

## Sumitomo Mitsui Financial Group, Inc. (SMFG)

### Consolidated Financial Results for the Three Months ended June 30, 2010 <under Japanese GAAP>

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Stock Exchange Listings: Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya Stock Exchange (code: 8316)

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Amounts less than one million yen have been omitted.

#### 1. Financial Results (for the three months ended June 30, 2010)

##### (1) Operating Results

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

	Ordinary Income		Ordinary Profit		Net Income	
Three Months ended June 30, 2010	¥ 871,144	13.9 %	¥ 273,204	137.1 %	¥211,807	191.1 %
Three Months ended June 30, 2009	764,985	(19.6)	115,248	56.5	72,773	25.3

	Net Income Per Share	Net Income Per Share (Diluted)
Three Months ended June 30, 2010	¥ 151.62	¥ 151.61
Three Months ended June 30, 2009	86.09	82.78

Note: 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
June 30, 2010	¥ 128,209,062	¥ 7,087,652	3.9%	¥ 3,431.37
March 31, 2010	123,159,513	7,000,805	4.0	3,391.75

Notes: 1. Stockholders' equity as of June 30, 2010: ¥5,003,554 million as of March 31, 2010: ¥4,951,323 million

2. Net assets ratio = {(Net assets – Stock acquisition rights – Minority interests) / Total assets} X 100

#### 2. Dividends on Common Stock per Share

(Yen)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
Fiscal Year ended March 31, 2010	¥ –	¥ 45	¥ –	¥ 55	¥ 100
Fiscal Year ending March 31, 2011	–	–	–	–	–
Fiscal Year ending March 31, 2011 (Forecast)	–	50	–	50	100

Notes: 1. Dividend forecast remains unchanged.

2. Dividends on unlisted preferred stock are reported on page 2.

#### 3. Earnings Forecast (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

Notes: 1. Earnings forecast remains unchanged.

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

#### 4. Other Information

- (1) There was no change in material consolidated subsidiaries in the three months ended June 30, 2010.
- (2) Simplified and special accounting methods used for preparing quarterly consolidated financial statements were adopted.
- (3) There are changes in accounting principles, procedures and presentation when preparing quarterly consolidated financial statements due to revisions in accounting standards.

## (4) Number of Shares Issued (common stock)

	<u>As of June 30, 2010</u>	<u>As of March 31, 2010</u>
(a) Number of shares issued (including treasury shares)	1,414,055,625 shares	1,414,055,625 shares
(b) Number of treasury shares	17,074,900 shares	17,070,100 shares
	<u>Three Months ended June 30, 2010</u>	<u>Three Months ended June 30, 2009</u>
(c) Average number of shares issued in the period	1,396,981,367 shares	845,274,702 shares

## [Note on Quarterly Review Process]

This quarterly earnings report is published pursuant to the TSE regulations on timely disclosure of information, requiring publication of financial statements before the completion of the review by external auditors required under the Financial Instruments and Exchange Act.

## [Dividends Information]

## Dividends on Preferred Stock per Share

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
Preferred stock (Type 4)	Fiscal Year ended March 31, 2010	¥ —	¥67,500	¥ —	¥ —	¥67,500
Preferred stock (Type 6)	Fiscal Year ended March 31, 2010	—	44,250	—	44,250	88,500
	Fiscal Year ending March 31, 2011	—	—	—	—	88,500
	Fiscal Year ending March 31, 2011 (Forecast)	—	44,250	—	44,250	88,500

## &lt;Reference&gt; Calculation for Index

## - Forecasted Net Income per Share:

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

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.

Sumitomo Mitsui Financial Group (“SMFG”) reports the financial results for the three months ended June 30, 2010.

## 1. Operating Results

In the 1st quarter of fiscal year 2010 (FY2010), consolidated gross profit increased ¥82.0 billion year on year to ¥618.2 billion. Factors that contributed to the increase include an year-over-year increase in gross banking profit of ¥24.1 billion by Sumitomo Mitsui Banking Corporation (“SMBC”) due mainly to an increase in gains on bonds, and the gross profit of Nikko Cordial Securities Inc. that became a consolidated subsidiary in October 2009.

Consolidated general and administrative expenses increased ¥46.2 billion year on year to ¥314.2 billion due mainly to an increase in the number of consolidated subsidiaries such as Nikko Cordial Securities, while SMBC recorded ¥175.2 billion on a non-consolidated basis, almost the same as a year earlier.

Total credit cost decreased ¥88.0 billion year on year to ¥31.8 billion on a consolidated basis, due mainly to a decrease of ¥58.5 billion at SMBC as a result of measures tailored to borrowers to improve their business and financial situations.

As a result of the factors mentioned above, on a consolidated basis, SMFG recorded ordinary profit of ¥273.2 billion, an year-on-year increase of ¥158.0 billion, and net income of ¥211.8 billion, an year-on-year increase of ¥139.0 billion.

### <Consolidated>

(Billions of yen)

	Three months ended June 30, 2010	Change from the three months ended June 30, 2009	Fiscal year ended March 31, 2010 (reference)
Gross profit	¥ 618.2	¥ 82.0	¥ 2,236.6
General and administrative expenses	(314.2)	(46.2)	(1,161.3)
Total credit cost	(31.8)	88.0	(473.0)
Gains (losses) on stocks	0.2	2.7	(10.1)
Ordinary profit	273.2	158.0	558.8
Net income (loss)	211.8	139.0	271.6

### <SMBC, Non-consolidated>

Gross banking profit	¥ 395.1	¥ 24.1	¥ 1,455.3
Expenses (excluding non-recurring losses)	(175.2)	0.4	(685.8)
Banking profit (*)	219.9	24.5	769.5
Net gains (losses) on bonds	75.2	34.7	37.3
Total credit cost	(10.8)	58.5	(254.7)
Gains (losses) on stocks	2.3	3.5	3.9
Ordinary profit	198.0	88.7	462.7
Net income (loss)	175.8	67.8	318.0

(\*) Banking profit (before provision for general reserve for possible loan losses)

## **2. Financial Position**

On a consolidated basis, SMFG's total assets as of June 30, 2010, was ¥128,209.1 billion, an increase of ¥5,049.5 billion compared with March 31, 2010. Net assets were ¥7,087.7 billion, an increase of ¥86.8 billion. Stockholders' equity was ¥4,776.6 billion, an increase of ¥131.9 billion, due mainly to recording of net income.

On a consolidated basis, deposits increased ¥61.0 billion to ¥78,709.6 billion from March 31, 2010. Loans and bills discounted decreased ¥209.0 billion to ¥62,492.0 billion mainly because the balance of loans and bills discounted at SMBC on a non-consolidated basis decreased due mainly to a cautious stance on conservative asset operations overseas.

On a consolidated basis, problem assets (non-performing loans as defined under the Financial Reconstruction Law) increased ¥57.4 billion to ¥1,629.2 billion from March 31, 2010. Problem asset ratio remained at a low level of 2.30%, an increase of 0.05% from March 31, 2010.

## **3. Earnings Forecasts**

Consolidated net income in the first quarter of FY2010 translates to approximately 130% of the first half forecast and 60% of the full year forecast announced in May. This was mainly because SMBC showed good performance due partly to a decrease in total credit cost. SMFG, however, does not revise the first-half and full-year earnings forecasts for FY2010 because of the necessity to assess future business environment.

## **4. Other**

### (1) Simplified and Special Accounting Methods Used for Preparing Quarterly Consolidated Financial Statements

#### (a) Depreciation

Depreciation cost for tangible fixed assets depreciated using the straight-line method was calculated by proportionally allocating the estimated annual cost to the 1st quarter.

#### (b) Tax Effect Accounting

Current and deferred income tax amounts corresponding to the 1st quarter were calculated on the assumption that at the end of this fiscal year retained earnings of consolidated domestic subsidiaries will be transferred to the reserve for losses on overseas investments.

### (2) Changes of Accounting Procedures and Presentation

#### Accounting Standard for Asset Retirement Obligations

SMFG has adopted the "Accounting Standards for Asset Retirement Obligations" (ASBJ Statement No. 18, issued on March 31, 2008) and "Guidance on Accounting Standards for Asset Retirement Obligations" (ASBJ Guidance No. 21, issued on March 31, 2008) that became effective commencing from the fiscal year starting on or after April 1, 2010. As a result of this change, ordinary profit and income before income taxes decreased ¥104 million and ¥3,700 million, respectively.

**5. Consolidated Financial Statements****(1) Consolidated Balance Sheets**

	(Millions of yen)	
	June 30, 2010	March 31, 2010 (condensed)
<b>Assets:</b>		
Cash and due from banks	¥ 5,342,055	¥ 5,839,672
Call loans and bills bought	896,163	1,121,145
Receivables under resale agreements	38,341	25,226
Receivables under securities borrowing transactions	3,518,722	5,440,622
Monetary claims bought	1,028,990	1,006,738
Trading assets	8,958,457	6,708,688
Money held in trust	22,149	18,734
Securities	31,861,549	28,623,968
Loans and bills discounted	62,492,044	62,701,033
Foreign exchanges	1,203,035	1,107,289
Lease receivables and investment assets	1,793,277	1,839,662
Other assets	4,830,302	3,610,046
Tangible fixed assets	1,081,056	1,081,125
Intangible fixed assets	664,901	626,248
Deferred tax assets	733,340	728,586
Customers' liabilities for acceptances and guarantees	4,802,598	3,749,056
Reserve for possible loan losses	(1,057,924)	(1,068,329)
<b>Total assets</b>	<b>¥128,209,062</b>	<b>¥123,159,513</b>
<b>Liabilities:</b>		
Deposits	¥ 78,709,554	¥ 78,648,595
Negotiable certificates of deposit	7,546,953	6,995,619
Call money and bills sold	2,592,537	2,119,557
Payables under repurchase agreements	1,387,564	1,120,860
Payables under securities lending transactions	4,100,088	4,315,774
Commercial paper	323,359	310,787
Trading liabilities	6,130,728	5,066,727
Borrowed money	5,936,216	5,470,578
Foreign exchanges	371,520	192,299
Short-term bonds	1,235,591	1,212,178
Bonds	3,264,762	3,422,672
Due to trust account	158,477	159,554
Other liabilities	4,314,212	3,193,146
Reserve for employee bonuses	14,271	43,443
Reserve for executive bonuses	—	2,333
Reserve for employee retirement benefits	49,354	41,691
Reserve for executive retirement benefits	2,062	8,216
Provision for point service program	20,599	
Reserve for reimbursement of deposits	10,597	11,734
Provision for loss on interest repayment	77,399	
Reserves under the special laws	361	393
Deferred tax liabilities	25,649	26,520
Deferred tax liabilities for land revaluation	46,949	46,966
Acceptances and guarantees	4,802,598	3,749,056
<b>Total liabilities</b>	<b>121,121,410</b>	<b>116,158,708</b>
<b>Net assets:</b>		
Capital stock	2,337,895	2,337,895
Capital surplus	978,881	978,897
Retained earnings	1,583,847	1,451,945
Treasury stock	(124,059)	(124,061)
<b>Stockholders' equity</b>	<b>4,776,564</b>	<b>4,644,677</b>
Net unrealized gains (losses) on other securities	289,424	412,708
Net deferred losses on hedges	(7,818)	(39,367)
Land revaluation excess	34,938	34,955
Foreign currency translation adjustments	(89,554)	(101,650)
<b>Valuation and translation adjustments</b>	<b>226,989</b>	<b>306,646</b>
Stock acquisition rights	85	81
Minority interests	2,084,012	2,049,400
<b>Total net assets</b>	<b>7,087,652</b>	<b>7,000,805</b>
<b>Total liabilities and net assets</b>	<b>¥128,209,062</b>	<b>¥123,159,513</b>

**(2) Consolidated Statements of Income**

Three months ended June 30,	(Millions of yen)	
	2009	2010
Ordinary income	¥ 764,985	¥ 871,144
Interest income	433,278	394,964
Interest on loans and discounts	333,865	297,347
Interest and dividends on securities	60,852	58,294
Trust fees	251	572
Fees and commissions	154,370	200,490
Trading income	33,495	96,782
Other operating income	139,185	170,653
Other income	4,405	7,680
Ordinary expenses	649,737	597,939
Interest expenses	96,341	85,661
Interest on deposits	42,818	29,687
Fees and commissions payments	30,674	34,027
Trading losses	—	438
Other operating expenses	97,370	125,104
General and administrative expenses	268,024	314,239
Other expenses	157,326	38,467
Ordinary profit	115,248	273,204
Extraordinary gains	358	12,558
Extraordinary losses	1,494	5,473
Income before income taxes and minority interests	114,111	280,290
Income taxes		
current	28,888	13,898
deferred	(16,956)	24,990
Minority interests in net income	29,405	29,593
Net income	¥ 72,773	¥ 211,807

**(3) Note on the Assumption as a Going Concern**

Not applicable.

**(4) Material Changes in Stockholders' Equity**

Not applicable.

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Capital ratio as of June 30, 2010 will be announced when it is fixed.



**1. Operating Results <Consolidated>**

(Millions of yen)

		Three months ended June 30, 2010 (A)	Change (A) - (B)	Three months ended June 30, 2009 (B)	Year ended March 31, 2010 <Reference>
Consolidated gross profit	1	618,231	82,037	536,194	2,236,634
Net interest income	2	309,302	(27,635)	336,937	1,380,912
Trust fees	3	572	321	251	1,778
Net fees and commissions	4	166,463	42,768	123,695	608,616
Net trading income	5	96,344	62,849	33,495	194,087
Net other operating income	6	45,548	3,734	41,814	51,238
General and administrative expenses	7	(314,239)	(46,215)	(268,024)	(1,161,302)
Credit costs	8	(32,540)	87,527	(120,067)	(473,937)
Write-off of loans	9	(13,513)	31,711	(45,224)	(176,672)
Provision for specific reserve for possible loan losses	10	(3,198)	78,555	(81,753)	(184,257)
Provision for general reserve for possible loan losses	11	(12,932)	(24,564)	11,632	(17,944)
Other credit cost	12	(2,896)	1,826	(4,722)	(95,063)
Gains (losses) on stocks	13	209	2,674	(2,465)	(10,078)
Equity in earnings (losses) of affiliates	14	1,560	25,090	(23,530)	(21,542)
Other income (expenses)	15	(15)	6,842	(6,857)	(11,003)
<b>Ordinary profit</b>	<b>16</b>	<b>273,204</b>	<b>157,956</b>	<b>115,248</b>	<b>558,769</b>
Extraordinary gains (losses)	17	7,085	8,221	(1,136)	(671)
Losses on impairment of fixed assets	18	(1,179)	(157)	(1,022)	(12,856)
Recoveries of written-off claims	19	764	481	283	968
Income before income taxes and minority interests	20	280,290	166,179	114,111	558,097
Income taxes-current	21	(13,898)	14,990	(28,888)	(104,110)
Income taxes-deferred	22	(24,990)	(41,946)	16,956	(74,759)
Minority interests in income	23	(29,593)	(188)	(29,405)	(107,668)
<b>Net income</b>	<b>24</b>	<b>211,807</b>	<b>139,034</b>	<b>72,773</b>	<b>271,559</b>

(Notes)

1. Amounts less than one million yen have been omitted. Figures in parenthesis indicate the amount of loss or decrease.
2. Consolidated gross profit = (Interest income - Interest expenses) + Trust fees + (Fees and commissions - Fees and commissions payments)  
+ (Trading income - Trading losses) + (Other operating income - Other operating expenses)

Total credit cost (8)+(19)	25	(31,776)	88,008	(119,784)	(472,968)
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&lt;Reference&gt;

(Billions of yen)

Consolidated net business profit	26	281.6	85.2	196.4	832.3
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(Note) Consolidated net business profit = (SMBC Non-consolidated banking profit (before provision for general reserve for possible loan losses))  
+ (Other consolidated subsidiaries' ordinary profit (excluding non-recurring items) + (Affiliates' ordinary profit) X (Ownership ratio))  
- (Internal transaction (dividends, etc.))

(Number of consolidated subsidiaries and equity method affiliates)

		June 30, 2010	Change	March 31, 2010	June 30, 2009 <Reference>
Consolidated subsidiaries	27	315	8	307	292
Equity method affiliates	28	50	(8)	58	78

## 2. Operating Results <SMBC, Nonconsolidated>

(Millions of yen)

		Three months ended June 30, 2010 (A)	Change (A) - (B)	Three months ended June 30, 2009 (B)	Year ended March 31, 2010 <Reference>
Gross banking profit	1	395,069	24,083	370,986	1,455,275
<i>Excluding gains (losses) on bonds</i>	2	<i>319,911</i>	<i>(10,588)</i>	<i>330,499</i>	<i>1,418,005</i>
Net interest income	3	226,179	(35,092)	261,271	1,046,382
Trust fees	4	561	317	244	1,736
Net fees and commissions	5	64,491	4,291	60,200	286,714
Net trading income	6	67,999	50,810	17,189	115,356
Net other operating income	7	35,838	3,757	32,081	5,085
<i>Gains (losses) on bonds</i>	8	<i>75,158</i>	<i>34,671</i>	<i>40,487</i>	<i>37,270</i>
Expenses (excluding non-recurring losses)	9	(175,172)	414	(175,586)	(685,752)
Personnel expenses	10	(65,632)	(351)	(65,281)	(245,728)
Non-personnel expenses	11	(100,086)	1,803	(101,889)	(403,265)
Taxes	12	(9,453)	(1,038)	(8,415)	(36,759)
Banking profit (before provision for general reserve for possible loan losses)	13	219,897	24,497	195,400	769,522
<i>Excluding gains (losses) on bonds</i>	14	<i>144,739</i>	<i>(10,174)</i>	<i>154,913</i>	<i>732,252</i>
Provision for general reserve for possible loan losses	15	(3,197)	(26,938)	23,741	9,067
Banking profit	16	216,700	(2,442)	219,142	778,589
Non-recurring gains (losses)	17	(18,659)	91,135	(109,794)	(315,839)
Credit costs	18	(8,084)	84,998	(93,082)	(263,805)
Gains (losses) on stocks	19	2,339	3,545	(1,206)	3,857
Gains on sale of stocks and other securities	20	3,060	602	2,458	56,719
Losses on sale of stocks and other securities	21	(135)	(39)	(96)	(886)
Losses on devaluation of stocks and other securities	22	(585)	2,984	(3,569)	(51,975)
Other non-recurring gains (losses)	23	(12,913)	2,592	(15,505)	(55,892)
Ordinary profit	24	198,041	88,694	109,347	462,749
Extraordinary gains (losses)	25	(2,429)	(1,193)	(1,236)	(7,999)
Gains (losses) on disposal of fixed assets	26	(444)	(179)	(265)	2,448
Losses on impairment of fixed assets	27	(1,142)	(135)	(1,007)	(10,525)
Recoveries of written-off claims	28	451	415	36	77
Income before income taxes	29	195,611	87,501	108,110	454,750
Income taxes-current	30	(2,497)	6,851	(9,348)	(44,997)
Income taxes-deferred	31	(17,354)	(26,503)	9,149	(91,757)
Net income (loss)	32	175,759	67,848	107,911	317,995
Total credit cost (15)+(18)+(28)	33	(10,829)	58,474	(69,303)	(254,660)
Provision for general reserve for possible loan losses	34	(3,197)	(26,938)	23,741	9,067
Write-off of loans	35	(4,306)	28,592	(32,898)	(102,663)
Provision for specific reserve for possible loan losses	36	(1,711)	55,815	(57,526)	(92,114)
Losses on sales of delinquent loans	37	(1,887)	777	(2,664)	(69,259)
Provision for loan loss reserve for specific overseas countries	38	(179)	(186)	7	232
Recoveries of written-off claims	39	451	415	36	77

(Note) Amounts less than one million yen have been omitted. Figures in parenthesis indicate the amount of loss or decrease.

**3. Interest Spread (Domestic) <SMBC Non-consolidated>**

(%)

	Three months ended June 30, 2010 (A)	Change (A) - (B)	Three months ended June 30, 2009 (B)	Year ended March 31, 2010 <Reference>
Interest earned on loans and bills discounted (A)	1.71	(0.10)	1.81	1.74
Interest paid on deposits, etc. (B)	0.11	(0.05)	0.16	0.14
Interest spread (A) - (B)	1.60	(0.05)	1.65	1.60

**4. Problem Assets Based on the Financial Reconstruction Law**

## &lt;Consolidated&gt;

(Billions of yen)

		June 30, 2010	Change from March 31, 2010	March 31, 2010	June 30, 2009 <Reference>
Bankrupt and quasi-bankrupt assets	1	386.9	(5.5)	392.4	524.7
Doubtful assets	2	867.1	(14.1)	881.2	939.1
Substandard loans	3	375.2	77.0	298.2	291.5
Total (A)	4	1,629.2	57.4	1,571.8	1,755.3
Normal assets	5	69,290.0	858.6	68,431.4	70,733.7
Total (B)	6	70,919.2	916.0	70,003.2	72,489.0
Problem asset ratio (A/B)	7	2.30%	0.05%	2.25%	2.42%
Amount of direct reduction		871.7	27.9	843.8	772.5

## &lt;SMBC Non-consolidated&gt;

(Billions of yen)

		June 30, 2010	Change from March 31, 2010	March 31, 2010	June 30, 2009 <Reference>
Bankrupt and quasi-bankrupt assets	8	201.2	(23.1)	224.3	330.5
Doubtful assets	9	669.1	(28.6)	697.7	738.7
Substandard loans	10	222.1	43.4	178.7	205.2
Total (A)	11	1,092.4	(8.3)	1,100.7	1,274.4
Normal assets	12	62,036.8	(79.2)	62,116.0	65,282.8
Total (B)	13	63,129.2	(87.5)	63,216.7	66,557.2
Problem asset ratio (A/B)	14	1.73%	(0.01)%	1.74%	1.91%
Amount of direct reduction		486.7	8.7	478.0	522.4

(Note)

Problem Assets Based on the Financial Reconstruction Law include loans, acceptances and guarantees, temporary advance, and other credit-type assets. Privately-placed bonds guaranteed by SMBC has been carried at fair value since March 31, 2010, in accordance with the revision of "Accounting Standard for Financial Instruments."

## 5. Net Unrealized Gains on Securities

&lt;Consolidated&gt;

(Billions of yen)

		June 30, 2010					March 31, 2010			
		Balance sheet amount	Net unrealized gains (losses)	Change from Mar.2009	Gains	Losses	Balance sheet amount	Net unrealized gains (losses)	Gains	Losses
Held-to-maturity securities	1	3,553.9	83.3	24.7	83.4	(0.1)	3,282.6	58.6	59.4	(0.8)
Other securities	2	28,501.8	434.1	(152.3)	679.0	(244.9)	25,526.0	586.4	799.3	(212.9)
Stocks	3	2,559.1	258.1	(152.9)	435.0	(176.9)	2,675.5	411.0	543.7	(132.7)
Bonds	4	20,310.3	134.0	10.4	138.4	(4.4)	17,444.1	123.6	131.8	(8.2)
Others	5	5,632.4	42.0	(9.8)	105.6	(63.6)	5,406.4	51.8	123.8	(72.0)
Other money held in trust	6	20.7	(0.0)	(0.1)	0.1	(0.1)	17.3	0.1	0.2	(0.1)
Total	7	32,076.4	517.4	(127.7)	762.5	(245.1)	28,825.9	645.1	858.9	(213.8)
Stocks	8	2,559.1	258.1	(152.9)	435.0	(176.9)	2,675.5	411.0	543.8	(132.8)
Bonds	9	23,847.4	217.4	35.0	221.8	(4.4)	20,709.4	182.4	191.2	(8.8)
Others	10	5,669.9	41.9	(9.8)	105.7	(63.8)	5,441.0	51.7	123.9	(72.2)

(Notes)

- The figures above include negotiable certificates of deposit bought in "Cash and due from banks" and beneficiary claims on loan trusts in "Monetary claims bought" in addition to "Securities."
- Net unrealized gains (losses) on stocks are mainly calculated with the average market prices during the final month of the corresponding period. Rest of the securities is valued at the market prices as of the balance sheet date.
- Other securities and Other money held in trust are valued and recorded on the balance sheet at market prices. Unrealized gains (losses) indicate the difference between the acquisition costs (or amortized costs) and the balance sheet amounts.  
Net unrealized losses on other securities as of June 30, 2010 include losses of 2.1 billion yen that are recognized in the earnings by applying fair value hedge accounting. Net unrealized gains on other securities as of March 31, 2010 include gains of 0.1 billion yen that are recognized in the earnings by applying fair value hedge accounting.
- Floating-rate Japanese government bonds which SMFG held as "Other securities – AFS securities" are carried at their reasonably estimated amounts in accordance with the "Practical Solution on Measurement of Fair Value of Financial Assets" (Accounting Standard Board of Japan Practical Issues Task Force No. 25).

&lt;SMBC Non-consolidated&gt;

(Billions of yen)

		June 30, 2010					March 31, 2010			
		Balance sheet amount	Net unrealized gains (losses)	Change from Mar.2009	Gains	Losses	Balance sheet amount	Net unrealized gains (losses)	Gains	Losses
Held-to-maturity securities	11	3,449.4	81.9	24.0	81.9	—	3,180.2	57.9	58.5	(0.6)
Stocks of subsidiaries and affiliates	12	2,168.8	(25.6)	(12.1)	—	(25.6)	2,178.9	(13.5)	—	(13.5)
Other securities	13	26,616.5	366.8	(154.5)	617.9	(251.1)	23,621.0	521.3	738.8	(217.5)
Stocks	14	2,399.7	220.8	(150.7)	413.5	(192.7)	2,533.3	371.5	518.2	(146.7)
Bonds	15	19,108.9	118.1	2.0	122.3	(4.2)	16,229.3	116.1	123.0	(6.9)
Others	16	5,107.9	27.9	(5.8)	82.1	(54.2)	4,858.4	33.7	97.6	(63.9)
Other money held in trust	17	9.2	(0.0)	(0.1)	0.1	(0.1)	9.2	0.1	0.2	(0.1)
Total	18	32,243.9	423.1	(142.7)	699.9	(276.8)	28,989.3	565.8	797.5	(231.7)
Stocks	19	3,528.1	206.6	(159.4)	413.5	(206.9)	3,661.7	366.0	518.2	(152.2)
Bonds	20	22,558.3	200.0	26.0	204.2	(4.2)	19,409.5	174.0	181.5	(7.5)
Others	21	6,157.5	16.5	(9.3)	82.2	(65.7)	5,918.1	25.8	97.8	(72.0)

(Notes)

- The figures above include valuation difference on negotiable certificates of deposit bought in "Cash and due from banks" and beneficiary claims on loan trust in "Monetary claims bought."
- Net unrealized gains (losses) on stocks (excluding stocks of subsidiaries and affiliates) are calculated with the average market prices during the final month of the corresponding period. Rest of the securities is valued at the market prices as of the balance sheet date.
- Other securities and Other money held in trust are valued and recorded on the balance sheet at market prices. Unrealized gains (losses) indicate the difference between the acquisition costs (or amortized costs) and the balance sheet amounts.  
Net unrealized losses on other securities as of June 30, 2010 include losses of 2.1 billion yen that are recognized in the earnings by applying fair value hedge accounting. Net unrealized gains on other securities as of March 31, 2010 include gains of 0.1 billion yen that are recognized in the earnings by applying fair value hedge accounting.
- Floating-rate Japanese government bonds which SMFG held as "Other securities – AFS securities" are carried at their reasonably estimated amounts in accordance with the "Practical Solution on Measurement of Fair Value of Financial Assets" (Accounting Standard Board of Japan Practical Issues Task Force No. 25).

## 6. Overview of Derivative Transactions (on Deferred Hedge Accounting Basis)

### <SMBC Non-consolidated>

(Billions of yen)

	June 30, 2010				<Reference> March 31, 2010			
	Assets	Liabilities	Net assets	Net deferred gains (losses)	Assets	Liabilities	Net assets	Net deferred gains (losses)
Interest rate swaps	67.7	31.0	36.7	(26.8)	57.0	30.8	26.2	(70.1)
Currency swaps	261.1	5.5	255.6	9.7	170.4	6.6	163.8	3.6
Others	7.5	0.3	7.2	116.3	1.6	0.5	1.1	88.1
Total	336.3	36.8	299.5	99.2	229.0	37.9	191.1	21.6

(Notes)

- Derivative transactions are valued at fair value in the balance sheet.
- SMBC applies individual deferred hedge or fair value hedge accounting based on Practical Guidelines for Accounting Standard for Financial Instruments as well as deferred hedge accounting for banking industry based on JICPA Industry Audit Committee Report No.24 and No.25.
- Net deferred gain (loss) shows the amounts before applying tax effect accounting.

(Appendix) Contract amount of interest rate swaps (on deferred hedge accounting basis), classified by maturity

&lt;Reference&gt; (Billions of yen)

	June 30, 2010				<Reference> March 31, 2010			
	1 year or less	1-5 years	Over 5 years	Total	1 year or less	1-5 years	Over 5 years	Total
Receivable fixed rate /payable floating rate	4,873.7	14,959.0	3,197.4	23,030.1	4,467.7	15,282.9	3,137.2	22,887.8
Receivable floating rate /payable fixed rate	1,165.4	4,729.8	3,781.8	9,677.0	1,386.4	4,866.6	4,116.4	10,369.4
Receivable floating rate /payable floating rate	10.0	28.7	—	38.7	30	29.8	—	59.8
Total contract amount	6,049.1	19,717.5	6,979.2	32,745.8	5,884.1	20,179.3	7,253.6	33,317.0

## 7. Deposits and Loans

### <SMBC Non-consolidated>

(Billions of yen)

	June 30, 2010	Change from Mar. 31, 2010	March 31, 2010	June 30, 2009 <Reference>
Domestic deposits	68,025.3	466.2	67,559.1	66,838.5
Individual	36,271.3	633.3	35,638.0	35,557.2

(Note) Calculation based on the numbers before elimination of temporary inter-office accounts, excluding "negotiable certificates of deposit" and offshore banking accounts.

Loans and bills discounted	56,255.4	(363.7)	56,619.1	59,917.3
Domestic offices (excluding offshore banking account)	49,463.5	(62.3)	49,525.8	51,502.0
Overseas offices and offshore banking accounts	6,791.9	(301.4)	7,093.3	8,415.3

## 8. Return on Equity

### <Consolidated>

	Three months ended June 30, 2010	Change	Three months ended June 30, 2009	Year ended March 31, 2010 <Reference>
ROE (denominator: Total stockholders' equity)	18.0%	8.4%	9.6%	7.5%

(Note)

$$\text{ROE} = \frac{(\text{Net income}) \times (\text{number of days in a year}) / (\text{number of days in the relevant period})}{\{(\text{Total stockholders' equity at the beginning of the term}) + (\text{Total stockholders' equity at the end of the term})\} / 2} \times 100$$

## 9. Exposure of Securitized Products

### 1. Securitized products

(1) As of June 30, 2010, we held 0.1 billion yen in sub-prime related securitized products and 20.0 billion yen other than sub-prime related products after write-offs and provisions. Those figures exclude Government Sponsored Enterprises ("GSE") etc.

(2) No loss was recorded on securitized products in the 1st quarter of FY2010.

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

<Consolidated>

(Billions of yen)

(Reference) In addition, we had approximately	June 30, 2010						March 31, 2010			Ratings of underlying assets, etc.
	Balances (after provisions and write-offs)	Change from Mar. 2010	Overseas	Change from Mar. 2010	Net unrealized gains(losses) (after write-offs)	Change from Mar. 2010	Balances (after provisions and write-offs)	Overseas	Net unrealized gains(losses) (after write-offs)	
Investments to securitized products	0.1	(0.0)	0.1	(0.0)	0.1	0.1	0.1	0.1	0.0	Speculative ratings
<b>Total</b>	<b>0.1</b>	<b>(0.0)</b>	<b>0.1</b>	<b>(0.0)</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	

#### (2) Products other than sub-prime related (Excludes GSE etc.)

<Consolidated>

(Billions of yen)

	June 30, 2010						March 31, 2010			Ratings of underlying assets, etc.
	Balances (after provisions and write-offs)	Change from Mar. 2010	Overseas	Change from Mar. 2010	Net unrealized gains(losses) (after write-offs)	Change from Mar. 2010	Balances (after provisions and write-offs)	Overseas	Net unrealized gains(losses) (after write-offs)	
Cards	2.5	2.5	2.5	2.5	—	—	—	—	—	BBB
CLO	2.5	(0.4)	2.5	(0.4)	0.6	0.1	2.9	2.9	0.5	
Senior	2.4	(0.4)	2.4	(0.4)	(0.1)	0.1	2.8	2.8	(0.2)	AAA-AA
Equity	0.1	0.0	0.1	0.0	0.7	0.0	0.1	0.1	0.7	No ratings
CMBS	12.8	(0.8)	—	—	0.1	0.1	13.6	—	0.0	AAA-BBB
RMBS	2.2	2.2	—	—	0.0	0.0	—	—	—	AAA
Investments to securitized products	20.0	3.5	5.0	2.1	0.7	0.2	16.5	2.9	0.5	
<b>Total</b>	<b>20.0</b>	<b>3.5</b>	<b>5.0</b>	<b>2.1</b>	<b>0.7</b>	<b>0.2</b>	<b>16.5</b>	<b>2.9</b>	<b>0.5</b>	

(Notes)

- "Senior" means the upper tranche under senior-subordinate structure. "Senior" means the upper tranche under senior-subordinate structure.
- Credit ratings are in principle indicated by the lower of S&P ratings and Moody's ratings. Notation of credit ratings is followed by the notation system of S&P.
- There is no amount of ABCP.
- Excludes GSE and SMBC's exposure to subordinated beneficiaries owned through the securitization of SMBC's loan receivables (see next page for details).

**(Reference 1)**  
**Government Sponsored Enterprises ("GSE") etc.**

&lt;Consolidated&gt;

(Billions of yen)

	June 30, 2010						March 31, 2010			Ratings
	Balances	Change from Mar. 2009	Overseas	Change from Mar. 2009	Net unrealized gains(losses)	Change from Mar. 2009	Balances	Overseas	Net unrealized gains(losses)	
GSE etc.	82.5	46.6	82.5	46.6	0.4	0.2	35.9	35.9	0.2	AAA

(Notes)

- GSE etc. includes GNMA, FNMA and FHLMC. Besides RMBS, SMFG held bonds issued by GSE(Federal Home Loan Banks) of 0.8 billion yen.
- Credit ratings are in principle indicated by the lower of S&P ratings and Moody's ratings. Notation of credit ratings is followed by the notation system of S&P.

**(Reference 2)**  
**Subordinated beneficiaries in securitization of SMBC's loans**

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

(Billions of yen)

	June 30, 2010					March 31, 2010			
	Balances	Change from Mar.2010	Overseas	Subprime-related	Reserve for possible loan losses	Balances	Overseas	Subprime-related	Reserve for possible loan losses
Receivables of residential mortgage loans	255.8	7.0	—	—	—	248.8	—	—	—
Receivables of loans to corporations	7.8	(0.0)	—	—	2.9	7.8	—	—	3.0
Total	263.6	7.0	—	—	2.9	256.6	—	—	3.0

(Notes)

- No subsidiary other than SMBC has those subordinated beneficiaries mentioned above.
- Reserves do not include general reserve for possible loan losses for normal borrowers.

## 2. Transactions with monoline insurance companies

Monoline insurance companies guarantee payment on underlying or reference assets. Our recognition of profit or loss on the transactions with monoline insurance companies is basically affected by the credit conditions and prices of underlying or reference assets, and is also affected by the credit conditions of monoline insurance companies.

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

In CDS<sup>\*1</sup> brokerage transactions, positions are covered through transactions with monoline insurance companies. As of June 30, 2010, the Group's exposure<sup>\*2</sup> to monoline insurance companies totaled approximately 45 billion yen.  
 Reference assets of these CDS transactions are rated investment grade or equivalent, and do not include subprime-related assets.  
 No loss was recorded on such transactions in the 1st quarter of FY2010.

- ( \*1 Derivatives to hedge credit risks  
 \*2 Mark-to-market value claimable to monoline insurance companies for net loss of reference assets on the settlement )

&lt;Consolidated&gt;

(Billions of yen)

	June 30, 2010			March 31, 2010		June 30, 2010		March 31, 2010
	Net exposure	Change from Mar.2010	Reserve for possible loan losses	Net exposure	Reserve for possible loan losses	Amount of reference assets	Change from Mar.2010	Amount of reference assets
Exposure to CDS transactions with monoline insurance companies	45.2	(3.3)	12.5	48.5	13.6	478.6	(24.5)	503.1

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

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

No loss was recorded on securitized products in the 1st quarter of FY2010.

<Consolidated>

(Billions of yen)

	June 30, 2010			March 31, 2010	
	Exposure	Change from Mar.2010	Reserve for possible loan losses	Exposure	Reserve for possible loan losses
Loans and investments guaranteed or insured by monoline insurance companies	8.9	(0.6)	0.0	9.5	0.0

(Reference) In addition, we had approximately 0.3 billion yen in commitment contracts (fully-drawn) to insurance companies with monoline insurance as group members.

### 3. Leveraged loans

(1) As of June 30, 2010, the Group's balance of financing for mergers and acquisitions of whole or part of companies was approximately 590 billion yen and undrawn commitments for them was approximately 110 billion yen.

(2) In providing loans and commitment lines for mergers and acquisitions, we carefully scrutinize stability of cash flow of the borrowers, and, diversify the exposure especially for overseas portfolio in order to reduce concentration risk. At the same time, in credit risk management, we monitor each of such transactions individually, making loss provisions properly, thereby maintaining the quality of both domestic and overseas portfolios.

<Consolidated>

(Billions of yen)

	June 30, 2010					March 31, 2010		
	Loans	Change from Mar.2010	Undrawn commitments	Change from Mar.2010	Reserve for possible loan losses	Loans	Undrawn commitments	Reserve for possible loan losses
Europe	224.6	(36.5)	21.2	(7.6)	7.8	261.1	28.8	6.2
Japan	214.6	38.4	11.0	(0.8)	12.8	176.2	11.8	12.7
United States	100.4	(12.8)	71.2	(2.3)	12.3	113.2	73.5	12.2
Asia (excluding Japan)	54.3	(5.3)	6.5	(2.9)	2.1	59.6	9.4	2.3
Total	593.9	(16.2)	109.9	(13.6)	35.0	610.1	123.5	33.4

(\*) 1. Above figures include the amount to be sold of approximately 9 billion yen.

In the 1st quarter of FY2010, we sold leveraged loans of approximately 5 billion yen, and loss on the sale amounted to approximately 0.3 billion yen.

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

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



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

- (1) The Group sponsors issuance of ABCP, whose reference assets are such as clients' receivables, in order to fulfill clients' financing needs.  
Specifically, as a sponsor, we provide services to special purpose vehicles, which are set up for clients' financing needs, for purchase of claims, financing, issuance and sales of ABCPs. We also provide liquidity and credit supports for such special purpose vehicles. The Group sponsors issuance of ABCP, whose reference assets are such as clients' receivables, in order to fulfill clients' financing needs.
- (2) As of June 30, 2010, the total notional amount of reference assets of sponsored ABCP programs was approximately 370 billion yen. Most of the reference assets are high-grade claims of corporate clients and do not include subprime loan related assets.  
In addition, regarding the exposure of liquidity and credit supports, we properly conduct self-assessment, making provisions and write-offs properly.

(Billions of yen)

Types of reference assets	June 30, 2010					March 31, 2010			Support for programs	
	Notional amount of reference assets	Change from Mar.2010	Overseas	Change from Mar.2010	Reserve for possible loan losses	Notional amount of reference assets	Overseas	Reserve for possible loan losses	Liquidity support	Reserve for possible loan losses
Claims on corporations	338.5	(129.3)	99.6	(5.5)	—	467.8	105.1	—	yes	yes
Claims on financial institutions	15.9	(1.8)	15.9	(1.8)	—	17.7	17.7	—	yes	yes
Retail loan claims	12.8	(3.0)	12.8	(3.0)	—	15.8	15.8	—	yes	yes
Total	367.2	(134.1)	128.3	(10.3)	—	501.3	138.6	—		

(Note) Reserves do not include general reserve for possible loan losses against normal borrowers.

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

Total notional amount of reference assets of such programs are approximately 50 billion yen.

#### 5. Others

We have no securities issued by Structured Investment Vehicles.