (banking business)

(b) Reason for the business combination

KUBC and Biwako Bank merged in order to become a regional bank with top-level financial soundness and a broad operating base in the Kansai area with a view to realizing a more stable operation as a regional financial institution.

(c) Date of the business combination

March 1, 2010

(d) Legal form of the business combination

The merger was a merger by absorption with KUBC as the surviving company.

(Name of the new company: Kansai Urban Banking Corporation)

(e) Name of the controlling entity after the business combination

Sumitomo Mitsui Financial Group, Inc.

(f) Percentage share of voting rights SMFG has acquired

56%

(2) Period of the acquired company’s financial results included in the consolidated financial statements

From March 1, 2010 to March 31, 2010

(3) Acquisition cost of the acquired company

SMFG’s interests in KUBC’s common stock	¥ 7,182 million
SMFG’s interests in KUBC’s preferred stock	40,000 million
Acquisition cost	¥47,182 million

(4) Merger ratio, calculation method, number of shares delivered and valuation

(a) Merger ratio

Common stock	KUBC	1 :	Biwako Bank	0.75
Preferred stock (Type 1)	KUBC	1 :	Biwako Bank	1
Preferred stock (Type 2)	KUBC	1 :	Biwako Bank	1

(b) Basis for calculation of the merger ratio

(i) Common stock

In order to ensure the fairness of the merger ratio, KUBC and Biwako Bank appointed Daiwa Securities Capital Markets Co. Ltd. and The Goldman Sachs Group, Inc., respectively, as their financial advisors and requested them to calculate the merger ratio of common stock. After conducting negotiations and discussions taking into account factors such as their financial conditions, asset quality and future prospects, the analysis of the merger ratio provided by each financial advisor and results of due diligence they carried out on each other, the two banks agreed and decided on the above merger ratio of common stock as being appropriate.

(ii) Preferred stocks (Type 1 and Type 2)

Market prices of preferred stocks (Type 1 and Type 2) issued by Biwako Bank were not available (in contrast to common stock which market price was available). KUBC therefore decided to set the same conditions as those of Biwako Bank’s preferred stocks on KUBC’s newly-issued preferred stocks, taking the merger ratio of common stock into account.

(c) Number of shares delivered and value

Number of shares delivered

Common stock of KUBC	103,532,913 shares
Preferred stock of KUBC (Type1)	27,500,000 shares
Preferred stock of KUBC (Type2)	23,125,000 shares

Value

Common stock of KUBC	¥12,803 million
Preferred stock (Type 1) of KUBC	¥19,025 million
Preferred stock (Type 2) of KUBC	¥16,500 million

(5) Goodwill

(a) Amount of goodwill

¥11,056 million

(b) Reason for recognizing goodwill

SMFG accounted for the difference between the acquisition cost and the equivalent amount of SMFG's interest in Biwako Bank as goodwill.

(c) 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

(a) Assets

Total assets	¥1,113,801 million
Loans and bills discounted	795,445 million
Securities	89,968 million

(b) Liabilities

Total liabilities	¥1,078,769 million
Deposits	1,033,256 million

(7) Approximate amounts of impact on the consolidated statement of income for the fiscal year ended March 31, 2010 assuming that the business combination had been completed on the commencement date of the fiscal year

(a) The differences between ordinary income and other income data estimated assuming that the business combination had been completed on the commencement date of the fiscal year and the actual ordinary income and other income data that are recorded in the consolidated statement of income are as follows.

Ordinary income	¥25,832 million
Ordinary profit	705 million
Net income	183 million

(Note) Ordinary income is presented as counterparts of sales of companies in other industries.

(b) Calculation method of the approximate amounts and material assumptions

The approximate amounts were calculated retroactively to the commencement date of the fiscal year based on the amounts stated in Biwako Bank's statement of income for the period from April 1, 2009 to February 28, 2010, including the amount of amortization of goodwill for the same period and are different from results of operation if the business combination had been completed on the commencement date of the fiscal year.

The information mentioned above has not been audited by KPMG AZSA & Co.

<Business combination of subsidiaries>

Merger of credit card companies

A consolidated subsidiary, QUOQ and equity method affiliates, Central Finance Co., Ltd. (“CF”) and OMC Card, Inc. (“OMC Card”) merged on April 1, 2009. The new company was named Cedyne Financial Corporation and became an equity method affiliate of SMFG. Outline of the merger is as follows:

(1) Outline of the business combination

(a) Company profiles

Surviving company: OMC Card (Credit card business)

Merged company: CF (Shopping credit business and general credit business)

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

(b) Reason for the business combination

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, CF, OMC Card and 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 the business combination

April 1, 2009

(d) Legal form of the business combination

The merger was a merger by absorption with OMC Card as the surviving company.

(Name of the new company: Cedyne 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 ended March 31, 2010

SMFG did not record profit or loss of QUOQ and its subsidiaries because they were excluded from the scope of consolidation at the beginning of the fiscal year.

(5) Status after the business combination

QUOQ and its subsidiaries are excluded from the scope of consolidation, and Cedyne Financial Corporation has become an affiliated company accounted for by the equity method.

Per Share Data

As of and year ended March 31,	(Yen) 2010
Net assets per share	¥ 3,391.75
Net income per share	248.40
Net income per share (diluted)	244.18

(Notes)

1. Net income per share is calculated based on the followings:

Year ended March 31,	(Millions of yen, except number of shares) 2010
Net income per share	
Net income	¥ 271,559
Amount not to attributable to common stockholders	8,449
Dividends on preferred stock	8,449
Net income attributable to common stock	263,109
Average number of common stock during the fiscal year (in thousand)	1,059,227
 Net income per share (diluted)	
Adjustment for net income	1,931
Dividends on preferred stock	2,254
Adjustment of dilutive securities by affiliates accounted for by the equity method	(322)
Increase in number of common stock (in thousand)	26,191
Preferred stock	26,191
Outline of dilutive securities which were not included in the calculation of "Net income per share (diluted)" because they do not have dilutive effect:	

Subscription rights to shares: 1 type

(Number of Subscription rights to shares: 1,081 units)

* 1 unit for 100 shares of common stock

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

March 31,	(Millions of yen, except number of shares) 2010
Net assets	¥ 7,000,805
Amounts excluded from Net assets	2,262,582
Preferred stock	210,003
Dividends on preferred stock	3,097
Stock acquisition rights	81
Minority interests	2,049,400
Net assets attributable to common stock at the fiscal year-end	4,738,223
Number of common stock at the fiscal year-end used for the calculation of Net assets per share (in thousand)	1,396,985

Investment and Rental Property

There are no material investment and rental property to be reported for the fiscal year ended March 31, 2010.

Related Party Transactions

There are no material transactions with related parties to be reported for the fiscal year ended March 31, 2010.

Subsequent Events

Not applicable.

Other Notes

Please refer to EDINET system (<http://info.edinet-fsa.go.jp/>) on and after June 30, 2010 (available in Japanese) for information on lease transactions, tax effect accounting and derivative transactions.

SMFG will also disclose the above-mentioned financial information on the Annual Report that will be issued in August 2010. (<http://www.smfg.co.jp/english/index.html>)

V. Non-Consolidated Financial Statements

(1) Non-consolidated Balance Sheets

March 31,	(Millions of yen)	
	2010	2009
Assets:		
Current assets		
Cash and due from banks	¥ 86,283	¥ 1,281
Prepaid expenses	26	22
Deferred tax assets	–	39
Accrued income	223	19
Accrued income tax refunds	24,065	21,844
Other current assets	435	522
Total current assets	<u>111,033</u>	<u>23,730</u>
Fixed assets		
Tangible fixed assets		
Buildings	0	0
Equipment	1	2
Total tangible fixed assets	<u>1</u>	<u>2</u>
Intangible fixed assets		
Software	8	11
Total intangible fixed assets	<u>8</u>	<u>11</u>
Investments and other assets		
Investments in subsidiaries and affiliates	6,041,729	4,028,093
Deferred tax assets	–	5,475
Total investments and other assets	<u>6,041,729</u>	<u>4,033,568</u>
Total fixed assets	<u>6,041,740</u>	<u>4,033,583</u>
Total assets	<u>¥ 6,152,774</u>	<u>¥ 4,057,313</u>
Liabilities:		
Current liabilities		
Short-term borrowings	¥ 948,030	¥ 1,078,030
Accounts payable	1,541	298
Accrued expenses	3,299	120
Income taxes payable	3	372
Business office taxes payable	5	5
Reserve for employee bonuses	101	102
Reserve for executive bonuses	71	–
Other current liabilities	1,020	637
Total current liabilities	<u>954,073</u>	<u>1,079,566</u>
Fixed liabilities		
Bonds	392,900	–
Reserve for executive retirement benefits	226	199
Total fixed liabilities	<u>393,126</u>	<u>199</u>
Total liabilities	<u>1,347,199</u>	<u>1,079,766</u>
Net assets:		
Stockholders' equity		
Capital stock	2,337,895	1,420,877
Capital surplus		
Capital reserve	1,559,374	642,355
Other capital surplus	273,699	273,808
Total capital surplus	<u>1,833,073</u>	<u>916,163</u>
Retained earnings		
Other retained earnings		
Voluntary reserve	30,420	30,420
Retained earnings brought forward	647,622	653,487
Total retained earnings	<u>678,042</u>	<u>683,907</u>
Treasury stock	<u>(43,437)</u>	<u>(43,400)</u>
Total stockholders' equity	<u>4,805,574</u>	<u>2,977,547</u>
Total net assets	<u>4,805,574</u>	<u>2,977,547</u>
Total liabilities and net assets	<u>¥ 6,152,774</u>	<u>¥ 4,057,313</u>

(2) Non-consolidated Statements of Income

Year ended March 31,	(Millions of yen)	
	2010	2009
Operating income		
Dividends on investments in subsidiaries and affiliates	¥ 118,818	¥ 117,051
Fees and commissions received from subsidiaries	14,560	17,721
Total operating income	<u>133,379</u>	<u>134,772</u>
Operating expenses		
General and administrative expenses	8,353	8,790
Interest on bonds	8,287	–
Total operating expenses	<u>16,641</u>	<u>8,790</u>
Operating profit	<u>116,737</u>	<u>125,982</u>
Non-operating income		
Interest income on deposits	347	110
Fees and commissions income	2	14
Other non-operating income	19	27
Total non-operating income	<u>369</u>	<u>151</u>
Non-operating expenses		
Interest on borrowings	9,115	11,910
Fees and commissions payments	4,104	11,912
Amortization of stock issuance cost	9,324	–
Amortization of bond issuance cost	28	–
Other non-operating expenses	0	0
Total non-operating expenses	<u>22,572</u>	<u>23,824</u>
Ordinary profit	<u>94,534</u>	<u>102,309</u>
Extraordinary loss		
Losses on sales of stocks of affiliate	22,688	–
Total extraordinary loss	<u>22,688</u>	<u>–</u>
Income before income taxes	<u>71,846</u>	<u>102,309</u>
Income taxes, current	154	2,393
Income taxes, deferred	5,514	(3,552)
Income taxes	<u>5,669</u>	<u>(1,158)</u>
Net income	<u>¥ 66,176</u>	<u>¥ 103,468</u>

(3) Non-consolidated Statement of Changes in Net Assets

Year ended March 31,	(Millions of yen)	
	2010	2009
Stockholders' equity		
Capital stock		
Balance at the end of the previous fiscal year	¥ 1,420,877	¥ 1,420,877
Changes in the fiscal year		
Issuance of new shares	917,018	—
Net changes in the fiscal year	917,018	—
Balance at the end of the fiscal year	2,337,895	1,420,877
Capital surplus		
Capital reserve		
Balance at the end of the previous fiscal year	642,355	642,355
Changes in the fiscal year		
Issuance of new shares	917,018	—
Net changes in the fiscal year	917,018	—
Balance at the end of the fiscal year	1,559,374	642,355
Other capital surplus		
Balance at the end of the previous fiscal year	273,808	288,031
Changes in the fiscal year		
Disposal of treasury stock	(108)	(14,222)
Net changes in the fiscal year	(108)	(14,222)
Balance at the end of the fiscal year	273,699	273,808
Total capital surplus		
Balance at the end of the previous fiscal year	916,163	930,386
Changes in the fiscal year		
Issuance of new shares	917,018	—
Disposal of treasury stock	(108)	(14,222)
Net changes in the fiscal year	916,909	(14,222)
Balance at the end of the fiscal year	1,833,073	916,163
Retained earnings		
Other retained earnings		
Voluntary reserve		
Balance at the end of the previous fiscal year	30,420	30,420
Changes in the fiscal year		
Net changes in the fiscal year	—	—
Balance at the end of the fiscal year	30,420	30,420
Retained earnings brought forward		
Balance at the end of the previous fiscal year	653,487	670,259
Changes in the fiscal year		
Cash dividends	(72,041)	(120,240)
Net income	66,176	103,468
Net changes in the fiscal year	(5,865)	(16,772)
Balance at the end of the fiscal year	647,622	653,487
Total retained earnings		
Balance at the end of the previous fiscal year	683,907	700,679
Changes in the fiscal year		
Cash dividends	(72,041)	(120,240)
Net income	66,176	103,468
Net changes in the fiscal year	(5,865)	(16,772)
Balance at the end of the fiscal year	678,042	683,907

(continued)

Year ended March 31,	(Millions of yen)	
	2010	2009
Treasury stock		
Balance at the end of the previous fiscal year	(43,400)	(83,194)
Changes in the fiscal year		
Purchase of treasury stock	(189)	(943)
Disposal of treasury stock	152	40,736
Net changes in the fiscal year	<u>(37)</u>	<u>39,793</u>
Balance at the end of the fiscal year	<u>(43,437)</u>	<u>(43,400)</u>
Total stockholders' equity		
Balance at the end of the previous fiscal year	2,977,547	2,968,749
Changes in the fiscal year		
Issuance of new shares	1,834,037	—
Cash dividends	(72,041)	(120,240)
Net income	66,176	103,468
Purchase of treasury stock	(189)	(943)
Disposal of treasury stock	43	26,513
Net changes in the fiscal year	<u>1,828,026</u>	<u>8,798</u>
Balance at the end of the fiscal year	<u>4,805,574</u>	<u>2,977,547</u>
Total net assets		
Balance at the end of the previous fiscal year	2,977,547	2,968,749
Changes in the fiscal year		
Issuance of new shares	1,834,037	—
Cash dividends	(72,041)	(120,240)
Net income	66,176	103,468
Purchase of treasury stock	(189)	(943)
Disposal of treasury stock	43	26,513
Net changes in the fiscal year	<u>1,828,026</u>	<u>8,798</u>
Balance at the end of the fiscal year	<u>¥ 4,805,574</u>	<u>¥ 2,977,547</u>

(4) Note on the Assumption as a Going Concern

Not applicable.