



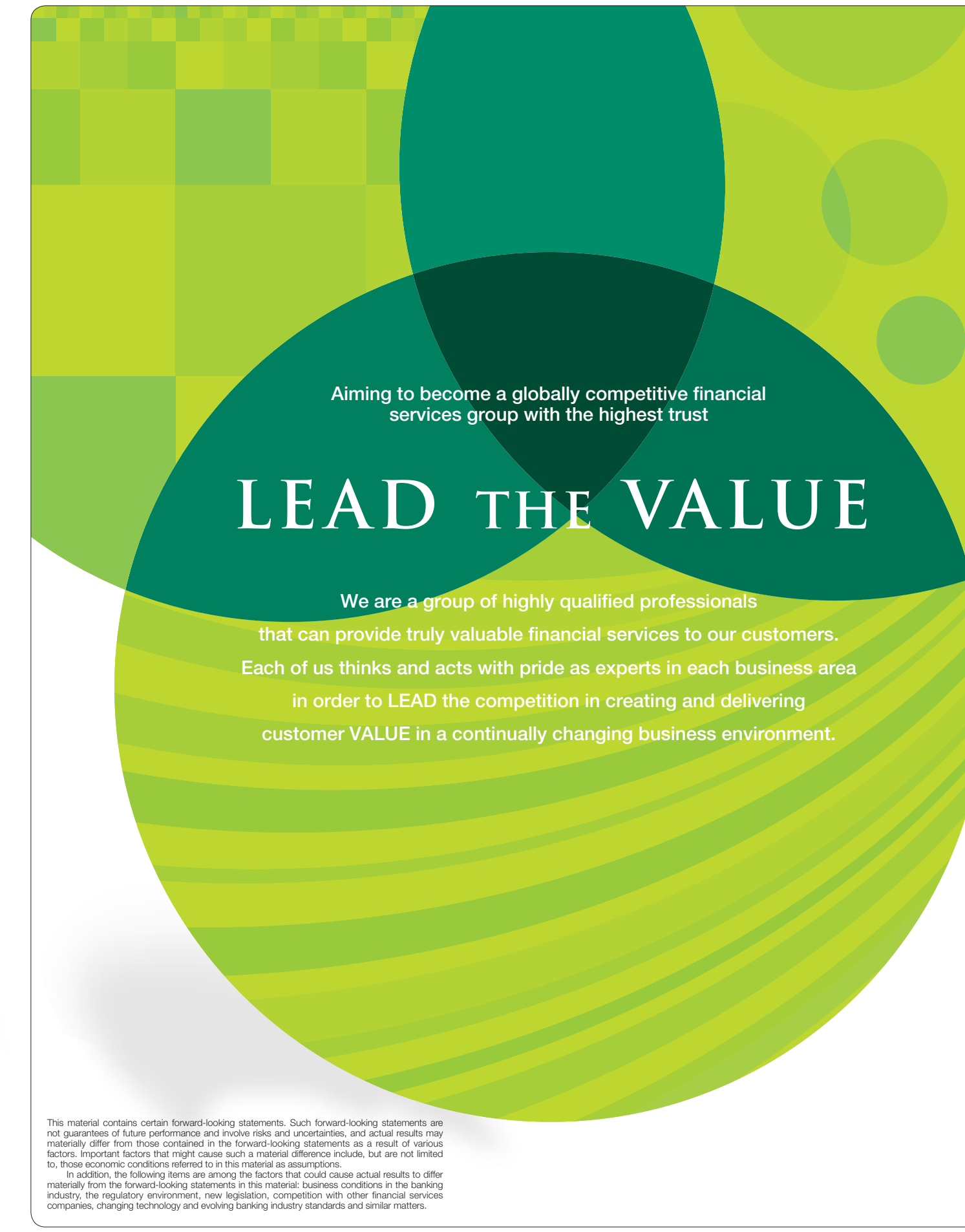
SMFG SUMITOMO MITSUI  
FINANCIAL GROUP

ANNUAL REPORT  
**2010**

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YEAR ENDED MARCH 31, 2010

SUMITOMO MITSUI FINANCIAL GROUP  
SUMITOMO MITSUI BANKING CORPORATION



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

# LEAD THE VALUE

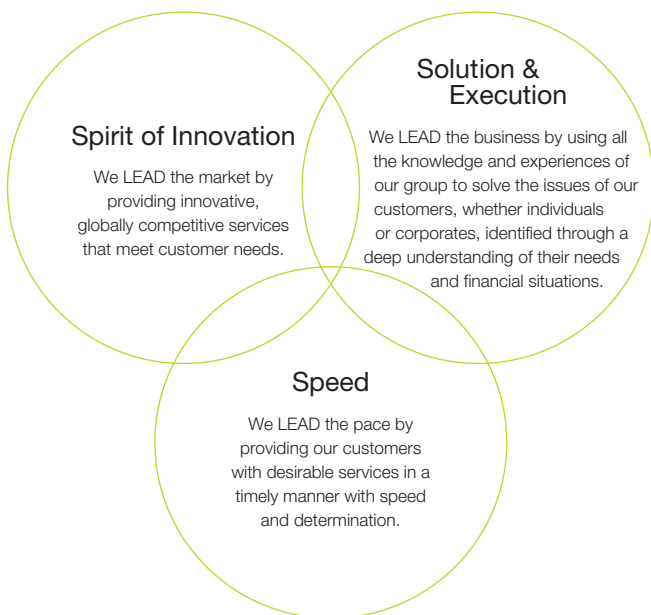
We are a group of highly qualified professionals that can provide truly valuable financial services to our customers. Each of us thinks and acts with pride as experts in each business area in order to LEAD the competition in creating and delivering customer VALUE in a continually changing business environment.

This material contains certain forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may materially differ from those contained in the forward-looking statements as a result of various factors. Important factors that might cause such a material difference include, but are not limited to, those economic conditions referred to in this material as assumptions.

In addition, the following items are among the factors that could cause actual results to differ materially from the forward-looking statements in this material: business conditions in the banking industry, the regulatory environment, new legislation, competition with other financial services companies, changing technology and evolving banking industry standards and similar matters.



These activities are supported by our three core strengths:



We create new VALUE by forming teams of specialists in various fields and providing optimal services to our customers through two-way communication. As a result, we will be selected as a truly trusted partner.

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**Sumitomo Mitsui Financial Group, Inc.** September 2010

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### Notice of Address Change

The head offices of Sumitomo Mitsui Financial Group, Inc. and Sumitomo Mitsui Banking Corporation will move to the following addresses on October 18, 2010.

#### <New Addresses>

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# Message from the Management

We would like to thank you for your continued support and patronage. In this annual report, we review the initiatives implemented in fiscal 2009, ended March 31, 2010, and explain our management policies for fiscal 2010.

## Principal Initiatives in Fiscal 2009

Having designated fiscal 2009 as the year for “establishing the next foundation for future growth, while continuing to strengthen business consistent with our philosophy of ‘Follow the Basics,’” we have been implementing initiatives to control expenses, credit costs and risk-adjusted assets in the core operation of our group companies. Additionally, to achieve growth over the medium and long term, we continued to focus on two strategic initiatives: “realizing a solid financial base as a global player” and “strengthening targeted growth business areas.”

Specifically, at SMBC we reinforced our efforts to reduce expenses during fiscal 2009, and kept the overhead ratio to below 50%. We also took measures to reduce credit costs mainly through measures tailored to the business circumstances of our corporate borrowers. SMFG took steps to strengthen its capital base during fiscal 2009, principally through a common equity offering totaling ¥861.0 billion completed in July 2009, followed by another offering totaling ¥973.0 billion completed in February 2010. Consequently, our consolidated Tier I ratio at the end of March 2010 was 11.15%, an increase of 2.93% compared with the end of March 2009. In addition, in October 2009 we laid the foundation for the next stage of strong growth by consolidating Nikko Cordial Securities into the Group as a wholly-owned subsidiary of SMBC.

As a result of these initiatives, consolidated ordinary profit for fiscal 2009 was ¥558.7 billion, a year-on-year increase of ¥513.4 billion, while consolidated net income also increased, by ¥645.0 billion year on year, to ¥271.5 billion. In view of the public nature of our business, while enhancing the Group’s capital to maintain a sound financial position, we have set a fundamental

policy of increasing dividends stably and continuously through sustainable growth in enterprise value and achieving a dividend payout ratio of over 20% on a consolidated net income basis. As SMFG recorded consolidated net income in fiscal 2009 versus consolidated net loss of the previous fiscal year and the amount was higher than the forecast announced in November 2009, we have decided to increase the annual dividend for common shares by ¥10 to ¥100 per share.

Regarding our medium-term management plan, or “LEAD THE VALUE” plan that ended in March 2010, the macroeconomic reality has diverged substantially from the plan’s original assumptions, particularly since fiscal 2008, amid increasingly uncertain business environment in domestic and overseas markets. Accordingly, we were unable to attain the originally targeted level of earnings for fiscal 2009. We, however, have been making steady progress in realizing the strategic initiatives – strengthening targeted growth business areas, and fortifying platforms to support sustainable growth.

## Management Policies in Fiscal 2010

The business environment surrounding financial institutions is changing greatly amid the global discussion about financial regulatory and supervisory reform to prevent another financial crisis. Under these circumstances, we have designated our management policies for fiscal 2010 as 1) “forward looking” - transforming our business model to grow steadily under a new regulatory and competitive environment and 2) emphasizing return on risks and costs, in order to improve asset quality and thoroughly control expenses and credit costs, so as to secure a resilient capital base and reinforce our business portfolio to achieve sustainable growth.

### (1) Securing a resilient capital base

During fiscal 2009 we took steps to establish a resilient capital base through the issuance of new shares, among other measures. Moving forward, our focus will shift to steps such as reducing stock price fluctuation risks associated with our stockholdings, and building up retained earnings by reinforcing a business portfolio to achieve sustainable growth. Through these measures, we aim to maintain over around 10% of consolidated Tier I ratio.

Meanwhile, as a result of the common equity offerings executed during fiscal 2009, the number of SMFG’s ordinary shares issued reached approximately 1.4 billion shares, or more than 90% of the authorized ordinary shares of 1.5 billion stipulated in SMFG’s Articles of Incorporation. We believe that securing strategic flexibility, which will enable us to further strengthen our targeted growth business areas, is essential to enhancing SMFG’s medium- to long-term enterprise value. For this reason,



**Teisuke Kitayama**

*President*

Sumitomo Mitsui  
Financial Group, Inc.

at the ordinary general shareholders meeting held in June 2010, we proposed and received approval to increase the number of authorized ordinary shares to 3.0 billion.

## (2) Reinforcing our business portfolio to achieve sustainable growth

We will focus on targeted growth business areas to pursue profitability, as well as review current businesses to fortify the bottom-line profit. At the same time, we will further enhance customer responsiveness by leveraging advisory functions and increase productivity by improving business processes.

### ● Fortify bottom-line profit by reviewing current businesses

Facilitating financing to customers in an appropriate and proactive manner is one of our management priorities.

SMBC has always worked hard on delivering optimal products and services to customers based on a thorough understanding of their needs and issues. Further, pursuant to the "Act concerning Temporary Measures to Facilitate Financing for SMEs, etc.," which took effect in December 2009, we are enhancing our capability to meet their needs, including establishing consulting desks for SMEs and retail customers to address their financing concerns.

In addition to meeting customers' financing needs, we will continue to control and reduce credit costs and expenses and rebalance our asset portfolio for more growth and profitability in order to improve the risk-return profile and fortify bottom-line profit.

The economic situation in Europe remains uncertain, but our credit exposure in Portugal, Italy, Ireland, Greece, and Spain as of March 31, 2010 totaled approximately ¥300 billion and was mainly to large corporations and project-finance related. In the case of Greece, where the economic situation is a particularly serious cause for concern, the amount of exposure is not so large and is mostly secured by collateral. We therefore believe that the associated risks from this source are limited.

### ● Pursue profitability by focusing on targeted growth business areas

#### Nikko Cordial Securities

Nikko Cordial Securities in March 2010 drew up a three-year medium-term management plan, up to the end of fiscal 2012, with a prospect of "becoming a No. 1 general securities company in Japan, which is excellent both in quality and in quantity and globally competitive." Maintaining a low-cost operation using IT, Nikko Cordial Securities aims for sustainable expansion of its businesses centered on the retail business, and creation of new businesses centered on the wholesale business. It has also adopted an active stance on employment of personnel and enhancement of personnel development programs, while increasing system investment and improving the organizational structure of the head office in response to the full-line business operation.

### Overseas operations, centered on Asia

Regarding SMFG's operations in the Asia-Pacific region, in May 2010 we established the Financial Products Marketing Dept., which has taken charge of certain functions hitherto performed by the representative offices of individual departments of SMBC's Investment Banking Unit. This is part of our efforts to offer fast and appropriate solutions to customers whose financial needs are becoming more diversified and sophisticated. Regarding our operations in China, in April 2009 we established Sumitomo Mitsui Banking Corporation (China) Limited to facilitate even more closely tailored individual solutions for customers who operate globally. With effect from April 2010, the responsibility for planning and management of business with Japanese corporate customers was transferred from the Planning Dept., International Banking Unit, to the Planning Dept., Corporate Banking Unit & Middle Market Banking Unit. This change allows us to offer seamless services both inside and outside Japan. In addition, in June 2010, we received permission to establish a subsidiary in Malaysia, and preparation is currently underway for its establishment in the first half of 2011. As well as expanding our network of business base in this way, we have also formed alliances with leading banks in Asia to enable us to offer even higher value-added services. These banks include Kookmin Bank in Korea, First Commercial Bank in Taiwan, Eximbank in Vietnam, The Bank of East Asia in Hong Kong, Bank Central Asia in Indonesia, and Kotak Mahindra Bank in India.

In European and American markets, we will continue to bolster our competitive-edge products, including project finance. Through a business alliance with a South African subsidiary of the major British financial institution Barclays PLC, we are strengthening our ability to provide services to Japanese companies operating in South Africa.

**Masayuki Oku**

*President*

Sumitomo Mitsui  
Banking Corporation



We also take into account the discussions being held on the introduction of liquidity standards, and are taking steps to ensure more stable funding and investment in foreign currencies.

**Payment & settlement services, and Consumer finance**

In the credit card business, we have established a two-company system within the Group, centered on Sumitomo Mitsui Card and Cedyna. Our aim is to become “the number one credit card business entity in Japan,” and we will continue to pursue economies of scale while leveraging the strengths of each company to maximize top-line synergy.

Cedyna is now implementing initiatives for investment in new businesses and system development to increase enterprise value and speed up cost restructuring. To accelerate such initiatives, and to further clarify the positioning of Cedyna as one of the Group’s core business entities in the credit card business and enhance Cedyna’s capital base, the intermediate holding company SMFG Card & Credit acquired new shares issued by Cedyna through a third-party allotment in May 2010.

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 strategic alliances of Group companies to capture market share and thereby become more efficient. As part of this strategy, ORIX Credit Corporation became a consolidated subsidiary of SMBC in July 2009. In March 2010 we reviewed the consumer finance business model, which we call “cascade strategy,” jointly operated by SMBC, Promise and At-Loan, and the three companies reached a basic agreement on the absorption-type merger between Promise and At-Loan with Promise as the surviving company. Through these moves, we aim

to further raise our profile in Japan’s evolving consumer finance market and target an even broader array of customer needs.

● **Further enhance customer responsiveness by leveraging advisory functions**

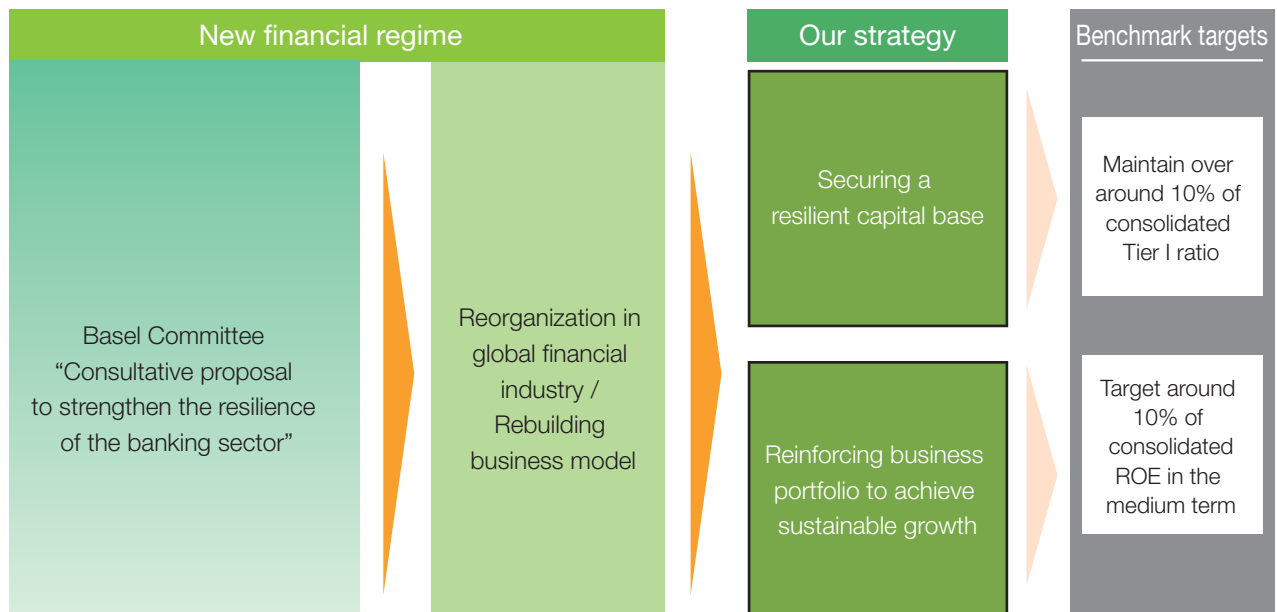
**Solution providing for corporations, investment banking and trust businesses**

We remain strongly committed to delivering to our corporate clients high-quality solutions that precisely target a broad range of management issues. Specifically, SMBC has three specialized departments, Corporate Advisory Division, Private Advisory Department and Global Advisory Department, that operate cross-sectionally across business segments — consumer, corporate and overseas. This structure facilitates the pooling among these departments of “V-KIP” — value, knowledge, information and profits. As a result, we can deliver more tailored support to corporate clients and upgrade our ability to provide solutions. Sumitomo Mitsui Finance and Leasing is engaged in aircraft operating lease business, 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, Japan Research Institute offers a lineup of high value-added services by continuously strengthening services that range from consulting for managerial innovation and IT utilization to the planning and creation of strategic IT systems.

**Financial consulting for individuals**

Our aim is to harness the total capabilities of the Group to establish SMBC as the leading bank in the field of full-line personal financial services for individuals. To this end, we are working to realize even higher levels of customer convenience, principally

◎ **Management policy under the new financial regime**



by reinforcing our online financial services. We also continue to strive to realize "total consulting services" which offers customers a wide range of one-stop financial services to meet diversifying financial needs of individual customers. For example, in August 2009, all branches of SMBC started selling level-premium insurances, and after making Nikko Cordial Securities SMBC's wholly-owned subsidiary in October 2009, through cooperation with Nikko Cordial Securities, we have commenced a range of new services including the sale of jointly developed investment trusts, joint seminars and financial instruments intermediary service for individuals. In May 2010 we also began handling single-premium type variable permanent life insurances jointly developed with Nikko Cordial Securities.

In June 2010 SMBC, Nikko Cordial Securities, and Barclays PLC reached an agreement to commence joint operation in private banking in Japan. Individual customers of SMBC will be introduced to "SMBC Barclays Wealth Division," which has been set up within Nikko Cordial Securities. The Division will offer investment solutions making use of unique strengths and the know-how of Barclays Wealth, which is a leading global wealth manager and a division of Barclays.

We are pursuing still closer collaboration between SMFG's banking and securities businesses in the field of financial services for individuals, in order to offer a wider lineup of products and services. For this purpose, in addition to the start of the financial instruments intermediary service for individuals by SMBC and Nikko Cordial Securities, by the end of January 2011 Nikko Cordial Securities will take over the services for individuals currently being offered by SMBC Friend Securities in collaboration with SMBC. Meanwhile, with the goal of increasing the number of customers using the services of SMBC Friend Securities, we are expanding the company's product lineup and diversifying its information dissemination channels by holding investment seminars, among other measures.

### ● Further increase productivity by improving business processes

We aim to maintain SMBC's non-consolidated overhead ratio at below 50%. We will do this by prioritizing expenses based on size, timing, and effectiveness and adopt a stronger focus on our targeted growth business areas in the allocation of the expenses budget, while taking measures to raise operational efficiency.

These measures will be implemented in tandem with our constant efforts to thoroughly comply with laws and regulations both within and outside Japan and create a strong compliance system. Specifically, SMBC aims to ensure consumer protection by enhancing its framework for explaining financial products and services to its customers. SMBC is also taking measures to mitigate potential conflicts of interest and avoid all transactions with anti-social forces, and is pressing forward with the reinforcement of its system for the prevention of money laundering.

With regard to customer satisfaction and the enhancement of service quality, we intend to create a stronger system for ensuring that customers' requests are reflected in our management decisions.

Concerning SMFG's listing on the New York Stock Exchange, we aim to build a framework that will greatly accelerate our drive to develop our business as a global player. Expanding and diversifying our investor base by securing access to the world's largest securities market is a key piece of the framework and, to this end, we are pursuing further financial transparency and greater convenience for investors. We are currently making final-stage preparations for listing on the NYSE within fiscal 2010.

## Fiscal 2010 Outlook and Policies Going Forward

### Outlook for fiscal 2010

We expect consolidated ordinary profit of ¥690 billion, a year-on-year increase of ¥131.3 billion and consolidated net income of ¥340 billion, a ¥68.5 billion increase from the previous fiscal year. This is based mainly on an increase in profit at SMBC and a steady recovery in earnings of certain subsidiaries and affiliates. We are planning an annual dividend of ¥100 per share of common stock, the same level as the previous fiscal year, and half of the amount (¥50 per share) will be paid as an interim dividend.

### Dedicated to medium- to long-term growth in enterprise value

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 basic policy 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." While securing a resilient capital base, we look forward, anticipate future changes and steadily transform our business model. Through such means, we aim for sustainable growth in enterprise value in order to meet the expectations of our stakeholders. We ask for your support and understanding as we endeavor to achieve these goals.

September 2010



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



**Masayuki Oku**  
President  
Sumitomo Mitsui  
Banking Corporation

## Supplementary Information

### ◎ Key Achievements in Fiscal 2009

Management policy for fiscal 2009

“Establishing the next foundation for future growth, while continuing to strengthen businesses consistent with our philosophy of ‘Follow the Basics’”

#### Managing expenses & credit costs

Overhead ratio		SMBC non-consolidated
Controlled below 50%	YOY change +1.1%	47.1%

Total credit cost		SMBC non-consolidated
Substantially reduced	YOY change + ¥295.4 billion	¥(254.7) billion

#### Realizing a solid capital base as a global player

- Raised common equity (¥1.8 trillion in total)
- Repurchased hybrid securities (¥293 billion in total)
- Conversion of preferred shares held by Goldman Sachs into common equity

Tier I ratio		SMFG consolidated
Achieved targeted level	Compared with Mar. 09 +2.93%	11.15%

#### Steady income growth

Net income		SMFG consolidated
Increased	YOY change + JPY 645.0 bn Compared with Nov. 09 forecast + ¥51.6 billion	¥271.6 billion (Consolidated ROE:7.5%)

Dividend for common share		
Increased	YOY change + ¥10 / share	¥100 / share

#### Initiatives to fortify targeted growth business areas

Made Nikko Cordial Securities a wholly-owned subsidiary and started its business as a new securities and investment banking company

Made ORIX Credit a consolidated subsidiary

Signed MOU on mutual business cooperation with Bank Central Asia (Indonesia)

Subscribed new shares of The Bank of East Asia (Hong Kong)

### ◎ Management Policy in Fiscal 2010

Management policy in fiscal 2010

- ✓ “Forward looking”  
~Transforming our business model to grow steadily under a new regulatory and competitive environment
- ✓ Emphasizing return on risks and costs, in order to improve asset quality and thoroughly control expenses and credit costs

Pursue profitability by focusing on targeted growth business areas

Fortify bottom-line profit by reviewing current business

Further enhance customer responsiveness by leveraging advisory functions

Further increase productivity by improving business processes

[SMFG's targeted growth business areas]

Overseas business especially in Asia
Solution providing for corporations / Investment banking, trust business
Retail / Wholesale securities business
Financial consulting for individuals
Payment & settlement services, consumer finance

- Improving risk-return profile by rebalancing our assets while meeting customers' financing needs / Controlling credit costs and expenses
- Steadily accumulating earnings based on our management plan
- Minimizing risks to our capital posed by volatility in our equity holdings
- Initiatives toward NYSE listing

Reinforcing business portfolio to achieve sustainable growth

Securing a resilient capital base

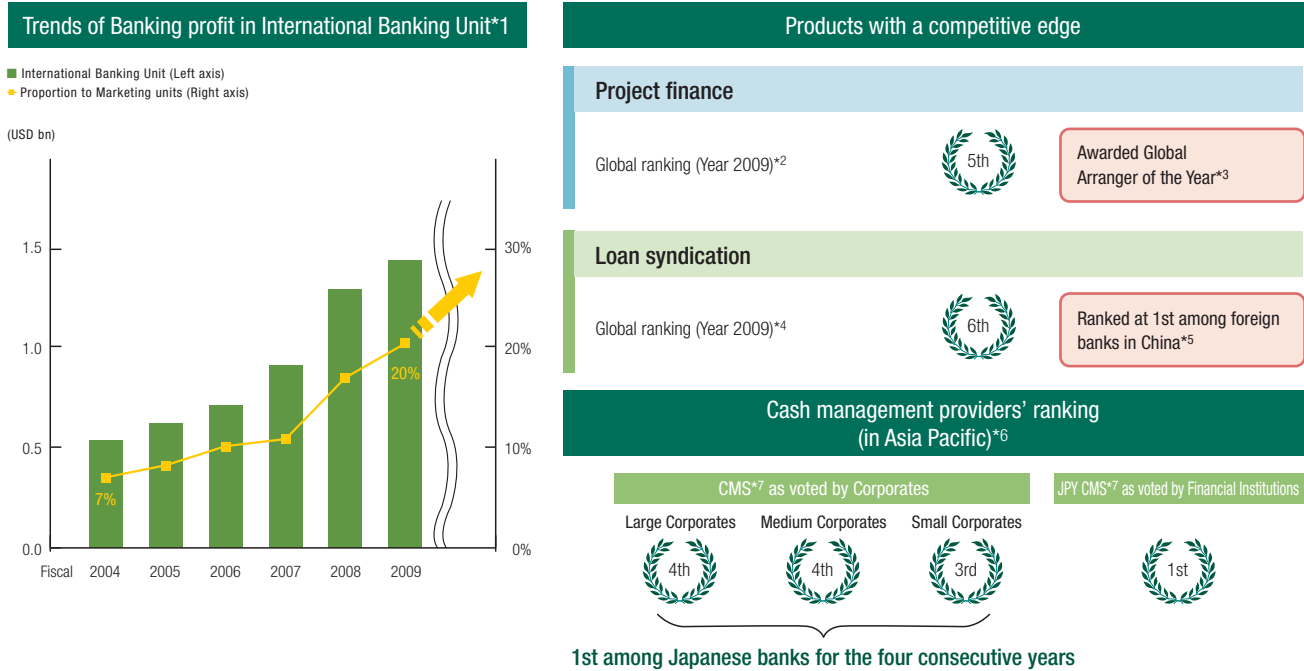
Target around 10% of consolidated ROE in the medium term

Maintain over around 10% of consolidated Tier I ratio



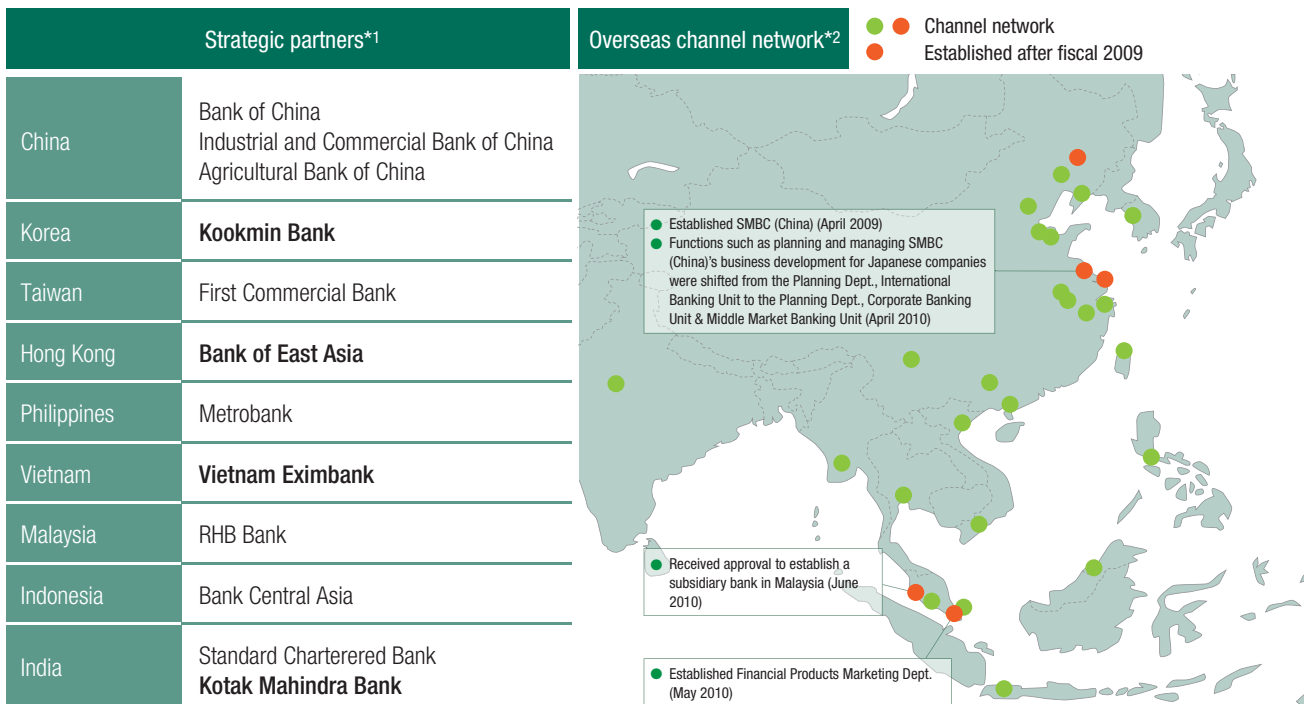
## ◎ Overseas Business

In the medium to long term, we aim to increase the proportion of Banking profit from International Banking Unit to overall Marketing units, which was 20% in fiscal 2009, by allocating more capital and resources into overseas business, especially in Asia where high growth is expected.



\*1 Sum of SMBC and its overseas subsidiaries (exchanged to USD at respective term-end FX rate). Managerial accounting basis  
 \*2 Source: Project finance mandated arranger (Project Finance International) \*3 Source: Infrastructure Journal  
 \*4 Source: Syndicated loan bookrunner ranking (Thomson Reuters) \*5 Source: "Basis Point" (Reuter LPC)  
 \*6 Source: "ASIAMONEY": "The Cash Management Poll 2009" (Aug. 09) \*7 "CMS" stands for "Cash Management Service"

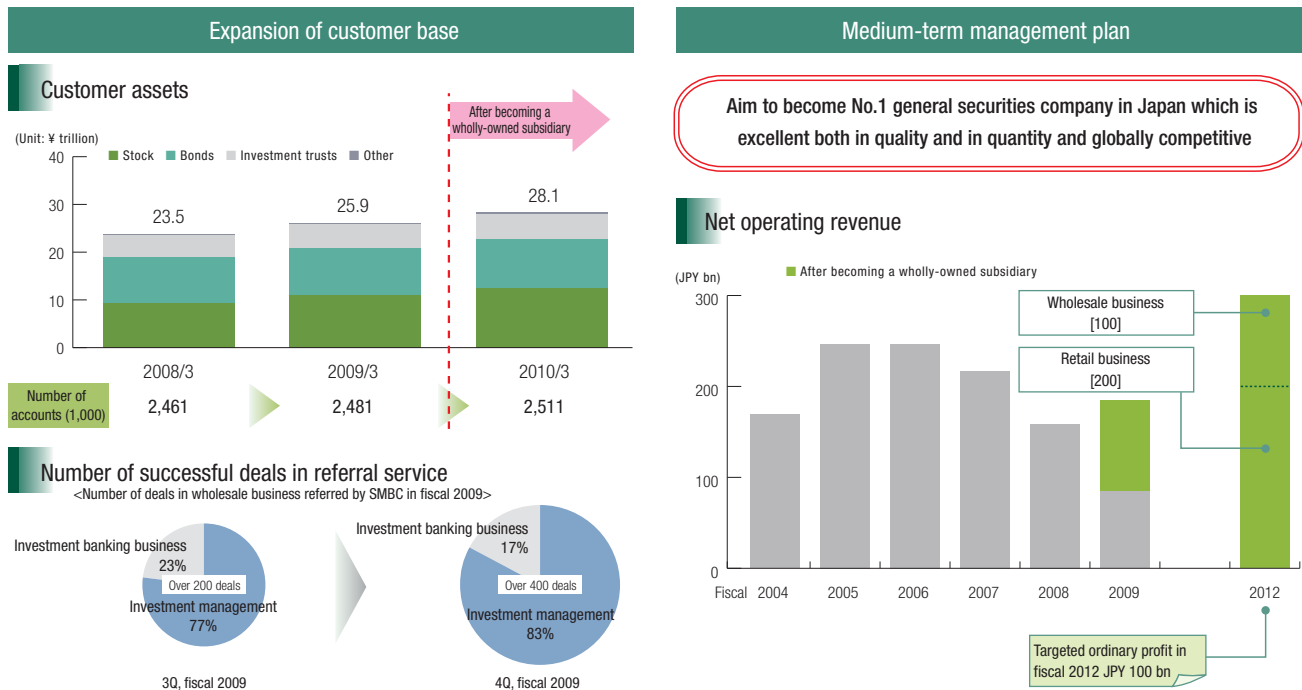
## ◎ (Reference) Business Expansions in Asia



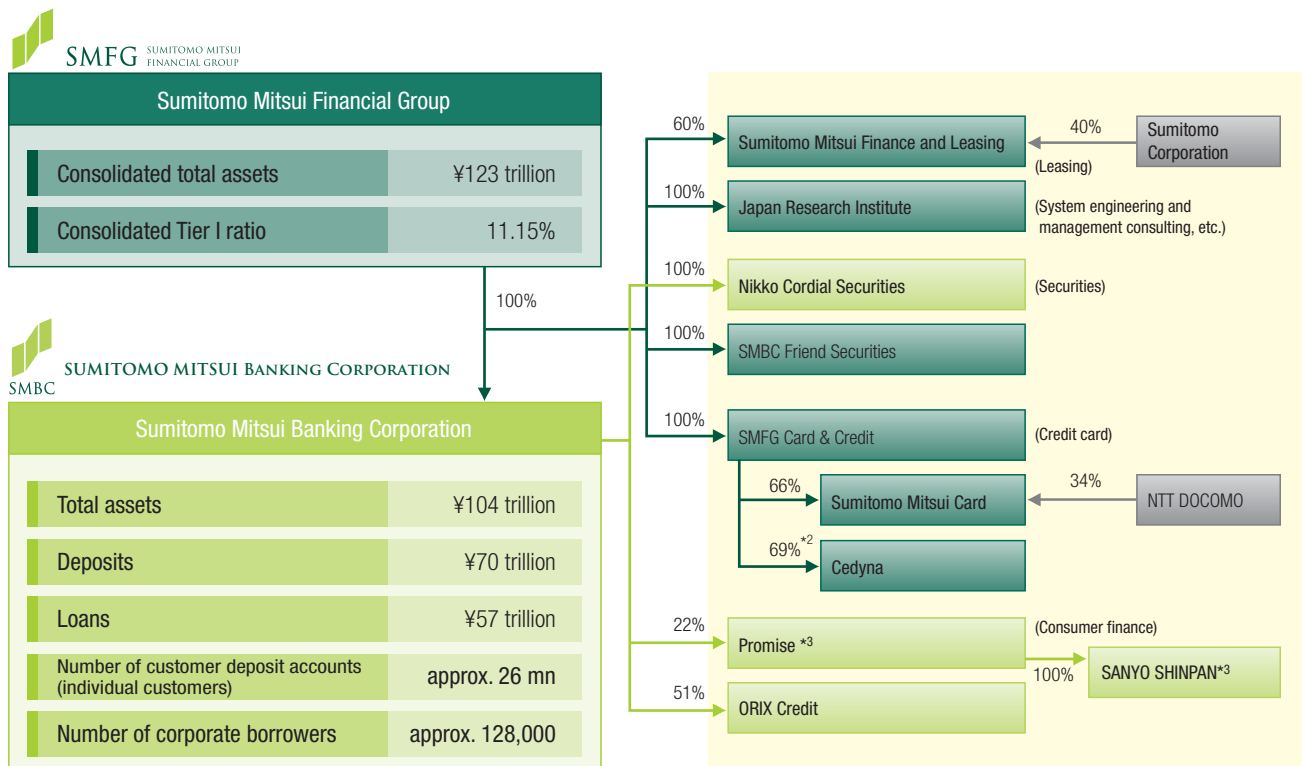
\*1 Bold print indicates the strategic partners in which SMBC has an investment in equity (includes equity investments currently planned)  
 \*2 Network of SMBC and principal overseas subsidiaries

## ◎ Strategy for Securities Business (Nikko Cordial Securities)

Nikko Cordial Securities has made a good start in both its retail and wholesale businesses as our securities body. Going forward, we will pursue an integrated business model spanning banking and securities services businesses by accelerating cooperation between SMBC and Nikko Cordial Securities.



## ◎ SMFG's Group Structure\*1

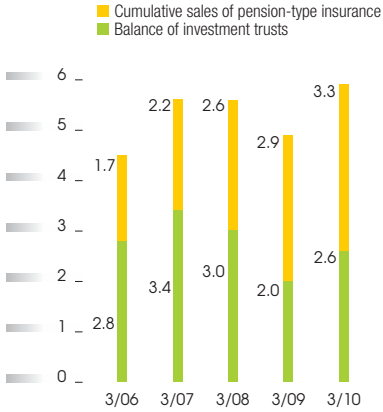


\*1 As of Mar. 31, 2010. Stake (%) is as of August 31, 2010. \*2 Total voting shares held by SMFG group. \*3 Promise and Sanyo Shinpan planned to merge in Oct. 2010.

## Performance in Growth Businesses (SMBC Nonconsolidated)

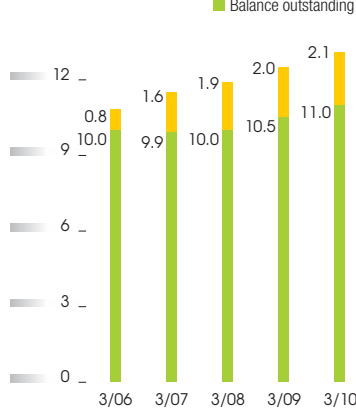
### Customer Assets (Investment Trusts and Pension-Type Insurance)

Unit: ¥ trillion



### Housing Loans\*

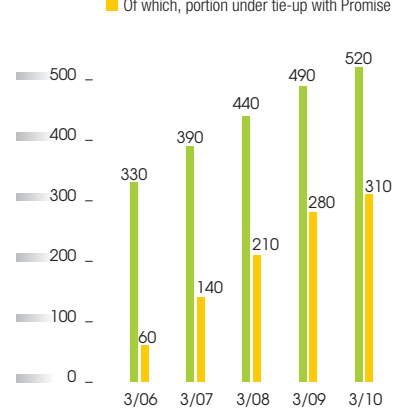
Unit: ¥ trillion



\* Owner-occupied homes

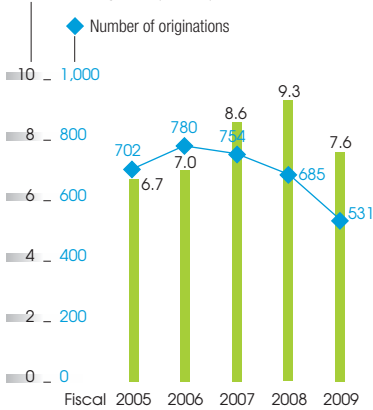
### Consumer Finance

Unit: ¥ billion



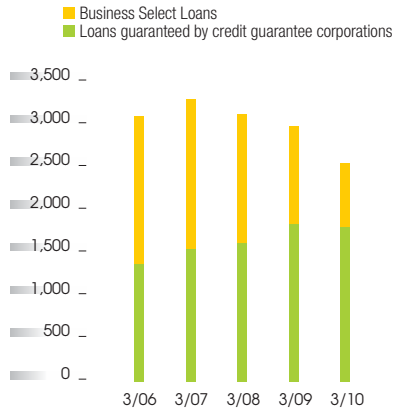
### Loan Syndications

Amount originated (¥ trillion)



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

Unit: ¥ billion



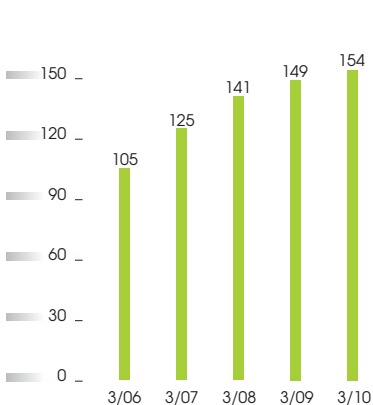
### Global e-Trade Service (Number of Contracts)

Unit: Thousands of contracts



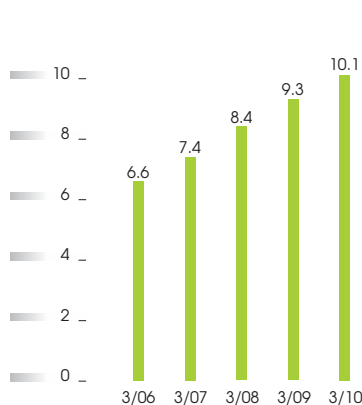
### PC Bank Web21 (Number of Contracts)

Unit: Thousands of contract



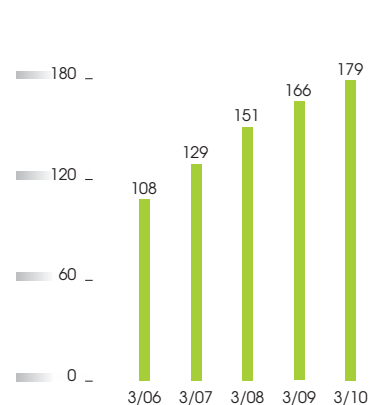
### SMBC Direct Customer Contracts

Unit: Million customers



### Number of Internet Transactions

Unit: Millions



## ■ Consumer Banking

The Group companies of SMFG are collaborating to enhance the financial services they provide to consumers. Some of the key indicators of SMBC's performance in fiscal 2009, reflecting the high esteem customers have for our services, include an outstanding balance of investment trusts under management of ¥2,620.7 billion (March 31, 2010); sales of foreign bonds and yen-denominated bonds of ¥212.7 billion; pension-type insurance sales of ¥381.8 billion; sales of single premium full life insurance of ¥60.9 billion; and mortgage loans outstanding of ¥14,497.5 billion (March 31, 2010).

### Financial Consulting Business



In fiscal 2009, SMBC continued to broaden its product lineup of investment trusts, annuity insurance for individuals, life insurance policies and other financial products.

In investment trusts, SMBC expanded our lineup of investment targets to include funds such as those investing in bonds issued by emerging countries, while allowing customers to select from a number of currencies including the

Australian dollar and the Brazilian Real for hedging purposes, and funds primarily focused on the World Bank Green Bonds. Since October 2009 we have launched funds with customer access only via the Internet or mobile phones, and as of July 1, 2010 the number of such funds had reached thirty. In these ways, we are responding to a wide range of customer needs.

In the field of life insurance policies, in August 2009 we expanded our over-the-counter sales of life insurance products at all our branches in Japan. By offering 20 different insurance policies (as of March 31, 2010), including whole-life, term and medical, we can now meet a still broader range of customer needs. We have also further expanded our insurance policy lineup, including offering annuity insurance for individuals in which the annuity amount is set at a higher-than-normal level for an initial specified period.

In our financial products intermediation business, we diversified our product lineup by offering yen-denominated bonds for the first time, as well as subscription of SMBC's subordinated bonds (yen-denominated) and sale of foreign bonds.

It is important to support customers after they have bought our products. As part of this commitment, we take many measures to keep customers up-to-date with developments — for example, holding seminars about fund performance, issuing monthly and special market reports, and sending customers statements detailing assets via direct mailing.

## Loan Business

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

In February 2010, following our introduction in December 2008 of an unsecured educational loan, we began offering loans for car purchases (guaranteed by Promise Co., Ltd.) and a general-purpose unsecured loan. Customers can apply for these loans to the Consumer Finance Promotion Office, every day (except January 1) up to nine in the evening using the automated loan contract machines installed within SMBC branches, the Internet, or other channels. In most cases, applicants receive a response on the same day. Such advantages mean these new loan products offer much greater convenience than conventional loans.

As a result of these initiatives, more than 3,000 customers per year have applied for our unsecured educational loans, the first of this type of product to be offered.

The "Act concerning Temporary Measures to Facilitate Financing for Small and Medium-Sized Enterprises, etc." was enforced on December 4, 2009, with facilitating financing to housing loan borrowers as one of the objectives. In line with this objective, SMBC has set up the Consumer Facilitating Financing Dept. within the Planning Dept. of the Consumer Banking Unit. We have also appointed specialist staff for providing consulting and other forms of assistance tailored to the individual circumstances of customers experiencing difficulties repaying their housing loans, at all bank branches as well as within the nine special Loan Support Offices located nationwide.

We will continue working to provide closely tailored support services for such customers, and are working to improve the speed and precision of these services.



### Settlement and Consumer Finance Business

The iD\* credit service, which is based on a strategic alliance between SMFG and NTT DoCoMo, Inc., continues to grow. As of March 31, 2010, subscribers to this service and the terminals for accessing the service located on the premises of affiliated merchants totaled approximately 14.2 million and 440,000, respectively.

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

The consumer finance business collaboratively launched in April 2005 by SMBC, Promise Co., Ltd. and At-Loan Co., Ltd., continues to grow also. There were 716 automated contract machines and the balance of loans made by SMBC and At-Loan together totaled approximately ¥423.5 billion, as of March 31, 2010.



## Transaction Channels

In fiscal 2009, SMBC opened new branches in 14 locations: Wakabadai in Tokyo, Hiyoshi and Shonandai in Kanagawa Prefecture, Chiba New Town in Chiba Prefecture, Tsukuba in Ibaraki Prefecture, Tenpaku-Ueda, Okazaki, Gokiso, Nonami, Irinaka, and Kanayama in Aichi Prefecture, and Izumi-Chuo, Shoji, and Komyoike in Osaka Prefecture.

Also, in the Tokai Region centered on Aichi Prefecture, in addition to opening conventional staffed offices, we are installing ATMs at or near stations of the Nagoya municipal subway system, for increased customer convenience.



Wakabadai Branch



Nonami Branch

For the *SMBC Direct* online banking service, we are constantly adding highly advanced services to meet customer needs and deliver greater convenience, and reinforcing security. In October 2009 we began a major expansion of the scope of our banking services offered via the Internet and mobile phones. For example, customers with an ATM card can check the balance in their savings account over the Internet. This is just one of the steps we have taken to further enhance the convenience of our online services.

*SMBC Direct* has come first for seven consecutive years in the ranking of Internet banking by e-commerce website rating firm Gomez Consulting Co., Ltd. As of March 31, 2010, there were approximately 10.12 million registered customers.

We opened a third call center in June 2009, in Fukuoka, to serve retail customers, along with existing facilities in Tokyo and Kobe. We also offer telephone-based services for online users who prefer to discuss important matters with a real person. Operating three centers enhances our capacity to offer telephone consulting on asset management and loans, as well as other information services, and tailor financial services to the lifestyle and needs of each customer.

## Topics

### ◆ Businesses Operated Jointly with Nikko Cordial Securities

Nikko Cordial Securities became a subsidiary of SMBC on October 1, 2009, in a move that further enhanced the ability of all Group companies to offer our customers competitive products and services.

A number of joint initiatives have been implemented since then: three new investment trust products developed jointly by SMBC and Nikko Cordial Securities were launched on the market, the two companies held joint seminars, and also proactively introduced customers to each other when either one was better suited to deal with their specific requirements. On April 19, 2010, we expanded our financial instruments intermediary service for individuals to include Nikko Cordial Securities as an agent to execute the actual transactions. The same service operated with SMBC Friend Securities is scheduled to be integrated into Nikko Cordial Securities by January 31, 2011.

Further joint activities that combine banking and securities transactions are planned, including Nikko Cordial Securities conducting banking agency business.



A joint seminar held with Nikko Cordial Securities

## ■ Corporate Banking

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

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

SMBC believes that the smooth and efficient supply of funds to its clients is its main social responsibility as a financial institution. With companies facing growing challenges caused by the global financial crisis, we are making every effort to facilitate financing to our corporate clients — midsized companies and SMEs — proactively and more tailored to their needs. To this end, in December 2009, SMBC established the Middle Market Facilitating Financing Department within the Planning Department of the Corporate Banking Unit.

We will continue to implement initiatives to identify the ever-changing needs and issues of our corporate clients and offer more tailored products and services in order to support their business growth.

#### ● Products and services to meet financing needs

Amid the economic uncertainty, a broad range of financing needs is emerging. In order to meet these needs, we are constantly expanding our lineup of loans for our corporate clients. In 2008, SMBC introduced the Certified Company Support Loan for companies who have received SMBC designated national/local management-related certification or award; the Web Report Loan for companies using the Japanese national tax authorities' e-Tax service; and the Asset Value Truck and Bus Loan which uses commercial vehicles as collateral (loan features were upgraded in 2009).

#### ● Environmentally responsible products and services

In October 2008, SMBC launched the *SMBC Environmental Assessment Loan/Private Placement Bonds*. To be eligible, an applicant company must undergo an environmental evaluation using Japan Research Institute's assessment standards. Loan terms depend on the evaluation results, which are disclosed to the applicant company to help improve its environmental protection measures. As of March 31, 2010, about 30 companies had raised approximately ¥100 billion in loans and bonds. SMBC announces these transactions to the public through SMBC press releases, newspaper advertisements and other forms of mass media, receiving high marks from our clients. In January 2010, this loan/bond product won the 2009 Nikkei Superior Products and Services Award for Superiority from Nikkei Inc., indicating the high regard in which it is held by Japanese society as a whole.

Another initiative was the "Fight Global Warming Campaign" held from May through July 2009 in connection with SMBC-ECO Loan for companies with environmental management certifications. During the campaign period, SMBC used part of the earnings from the SMBC-ECO Loan to purchase and write off carbon credits equivalent to five tons of CO<sub>2</sub> emissions per borrower, enabling the borrowers to play a part in combating global warming.

In April 2010, we added companies reporting their energy consumption to the Tokyo Metropolitan Government under its initiatives on reducing global warming to the scope of companies eligible for the *SMBC-ECO Loan*. In this way, we are supporting those midsized companies and SMEs that are taking a proactive approach to environmental issues.

In addition, SMBC extends loans under two programs operated by the Ministry of the Environment in which the government pays the interest. One program is for supporting initiatives aimed at reaching the goals of the Kyoto Protocol, in which investments in facilities that reduce greenhouse gas emissions are partly subsidized. The other program is to support the acceleration of countermeasures against global warming. The Japanese government has set a high target of 25% reduction in the emission of greenhouse gases, and we believe this financing mechanism will provide invaluable support for the environmental initiatives of Japanese industries.

#### ● Information services

SMBC has been strengthening its internal systems for business-matching, resulting in a dramatic increase in the number of business meetings we have arranged between possible partners. In particular, in our "all-in-one matching" program, which simultaneously matches a large number of corporate clients with the purchasing departments of large corporations, we have enhanced our corporate client information database, and are able to supply information on the purchasing needs of major corporations to more corporate clients.

We will continue enhancing our ability to provide a wide spectrum of information to our clients.

### Reinforcing Services for Globalizing Corporations

An increasing number of our corporate clients are setting up businesses overseas, and they face a growing need to address issues such as differences in business practices; cultures; legal, accounting, and taxation systems, and interpretation of such systems; as well as funding.

At SMBC, the Global Advisory Department was established to specifically help devise solutions for cross-border issues of globally operating clients. The department works to provide seamless support for the operations of companies both inside and outside Japan by straddling the three units of SMBC that do business with corporate clients – the Middle Market Banking Unit, the Corporate Banking Unit, and the International Banking Unit. Based in Tokyo, the department has staff members at SMBC offices overseas, chiefly in Asia. With about 200 professionals in the fields of foreign trade and global business operations, the department maximizes synergies by integrating issue-solving skills with expertise in collecting and analyzing information, and by making effective use of relationships with clients and business partners worldwide. Thanks to this infrastructure, we can devise customized solutions from a global perspective to serve both companies in Japan and their overseas subsidiaries.

We hold overseas business-related seminars with themes of particular interest to our clients, and distribute the latest information on overseas markets, enabling companies considering the launch of an overseas business to gain insight into local conditions, regulations, industry trends, and other relevant matters. Our services are also useful for companies with established overseas operations who can count on us for valuable assistance in areas such as growth strategy and reorganization.

### Intensifying Initiatives in the Chinese Market

China is a major driver of global economic growth and many Japanese companies have already set up operations there, targeting the market that continues to grow. Japanese corporations' entry into and business development in China is projected to accelerate in the coming years.

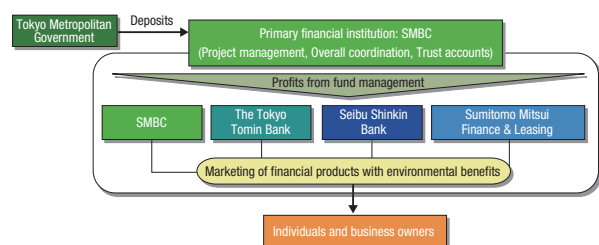
To be able to more effectively meet the needs of such clients whose business straddles the Japanese and Chinese markets, at the beginning of fiscal 2010 SMBC appointed a director to be responsible for overseeing its Chinese subsidiary Sumitomo Mitsui Banking Corporation (China) Limited. It also transferred responsibility for the planning, promotion, and management of transactions between the SMBC subsidiary in China and Japanese corporations from the International Banking Unit to a domestic banking unit. The aim of this move was to integrate SMBC services for clients' head offices in Japan and their local subsidiaries in China, facilitating the smooth transaction of business and enabling us to deliver more closely tailored services.

### Intensifying Initiatives in the Public and Financial Sectors

We are working to create solutions for issues of regional governments, public corporations and financial institutions. Moreover, to upgrade services for regional clients, we undertake joint initiatives with regional governments and financial institutions.

In October 2009 SMBC was selected as the primary financial institution for the Tokyo Metropolitan Government's Eco Finance Project. In partnership with Sumitomo Mitsui Finance & Leasing and other financial institutions, SMBC has created a number of financial products and programs, such as mortgage loans, leasing plans, and so on, that are designed to help improve the environment. These products proved popular, and over 300 applications for the mortgage loan had been received by the end of fiscal 2009.

#### Tokyo Metropolitan Government Eco Finance Project



In July 2008 SMBC signed a Cooperative Agreement for the Promotion of Industry with the Miyagi Prefectural Government and The 77 Bank, Ltd. In the third venture under this agreement, the three partners initiated a project to help companies in Miyagi Prefecture become more environmentally responsible as well as cut costs. Subsidies are provided by the prefectural government to help companies purchase equipment that contribute to energy conservation and cost-cutting. We are taking a variety of steps to make this project a success, such as holding seminars.



Seminar on energy conservation and cost-cutting

We will continue to step up initiatives that contribute to regional economic growth while delivering high value-added services to clients throughout Japan.

### Topics

#### ◆ Business Alliance in the Environment Business in China

In November 2009, SMBC together with the Japan Research Institute signed a basic agreement with the Tianjin Eco-City Administrative Committee on initiatives to attract Japanese business corporations to the Tianjin Eco-city project.

The Tianjin Eco-City project is the first large-scale project in China to build an ecologically friendly city to have been approved at the national government level. The new city will feature various measures to harmonize human activities with the natural environment, measures for conserving natural resources, and an efficient system of resource recycling.

The environment business is expected to show significant further development in China along with the growth of the country's overall market, and SMBC intends to play an important role in introducing Japanese companies to projects where they can make a major contribution.

SMBC is strongly committed to delivering enhanced services for Japanese corporate clients in the process of setting up businesses in China or planning to do so.



The signing ceremony for the agreement on the Tianjin Eco-City project.

## Services for High Networth Individuals, Business Owners and Employees

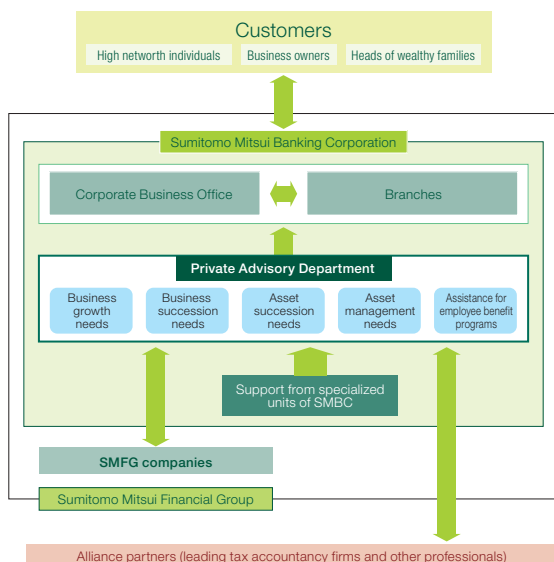
### Private Advisory Department

The Private Advisory Department (PAD) of SMBC specializes in products and services that meet the diverse requirements of business owners and high networth individuals. Activities of this department span three areas. The first is carefully tailored support services for business and asset succession. We combine the extensive know-how of our own staff, accumulated over many years of experience, with the input of alliance partners such as leading tax accountancy firms. The second area is private banking services, which include comprehensive financial services for managing customers' financial assets. These services, too, are offered in collaboration with alliance partners. The third area is workplace banking services to support the HR strategies of corporate clients. This service category includes providing assistance in the design of employee savings and other employee financial benefit programs, and defined-contribution pension plans.

By working with other SMBC Group companies and alliance partners, PAD uses its "One Bank" approach to provide seamlessly a broad range of products and services. This allows the department to cover many types of needs involving both individual and corporate clients.

### Support for Business and Asset Succession

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



### Private Banking

Customers can rely on PAD for all-inclusive financial advice concerning financial assets. We share and understand customers' financial goals, including risk profiles, through a series of discussions with each customer. After agreeing on the goals, we create proposals for asset allocation and management.



### Workplace Banking

The management environment for SMBC's corporate customers is undergoing dramatic changes that are giving rise to various issues in the field of HR strategy. PAD employs the wide range of financial products and services offered by SMBC to prepare solutions to these issues, and supports corporate customers to create employee financial benefit programs and defined-contribution pension plans.

Further, employees can obtain SMBC products and services for achieving financial and other goals in their lives through their employers in addition to SMBC marketing channels.





## ■ Investment Banking

### Accomplishments in Fiscal 2009

SMBC was awarded the best arranger of syndicated loans in the Japanese market by *Euroweek Asia* magazine. It was also awarded “Global Arranger of the Year” by *Infrastructure Journal* in project finance for infrastructure development for its seawater desalination project finance deal in the Australian state of Victoria, and other projects. In addition, in settlement services, SMBC is steadily increasing its profile, ranking first for two consecutive years among Japanese banks in the Asia-Pacific region, in a cash management services survey conducted by *Asiamoney* magazine.

### Collaboration with Nikko Cordial Securities

Since October 2009, Nikko Cordial Securities, Inc. (NCS) has been operating as a full-line securities company by adding wholesale capabilities to its retail securities business. SMBC has been referring its customers to NCS since the latter half of fiscal 2009, and as a result, NCS closed more than 100 deals introduced by SMBC in underwriting and M&A. Benefiting from the collaboration between SMBC and NCS, in the league tables published by Thomson Reuters, SMFG was third in the ranking of bookrunners in the “Japanese Corporate Bonds” category with a market share of 20.0% in the second half of fiscal 2009, and fourth with a market share of 8.8% in the “Global Equity & Equity-Related – Underwriting Value in Japan” category. SMFG will continue to strengthen further collaboration between SMBC and NCS so as to meet the diverse needs of our customers, including fund raising through capital markets, cross-border M&A, and debt securitization, more fully.

### Japanese Corporate Bonds\*1

Oct. 2009 – Mar. 2010

Rank	Bookrunner	Proceeds (¥ mil)	Market share	Number of deals
1	Mitsubishi UFJ Financial Group	913,567.1	21.4%	51
2	Mizuho Financial Group	877,981.5	20.5%	50
3	Sumitomo Mitsui Financial Group	855,233.5	20.0%	29
4	Nomura Holdings, Inc.	819,153.9	19.1%	54
5	Daiwa Securities Group Inc.	760,928.5	17.8%	57
6	Barclays Capital	14,600.0	0.3%	2
7	Shinkin Central Bank	10,000.0	0.2%	1
8	Citi	8,750.0	0.2%	1
9	Goldman Sachs & Co.	6,000.0	0.1%	1
10	Bank of America Merrill Lynch	5,000.0	0.1%	2

## Global Equity & Equity-Related – Underwriting Value in Japan\*1

Oct. 2009 – Mar. 2010

Rank	Underwriter	Proceeds (US\$m)	Market share	Number of deals
1	Nomura Holdings, Inc.	19,816.7	34.8%	63
2	Mitsubishi UFJ Financial Group	5,856.2	10.3%	53
3	Daiwa Securities Group Inc.	5,375.9	9.4%	47
4	Sumitomo Mitsui Financial Group	5,004.8	8.8%	43
5	Mizuho Financial Group	4,745.7	8.3%	58
6	Goldman Sachs & Co.	4,091.0	7.2%	10
7	Morgan Stanley	3,465.3	6.1%	6
8	Citi	2,117.8	3.7%	4
9	JP Morgan	1,792.0	3.1%	9
10	Bank of America Merrill Lynch	1,761.6	3.1%	9

\*1 Source: Thomson Reuters

## Topics

### ◆ Reinforcing our operations in Asia

In May 2010 SMBC established the Financial Products Marketing Department in Singapore, by integrating certain functions performed by various departments of Investment Banking Unit at its Singapore branch. This will enable us to meet the increasingly diversifying and sophisticated needs of our customers in Asia more flexibly. This department will provide a diversity of investment banking products such as debt securitization and derivatives, and will enable us to offer prompt and appropriate financial solutions to our customers more swiftly.

### ◆ Project Finance

SMBC is highly respected globally for its ability in project finance. It became the first financial institution from the Asia-Pacific region to be awarded “Global Arranger of the Year” for 2009 by *Infrastructure Journal*. In addition, SMBC placed among the top five global arrangers in the league table published by *Project Finance International* magazine.

## Global Initial Mandated Lead Arrangers\*2

Jan. – Dec. 2009

Rank	Mandated Arranger	Volume (US\$m)
1	State Bank of India	19,944.9
2	Calyon	7,359.6
3	BNP Paribas S.A.	5,836.1
4	Société Générale	4,283.7
5	Sumitomo Mitsui Financial Group, Inc.	4,025.1

\*2 Source: *Project Finance International*

## ■ International Banking

SMFG offers value-added services to clients (corporations, financial institutions, governmental organizations and public entities) operating globally by creating tailor-made solutions that meet various local needs, mainly through SMBC's International Banking Unit.

SMBC has three regional headquarters — Europe, the Americas and the Asia-Pacific region — and subsidiaries in the emerging markets of China, Russia and Brazil. With this network, we have the speed and flexibility to respond to differing needs in each region. We endeavor to become a global commercial bank, capable of delivering our strengths in various business opportunities in this vast international market.

### Expansion of Overseas Network

We are working to expand our overseas branch network to enhance services for Japanese companies and increase our presence in the emerging markets.

Considerable progress is being made in developing the infrastructure in Africa, and in March 2010 SMBC enhanced the functions of its Johannesburg Representative Office in a move to better serve the needs of our customers, mainly Japanese corporations that are planning to set up businesses in Africa or expand their existing operations there. In May 2010, SMBC signed an agreement on a business alliance with Absa Bank Limited, one of the largest private-sector banks in South Africa and a subsidiary of Barclays PLC of the United Kingdom. This builds on the capital and business alliance entered into with Barclays PLC in 2008. We hope to leverage Absa's wide marketing base in South Africa to further enhance our services.

### Capital and Business Alliances with Prominent Asian Financial Institutions

Our alliance strategy in Asia is tailored to the characteristics of each country and region. We aim to strengthen our solution providing capability in the region, such as by expanding our Asian currency denominated services.

In July 2009, SMBC established an alliance with PT Bank Central Asia Tbk, the largest privately owned commercial bank in Indonesia. Forming this partnership positions us to better provide our customers with solutions that include stable local-currency financing, cash management services, and other corporate finance activities. In the same month, SMBC signed a technical service agreement, including risk management, with its capital and business alliance partner Vietnam Export Import Commercial Joint Stock Bank. Then, in December 2009, through private placement, SMBC acquired shares of The Bank of East Asia, Ltd., a major private-sector bank in Hong Kong. The bank was already

one of our business partners, and this investment has further strengthened our collaborative ties.

We will continue to forge ties with leading financial institutions, while organically growing our marketing network in Asia — a multifaceted approach to expanding our business operations in Asia.

### Core IT System Upgrades

Starting in fiscal 2009, SMBC has been revamping its Asian accounting systems and customer information and management administration systems as part of a worldwide operations system upgrade to support corporate clients operating globally.

### Strengthening of Risk Management

As part of a broader strategy for reinforcing our credit cost control framework, SMBC has enhanced its credit monitoring system, and has set up dedicated credit management units in Europe and the United States.

SMBC has also reinforced coordination between the Credit Management Department of the International Banking Unit, which was established in fiscal 2009, and the credit portfolio management (CPM) functions of regional headquarters to create an even more effective hedging system to minimize the impact of economic fluctuations.

### Strengthening of Compliance System

The global regulatory environment is changing rapidly, and we are focusing our efforts on creating a compliance system capable of swiftly responding to BIS guidelines and the regulatory authorities of countries across the globe.

SMBC has taken various steps to computerize administrative processes at its overseas offices and introduce more advanced management systems in order to create an anti-money laundering system in line with international standards. Moving forward, we will continue to tighten controls on the operational side still further.

### Fostering Professionals Needed to Realize Overseas Business Growth

We are strengthening our training and educational programs in order to meet seamlessly and accurately customers' increasingly diverse and advanced needs. We station promising young employees at our overseas offices or dispatch them to specialist overseas financial institutions outside the Group. In this way, we are developing employees with invaluable expertise in international business. In Asia, where our operations are growing noticeably, SMBC's Asia Pacific Training Department is constantly enhancing seminars and e-learning programs for our national staff in order to strengthen their ability to deliver the best solutions to our customers.

## Topics

### ◆ Environmental Business Opportunities Overseas

We are reinforcing our initiatives in the global environmental business. In Asia, SMBC is one of the advisors in the Tianjin Eco-City project in northern China. In March 2010, SMBC signed a financing agreement on a renewable energy development project and other matters with the International Finance Corporation and Environmental Cooperation-Asia (ECO-Asia), a regional program of the United States Agency for International Development. On April 20, 2010, SMBC signed a memorandum of understanding on the promotion of environmental business in Malaysia with the Federation of Malaysian Manufacturers (FMM) and the NGO Green Purchasing Network Association Malaysia (GPNM). In the Americas, SMBC signed a memorandum on a business alliance in emissions trading with the Banco de la Republica Oriental del Uruguay (a major financial institution administered by the government of Uruguay). This is the latest move in our continued expansion of our network of business alliances in South America, which began with Banco do Brasil, a leading Brazilian commercial bank, in August 2006.



SMFG President Kitayama with representatives of FMM and GPNM at the signing ceremony

## Treasury Markets

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

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

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

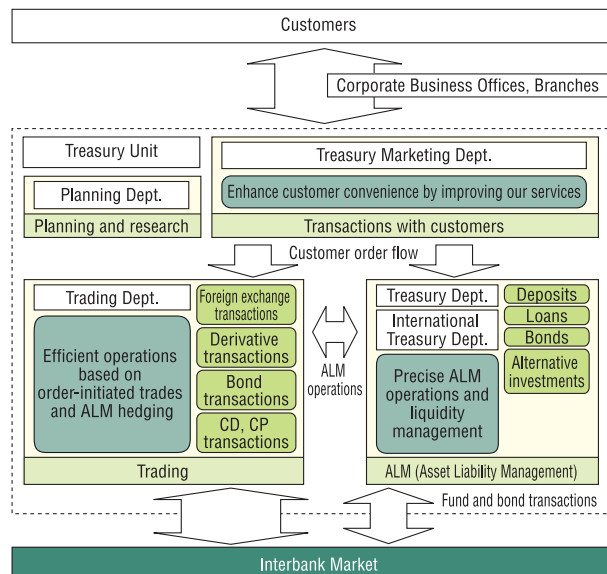
trends in financial markets.

We are constantly improving the functions of *i-Deal*, a system that allows clients to conclude foreign exchange contracts over the Internet. Moving forward, the Treasury Unit will continue working to fulfill all our customers' market transaction needs by offering full support services of the highest quality in the industry.

### ALM and Trading Operations

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

We will continue to conduct trading operations that take advantage of changes in market conditions in order to generate a consistent stream of earnings.



## Topics

### ◆ Issuance of A\$-denominated bonds for individual investors

We have been diversifying our longer-term procurement channels to adapt more effectively to new regulations and cope with an increasingly competitive market. In March 2010, SMBC issued corporate bonds denominated in Australian dollars for individual investors.

### ◆ Sound Market Operations

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

# Group Companies (as of March 31, 2010)



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

The companies of the Sumitomo Mitsui Financial Group (SMFG) offer a diverse range of financial services, centered on banking operations, and including credit card services, leasing, information services, and securities.

## Our Mission

- To provide optimum added value to our customers and together with them achieve growth
- To create sustainable shareholder value through business growth
- To provide a challenging and professionally rewarding work environment for our dedicated employees

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

**Business Description:**

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

**Establishment:** December 2, 2002

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

(As of October 18, 2010: 1-2, Marunouchi 1-chome, Chiyodaku, Tokyo Japan)

**Chairman of the Board:** Masayuki Oku

(Concurrent President at Sumitomo Mitsui Banking Corporation)

**President:** Teisuke Kitayama

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

**Capital:** ¥2,337.8 billion (as of March 31, 2010)

**Stock Exchange Listings:**

Tokyo Stock Exchange (First Section)

Osaka Securities Exchange (First Section)

Nagoya Stock Exchange (First Section)



## SUMITOMO MITSUI BANKING CORPORATION

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



Sumitomo Mitsui Banking Corporation (SMBC) was established in April 2001 through the merger of two leading banks: The Sakura Bank, Limited, and The Sumitomo Bank, Limited. Sumitomo Mitsui Financial Group, Inc., was established in December 2002 through a stock transfer as a bank holding company, and SMBC became a wholly owned subsidiary of SMFG. In March 2003, SMBC merged with the Wakashio Bank, Ltd. SMBC's competitive advantages include a strong customer base, the quick implementation of strategies, and an extensive lineup of financial products and services that leverage the expertise of strategic Group companies in specialized areas. SMBC, as a core member of SMFG, works together with other members of the Group to offer customers highly sophisticated, comprehensive financial services.

**Company Name:** Sumitomo Mitsui Banking Corporation

**Business Profile:** Banking

**Establishment:** June 6, 1996

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

Tokyo, Japan

(As of October 18, 2010: 1-2, Marunouchi

1-chome, Chiyodaku, Tokyo Japan)

**President:** Masayuki Oku

**Number of Employees:** 22,460

**Number of branches and other business locations:**

In Japan:	1,549*
Branches:	494
(Including 38 specialized deposit account branches)	
Subbranches:	164
Agency:	1
Offices handling non-banking business:	23
Automated service centers:	867
Overseas:	34
Branches:	15
Subbranches:	6
Representative offices:	13

\*The number of domestic branches excludes ATMs located at the business sites of companies and at retail convenience stores.

**Credit Ratings** (as of June 30, 2010)

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

**Financial Information** (Consolidated basis, years ended March 31)

	Billions of yen			
	2010	2009	2008	2007
For the Year:				
Ordinary income .....	¥2,579.9	¥2,989.6	¥3,411.0	¥2,925.6
Ordinary profit .....	557.7	59.2	734.9	716.6
Net income (loss).....	332.4	(317.3)	351.8	401.7
At Year-End:				
Net assets.....	¥6,894.5	¥4,518.6	¥5,080.7	¥5,412.4
Total assets .....	120,041.3	115,849.3	108,637.7	98,570.6



## SMFG CARD & CREDIT, INC.

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

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

**Company Name:** SMFG Card & Credit, Inc.

**Business Profile:** Management of subsidiaries and affiliates

**Establishment:** October 1, 2008

**Head Office:** 1-2, Yurakucho 1-chome,

Chiyoda-ku, Tokyo, Japan

(As of October 18, 2010: 1-2,

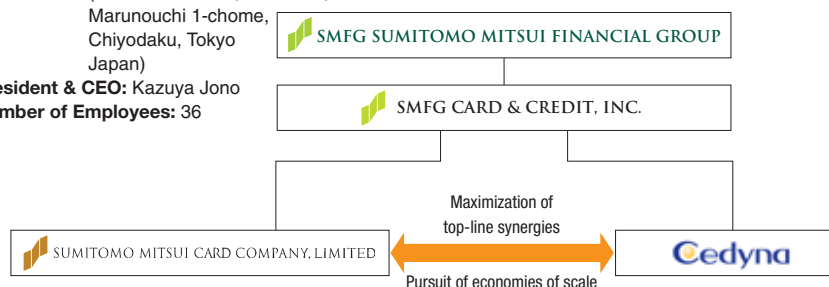
Marunouchi 1-chome,

Chiyodaku, Tokyo

Japan)

**President & CEO:** Kazuya Jono

**Number of Employees:** 36

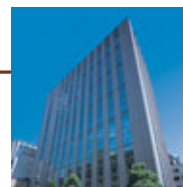




## SUMITOMO MITSUI CARD COMPANY, LIMITED

[www.smbc-card.com](http://www.smbc-card.com)

(Japanese only)



As the pioneer in the issuance of the VISA Card in Japan and a leader in the domestic credit card industry, Sumitomo Mitsui Card Company, Limited, enjoys the strong support of its many customers and plays a major role as one of the strategic businesses of SMFG.

Leveraging its strong brand image and its excellent capabilities across a wide range of card-related services, the company provides settlement and financing services focused around providing credit services that meet customer needs. Through its credit card business operations, the company aims to actively contribute to the realization of comfortable and

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

**Company Name:** Sumitomo Mitsui Card Company, Limited

**Business Profile:** Credit card services

**Establishment:** December 26, 1967

**Head Office:**

**Tokyo Head Office:** 1-2-20, Kaigan, Minato-ku, Tokyo

**Osaka Head Office:** 4-5-15, Imabashi, Chuo-ku, Osaka

**President & CEO:** Koichi Tsukihara

**Number of Employees:** 2,247

**Credit Ratings** (as of June 30, 2010)

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

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

	Billions of yen			
	2010	2009	2008	2007
For the Year:				
Revenue from credit card operations.....	¥6,209.0	¥5,858.7	¥5,375.2	¥4,753.8
Operating revenue.....	183.6	180.2	168.4	157.6
Operating profit.....	24.3	22.3	16.9	14.1
At Year-End:				
Number of cardholders (in thousands).....	20,504	18,655	16,406	14,951



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



Cedyna Financial Corporation was formed in April 2009 through the merger of OMC Card, Inc., Central Finance Co., Ltd. and QUOQ Inc., bringing together the customer bases, marketing capabilities and proprietary know-how of these credit card companies. It aims, in alliance with fellow SMFG Group member Sumitomo Mitsui Card, to become "the number one credit card business entity in Japan." As one of Japan's largest consumer finance companies offering a fusion of the credit card, consumer credit and solutions businesses, Cedyna provides products and services of great value to its customers.

**Company Name:** Cedyna Financial Corporation

**Business Profile:** Credit-card services, consumer credit

**Establishment:** September 11, 1950

**Head Office:**

**Head Office:** 3-23-20 Marunouchi, Naka-ku, Nagoya

**Tokyo Head Office:** 2-16-4 Konan, Minato-ku, Tokyo

**President & CEO:** Hajime Yamashita

**Number of Employees:** 3,223

**Credit Ratings** (as of June 30, 2010)

	Long-term	Short-term
Standard & Poor's	A-	A-2
JCR	A	J-1

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

	Billions of yen			
	2010	2009	2008	
		OMC*	CF*	QQ*
For the Year:				
Revenue from credit card operations.....	¥223.9	¥137.7	¥80.6	¥44.8
Operating revenue.....	(40.8)	6.9	(1.4)	(5.2)
Operating profit.....				
At Year-End:				
Number of cardholders (in thousands).....	24,933			

\*OMC: OMC Card, Inc.  
CF: Central Finance Co., Ltd.  
QQ: QUOQ Inc.



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



Sumitomo Mitsui Finance and Leasing Co., Ltd. (SMFL) was created from the merger of SMBC Leasing Company, Limited, and Sumisho Lease Co., Ltd., in October 2007. SMFL aims to become the top leasing company in Japan in terms of both quantity and quality by leveraging (a) the financial solutions offered by other subsidiaries of SMFG, and (b) business relationships along the value chains in a wide range of industries held by the Sumitomo Corporation Group, one of Japan's leading trading houses.

SMFL is one of the leading companies in the leasing industry, known for its capabilities for offering high-value-added products and services, because of its strong marketing position based on its access to chan-

nels to users of leased equipment and to suppliers of equipment, as well as having business in the aircraft operating lease field. SMFL is working to contribute to society as a leading leasing company by anticipating future needs and offering top quality leasing services.

**Company Name:** Sumitomo Mitsui Finance and Leasing Co., Ltd.

**Business Profile:** Leasing

**Establishment:** February 4, 1963

**Head Office:**

**Tokyo Head Office:** 3-9-4, Nishi-Shimbashi, Minato-ku, Tokyo

**Osaka Head Office:** 3-10-19, Minami-Semba, Chuo-ku, Osaka

**President & CEO:** Koji Ishida

**Number of Employees:** 1,538

**Credit Ratings** (as of June 30, 2010)

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

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

	Billions of yen			
	2010	2009	2008	2007*
For the Year:				
Revenue from leasing operations	¥733.6	¥895.8	¥1,054.1	¥599.4
Operating revenue.....	894.7	947.6	708.4	630.0
Operating profit.....	43.9	36.4	36.2	31.5
				24.7

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



## The Japan Research Institute, Limited

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



The Japan Research Institute, Limited (JRI), conducts "knowledge engineering" activities which effectively combine three functions: information systems integration, consulting, and think-tank services. All activities are guided by the fundamental philosophy of "creating new value for the client." JRI offers unique added value in many fields by leveraging IT expertise to plan and assemble strategic data systems and provide outsourcing services. Additionally, its activities span consulting for corporate management strategies and governmental administrative reform, research and analysis on both domestic and foreign economic issues, and policy recommendation, as well as formulation of, and support for, start-up incubation in new markets and industries.

In December 2008, JRI concluded a capital and business alliance with NTT Data Co., Ltd. and JRI Solutions, Limited, an SMFG Group company offering IT solutions to customers across a wide range of industries. And, in

January 2009, JRI Solutions began operations anew under the name "JSOL." Looking ahead, JRI Group, while maintaining close relationships with other SMFG Group companies, will draw on the diverse range of resources and know-how of the NTT Data Group, as well as the know-how it has accumulated, to further grow and develop as a total IT service provider.

**Company Name:** The Japan Research Institute, Limited

**Business Profile:** Systems engineering, data processing, management consulting, think-tank services

**Establishment:** November 1, 2002

**Head Office:**

**Tokyo Head Office:** 16, Ichibancho, Chiyoda-ku, Tokyo

**Osaka Head Office:** 2-2-4, Tosabori, Nishi-ku, Osaka

**President & CEO:** Yasuyuki Kimoto

**Number of Employees:** 2,061

### Financial Information (Years ended March 31)

	Billions of yen			
	2010	2009	2008	2007*
For the Year:				
Operating revenue....	¥81.7	¥88.0	¥88.1	¥84.6
Operating profit.....	0.9	1.0	3.8	3.0

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



## SMBC FRIEND SECURITIES CO., LTD.

[www.smbc-friend.co.jp](http://www.smbc-friend.co.jp)  
(Japanese only)



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

SMBC Friend Securities will continue to

move steadily forward toward its goal of becoming "a leading Japanese securities company in the retail market," offering high-quality products and services matching the needs of its customers and building strong bonds of trust with them.

**Company Name:** SMBC Friend Securities Co., Ltd.

**Business Profile:** Securities services

**Establishment:** March 2, 1948

**Head Office:** 7-12, Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo

**President & CEO:** Osamu Endo

**Number of Employees:** 2,197

### Financial Information (Years ended March 31)

	Billions of yen			
	2010	2009	2008	2007
For the Year:				
Operating revenue....	¥67.4	¥43.2	¥60.5	¥58.7
Operating profit.....	22.8	2.3	19.0	21.2



## Nikko Cordial Securities Inc.

[www.nikko.co.jp/SEC/e-home.html](http://www.nikko.co.jp/SEC/e-home.html)



Since its establishment in July 1918, Nikko Cordial Securities Inc. — then known as Kawashimaya Shoten — has grown with its customers for over 90 years. It started a new chapter in Nikko Cordial's history in October 2009 as a member of SMFG Group. One of the largest full-service securities and investment banking firms in Japan and a provider of high-quality products and services, Nikko Cordial Securities is working with SMBC to create a new business model integrating banking and securities activities. It aims to become the number one securities company in Japan by delivering still more value.

**Company Name:** Nikko Cordial Securities Inc.

**Business Profile:** Securities services

**Establishment:** June 15, 2009

Nikko Cordial De-merger Preparatory Company Ltd. was established to succeed all of the operations (excluding selected assets and liabilities) of former Nikko Cordial Securities Inc. and certain businesses of former Nikko Citigroup Ltd. through a corporate spin-off from Nikko Citi Holdings, Inc. On October 1, 2009, it started operating under the trade name "Nikko Cordial Securities Inc."

**Head Office:** 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo

**President & CEO:** Eiji Watanabe

**Number of Employees:** 6,533

### Credit Ratings (as of June 30, 2010)

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

### Financial Information (Years ended March 31)

	2010		2009
	1H Former Nikko Cordial Securities	Nikko Cordial Securities From June 2009 (started operating under this trade name in October)	Former Nikko Cordial Securities
For the Year:			
Operating revenue .....	¥85.6	¥104.9	¥164.1
Operating profit .....	20.9	23.5	19.6

\*Expenses related to preparatory costs prior to the start of operations were posted during the period from June to September.



# Financial Highlights

## Sumitomo Mitsui Financial Group

### Consolidated

Year ended March 31	Millions of yen				
	2010	2009	2008	2007	2006
For the Year:					
Total income.....	¥ 3,184,688	¥ 3,556,536	¥ 4,739,040	¥ 3,947,786	¥ 3,803,089
Total expenses.....	2,626,590	3,527,040	3,810,084	3,140,996	2,759,726
Net income (loss).....	271,559	(373,456)	461,536	441,351	686,841
At Year-End:					
Total net assets.....	¥ 7,000,805	¥ 4,611,764	¥ 5,224,076	¥ 5,331,279	¥ 4,454,399
Total assets.....	123,159,513	119,637,224	111,955,918	100,858,309	107,010,575
Risk-monitored loans.....	1,529,484	1,586,317	1,092,661	1,067,386	1,243,160
Reserve for possible loan losses.....	1,068,329	1,077,852	894,702	889,093	1,035,468
Net unrealized gains (losses) on other securities.....	586,414	(33,176)	745,420	1,825,168	1,373,337
Number of employees.....	57,888	48,079	46,429	41,428	40,681
Selected Ratios:					
Capital ratio.....	15.02%	11.47%	10.56%	11.31%	12.39%
Return on Equity.....	7.63%	—%	13.23%	13.07%	33.15%
Price Earnings Ratio.....	12.44x	—x	11.06x	18.74x	13.72x
Per Share (Yen):					
Net assets.....	¥3,391.75	¥2,790.27	¥424,546.01	¥469,228.59	¥400,168.89
Net income (loss).....	248.40	(497.39)	59,298.24	57,085.83	94,733.62
Net income — diluted.....	244.18	—	56,657.41	51,494.17	75,642.93

- Notes: 1. "Net unrealized gains (losses) on other securities" represent the difference between the market prices and acquisition costs (or amortized costs) of "other securities." In principle, the values of stocks are calculated using the average market prices during the final month. For details, please refer to page 26.
2. "Number of employees" has been reported on the basis of full-time workers. "Number of employees" includes locally hired overseas staff members but excludes contract employees and temporary staff.
3. From the fiscal year ended March 31, 2007, in calculating total net assets and total assets, SMFG has applied "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan ("ASBJ") Statement No. 5) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8).
4. The ASBJ has revised "Guidance on Accounting Standard for Earnings per Share" (ASBJ Guidance No. 4). From the fiscal year ended March 31, 2007, SMFG has applied the revised Guidance and calculated net assets per share by including net deferred gains (losses) on hedges.
5. From the fiscal year ended March 31, 2007 (fiscal 2006), the consolidated capital ratio has been calculated according to the formula specified in the Financial Services Agency ("FSA") Notification No. 20 issued in fiscal 2006, which is based on Article 52-25 of the Banking Act of Japan. The consolidated capital ratio of SMFG is calculated under Basel II. Please note that in fiscal 2005, the capital ratio was calculated according to the formula specified in the Ministry of Finance Notification No. 62 issued in fiscal 1998, which was based on Article 52-25 of the Banking Act of Japan.
6. "Net income — diluted" per share for the fiscal year ended March 31, 2009 is not reported due to a net loss.
7. SMFG implemented a 100-for-1 stock split of common stock on January 4, 2009. If the stock split had been implemented in the prior years, per share information would be as follows:

Year ended March 31	Yen		
	2008	2007	2006
Net assets.....	¥4,245.46	¥4,692.29	¥4,001.69
Net income.....	592.98	570.86	947.34
Net income — diluted.....	566.57	514.94	756.43

## ◆ Nonconsolidated

Year ended March 31	Millions of yen				
	2010	2009	2008	2007	2006
<b>For the Year:</b>					
Operating income.....	¥ 133,379	¥ 134,772	¥ 111,637	¥ 376,479	¥ 55,482
Dividends on investments in subsidiaries and affiliates ...	118,818	117,051	89,693	366,680	46,432
Operating expenses.....	16,641	8,790	6,246	3,641	3,196
Net income.....	66,176	103,468	82,975	363,535	73,408
<b>At Year-End:</b>					
Total net assets (A).....	¥4,805,574	¥2,977,547	¥2,968,749	¥2,997,898	¥3,935,426
Total assets (B).....	6,152,774	4,057,313	4,021,217	3,959,444	4,166,332
Total net assets to total assets (A) / (B) .....	78.10%	73.39%	73.83%	75.72%	94.46%
Capital stock.....	2,337,895	1,420,877	1,420,877	1,420,877	1,420,877
Number of shares issued					
Preferred stock.....	70,001	103,401	120,101	120,101	950,101
Common stock.....	1,414,055,625	789,080,477	7,733,653	7,733,653	7,424,172
Number of employees.....	183	167	136	131	124
<b>Selected Ratios:</b>					
Return on Equity .....	1.59%	3.52%	2.67%	13.71%	2.38%
Price Earnings Ratio .....	57.41x	28.79x	71.82x	23.10x	190.16x
Dividend payout ratio .....	213.41%	75.96%	131.37%	15.31%	46.64%
<b>Per Share (Yen):</b>					
Net assets.....	¥3,256.32	¥3,389.38	¥339,454.71	¥342,382.75	¥330,206.27
<b>Dividends:</b>					
Common stock.....	100	90	12,000	7,000	3,000
Preferred stock (Type 1).....	/	/	/	—	10,500
Preferred stock (Type 2).....	/	/	/	—	28,500
Preferred stock (Type 3).....	/	/	/	—	13,700
Preferred stock (1st series Type 4).....	67,500	135,000	135,000	135,000	135,000
Preferred stock (2nd series Type 4).....	67,500	135,000	135,000	135,000	135,000
Preferred stock (3rd series Type 4).....	67,500	135,000	135,000	135,000	135,000
Preferred stock (4th series Type 4).....	67,500	135,000	135,000	135,000	135,000
Preferred stock (5th series Type 4).....	/	/	135,000	135,000	135,000
Preferred stock (6th series Type 4).....	/	/	135,000	135,000	135,000
Preferred stock (7th series Type 4).....	/	/	135,000	135,000	135,000
Preferred stock (8th series Type 4).....	/	/	135,000	135,000	135,000
Preferred stock (9th series Type 4).....	67,500	135,000	135,000	135,000	135,000
Preferred stock (10th series Type 4).....	67,500	135,000	135,000	135,000	135,000
Preferred stock (11th series Type 4).....	67,500	135,000	135,000	135,000	135,000
Preferred stock (12th series Type 4).....	67,500	135,000	135,000	135,000	135,000
Preferred stock (1st series Type 6).....	88,500	88,500	88,500	88,500	88,500
Net income .....	53.82	118.43	9,134.13	46,326.41	6,836.35
Net income — diluted.....	—	—	9,133.76	41,973.46	6,737.46

Notes: 1. All SMFG employees are on secondment assignment from SMBC, etc.

2. From the fiscal year ended March 31, 2007, in calculating total net assets and total assets, SMFG has applied "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8).

3. The ASBJ has revised "Guidance on Accounting Standard for Earnings per Share" (ASBJ Guidance No. 4). From the fiscal year ended March 31, 2007, SMFG has applied the revised Guidance and calculated net assets per share by including net deferred gains (losses) on hedges.

4. SMFG implemented a 100-for-1 stock split of common stock on January 4, 2009. If the stock split had been implemented in the prior years, per share information would be as follows:

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



**◆ Consolidated**

Year ended March 31	Millions of yen				
	2010	2009	2008	2007	2006
<b>For the Year:</b>					
Total income.....	¥ 2,597,675	¥ 2,991,839	¥ 3,417,611	¥ 2,971,693	¥ 2,789,433
Total expenses.....	2,039,296	2,941,009	2,691,606	2,220,971	1,903,374
Net income (loss) .....	332,497	(317,306)	351,820	401,795	563,584
<b>At Year-End:</b>					
Total net assets.....	¥ 6,894,564	¥ 4,518,647	¥ 5,080,747	¥ 5,412,458	¥ 3,598,294
Total assets.....	120,041,369	115,849,385	108,637,791	98,570,638	104,418,597
Risk-monitored loans .....	1,498,271	1,561,824	1,073,471	1,047,566	1,219,383
Reserve for possible loan losses .....	1,007,160	1,011,845	848,031	860,799	1,006,223
Net unrealized gains (losses) on other securities .....	523,444	(59,758)	754,456	1,852,971	1,337,192
Number of employees.....	47,837	37,345	36,085	31,718	32,918
<b>Selected Ratios:</b>					
Capital ratio.....	16.68%	13.54%	12.19%	12.95%	10.77%
Return on Equity .....	8.64%	—%	9.56%	12.95%	30.15%
<b>Per Share (Yen):</b>					
Net assets .....	¥49,036.12	¥41,492.54	¥60,442.81	¥67,823.69	¥41,444.83
Net income (loss) .....	4,240.20	(5,740.34)	6,132.91	7,072.09	9,864.54
Net income — diluted.....	4,236.01	—	6,132.75	7,012.46	9,827.19

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

## ◆ Nonconsolidated

Year ended March 31	Millions of yen				
	2010	2009	2008	2007	2006
<b>For the Year:</b>					
Total income.....	¥ 2,087,777	¥ 2,548,073	¥ 2,944,677	¥ 2,492,577	¥ 2,322,699
Total expenses.....	1,633,026	2,520,286	2,437,222	1,905,648	1,576,026
Net income (loss).....	317,995	(301,116)	205,742	315,740	519,520
<b>(Appendix)</b>					
Gross banking profit (A).....	1,455,275	1,524,856	1,484,783	1,344,490	1,552,033
Banking profit.....	778,589	747,647	819,691	782,330	810,593
Banking profit (before provision for general reserve for possible loan losses).....	769,522	823,377	819,691	740,601	965,573
Expenses (excluding nonrecurring losses) (B).....	685,752	701,479	665,091	603,888	586,459
<b>At Year-End:</b>					
Total net assets.....	¥ 5,397,949	¥ 2,546,493	¥ 3,493,249	¥ 3,992,884	¥ 3,634,776
Total assets.....	103,536,394	107,478,218	100,033,020	91,537,228	97,443,428
Deposits.....	77,630,639	76,905,708	69,382,834	68,809,338	68,222,167
Loans and bills discounted.....	56,619,058	60,241,266	56,957,813	53,756,440	51,857,559
Securities.....	28,536,200	28,000,515	22,758,241	20,060,873	25,202,541
Risk-monitored loans.....	1,068,017	1,137,058	770,587	721,064	914,173
Problem assets based on the Financial Reconstruction Law.....	1,100,685	1,194,170	803,939	738,667	960,095
Reserve for possible loan losses.....	758,178	791,885	620,004	677,573	816,437
Net unrealized gains (losses) on other securities.....	521,377	(42,701)	755,749	1,832,891	1,316,206
Trust assets and liabilities.....	1,403,236	1,262,993	1,175,711	1,174,396	1,305,915
Loans and bills discounted.....	221,970	222,030	223,740	5,350	7,870
Securities.....	457,585	392,812	273,504	267,110	238,205
Capital stock.....	1,770,996	664,986	664,986	664,986	664,986
Number of shares issued (in thousands)					
Preferred stock.....	70	70	70	70	900
Common stock.....	106,248	56,355	56,355	56,355	55,212
Number of employees.....	22,460	21,816	17,886	16,407	16,050
<b>Selected Ratios:</b>					
Capital ratio.....	18.28%	13.85%	12.67%	13.45%	11.35%
Return on Equity.....	8.28%	—%	5.64%	10.13%	26.57%
Dividend payout ratio.....	48.06%	—%	41.99%	13.89%	63.02%
Overhead ratio (B) / (A).....	47.1%	46.0%	44.8%	44.9%	37.8%
<b>Per Share (Yen):</b>					
Net assets.....	¥48,799.31	¥41,404.62	¥58,204.22	¥67,124.90	¥42,105.57
<b>Dividends:</b>					
Common stock.....	1,620	1,638	1,487	763	5,714
Preferred stock (Type 1).....	/	/	/	/	10,500
Preferred stock (Type 2).....	/	/	/	/	28,500
Preferred stock (Type 3).....	/	/	/	/	13,700
Preferred stock (1st series Type 6).....	88,500	88,500	88,500	88,500	88,500
Net income (loss).....	4,051.75	(5,453.06)	3,540.84	5,533.69	9,066.46
Net income — diluted.....	—	—	—	5,487.21	9,050.63

- Notes: 1. Please refer to page 161 for the definitions of risk-monitored loans and problem assets based on the Financial Reconstruction Law.
2. "Net unrealized gains (losses) on other securities" represent the difference between the market prices and acquisition costs (or amortized costs) of "other securities." The values of stocks are calculated using the average market prices during the final month. For details, please refer to page 31.
3. "Number of employees" has been reported on the basis of full-time workers. "Number of employees" includes locally hired overseas staff members but excludes contract employees, temporary staff, and executive officers who are not also Board members.
4. From the fiscal year ended March 31, 2007, in calculating total net assets and total assets, SMBC has applied "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8).
5. The ASBJ has revised "Guidance on Accounting Standard for Earnings per Share" (ASBJ Guidance No. 4). From the fiscal year ended March 31, 2007, SMBC has applied the revised Guidance and calculated net assets per share by including net deferred gains (losses) on hedges.
6. From the fiscal year ended March 31, 2007 (fiscal 2006), the nonconsolidated capital ratio has been calculated according to the formula specified in the FSA Notification No. 19 issued in fiscal 2006, which is based on Article 14-2 of the Banking Act of Japan. The nonconsolidated capital ratio of SMBC is calculated under Basel II. Please note that in fiscal 2005, the capital ratio was calculated according to the formula specified in the Ministry of Finance Notification No. 55 issued in fiscal 1993, which was based on Article 14-2 of the Banking Act of Japan.
7. "Net income — diluted" per share for the fiscal years ended March 31, 2008 and after is not reported because no potentially dilutive shares have been issued.



# Financial Review

## Sumitomo Mitsui Financial Group (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

The following is a summary of SMFG's consolidated financial results for the fiscal year ended March 31, 2010.

### 1. Operating Results

Operating results for fiscal 2009 include the results of 307 consolidated subsidiaries and 58 subsidiaries and affiliates accounted for by the equity method.

Gross profit increased ¥70.7 billion year on year, to ¥2,236.6 billion. The principal reasons for this increase were 1) an increase in net interest income in SMBC's international operations as a result of a decline in U.S. interest rates and an improvement in net interest margins, and 2) an increase

in net fees and commissions resulting from the acquisition of Nikko Cordial Securities. After adjusting for general and administrative expenses, credit cost, net losses on stocks, equity in losses of affiliates, and other items, ordinary profit increased ¥513.4 billion year on year, to ¥558.7 billion. The main factors were decreases in both credit cost and losses on devaluation of stocks resulting from the recovery in stock prices.

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

March 31	2010 (A)	2009 (B)	Increase (decrease) (A) – (B)
Consolidated subsidiaries.....	307	288	19
Subsidiaries and affiliates accounted for by the equity method.....	58	79	(21)

### Income Summary

Year ended March 31	Millions of yen		Increase (decrease) (A) – (B)
	2010 (A)	2009 (B)	
Consolidated gross profit.....	¥2,236,634	¥2,165,880	¥ 70,754
Net interest income.....	1,380,912	1,338,453	42,459
Trust fees.....	1,778	2,122	(344)
Net fees and commissions.....	608,616	557,178	51,438
Net trading income.....	194,087	211,738	(17,651)
Net other operating income.....	51,238	56,386	(5,148)
General and administrative expenses.....	(1,161,302)	(1,063,419)	(97,883)
Credit cost (A).....	(473,937)	(769,484)	295,547
Write-off of loans.....	(176,672)	(302,353)	125,681
Provision for specific reserve for possible loan losses.....	(184,257)	(297,400)	113,143
Provision for general reserve for possible loan losses.....	(17,944)	(104,145)	86,201
Others.....	(95,063)	(65,585)	(29,478)
Net gains (losses) on stocks.....	(10,078)	(183,677)	173,599
Equity in earnings (losses) of affiliates.....	(21,542)	(94,876)	73,334
Net other income (expenses).....	(11,003)	(9,111)	(1,892)
Ordinary profit.....	558,769	45,311	513,458
Extraordinary gains (losses).....	(671)	(15,815)	15,144
Losses on impairment of fixed assets.....	(12,856)	(7,363)	(5,493)
Gains on recoveries of written-off claims (B).....	968	1,708	(740)
Income before income taxes and minority interests.....	558,097	29,495	528,602
Income taxes:			
Current.....	(104,110)	(72,238)	(31,872)
Deferred.....	(74,759)	(262,405)	187,646
Minority interests in net income.....	(107,668)	(68,308)	(39,360)
Net income (loss).....	¥ 271,559	¥ (373,456)	¥645,015
Total credit cost (A) + (B).....	¥ (472,968)	¥ (767,775)	¥294,807
[Reference]			
Consolidated banking profit (Billions of yen).....	¥ 832.3	¥ 728.7	¥ 103.6

Notes: 1. Consolidated gross profit = (Interest income – Interest expenses) + Trust fees + (Fees and commissions – Fees and commissions payments) + (Trading income – Trading losses) + (Other operating income – Other operating expenses)  
 2. Consolidated banking profit = SMBC's nonconsolidated banking profit (before provision for general reserve for possible loan losses) + SMFG's ordinary profit + Other subsidiaries' ordinary profit (excluding nonrecurring factors) + Equity method affiliates' ordinary profit × Ownership ratio – Internal transactions (dividends, etc.)

After adjusting ordinary profit for extraordinary gains and losses, income taxes, and other items, net income was ¥271.5 billion, a year-on-year increase of ¥645.0 billion from the previous fiscal year's net loss.

Deposits (excluding negotiable certificates of deposit) at the end of the fiscal year under review rose ¥3,079.0 billion in comparison with March 31, 2009, to ¥78,648.5 billion, and negotiable certificates of deposit decreased ¥465.6

billion, to ¥6,995.6 billion.

Meanwhile, loans and bills discounted decreased ¥2,434.2 billion year on year, to ¥62,701.0 billion, and the balance of securities decreased ¥74.1 billion, to ¥28,623.9 billion.

Net assets amounted to ¥7,000.8 billion, and, of this total, stockholders' equity was ¥4,644.6 billion, due to issuance of new shares and an increase in retained earnings from recording of net income.

## Assets, Liabilities and Net Assets

March 31	Millions of yen		
	2010 (A)	2009 (B)	Increase (decrease) (A) – (B)
Assets.....	<b>¥123,159,513</b>	¥119,637,224	¥3,522,289
Securities.....	<b>28,623,968</b>	28,698,164	(74,196)
Loans and bills discounted.....	<b>62,701,033</b>	65,135,319	(2,434,286)
Liabilities.....	<b>116,158,708</b>	115,025,460	1,133,248
Deposits.....	<b>78,648,595</b>	75,569,497	3,079,098
Negotiable certificates of deposit.....	<b>6,995,619</b>	7,461,284	(465,665)
Net assets.....	<b>7,000,805</b>	4,611,764	2,389,041

## 2. Unrealized Gains (Losses) on Securities

Net unrealized gains on securities as of March 31, 2010 amounted to ¥645.0 billion, an increase of ¥651.7 billion from the previous fiscal year-end, reflecting an increase in the value of equities and other factors. Of this total, net

unrealized gains on other securities including “other money held in trust” — which are directly debited to net assets — totaled ¥586.4 billion, an increase of ¥619.9 billion from the losses of the previous term.

## Unrealized Gains (Losses) on Securities

March 31	Millions of yen							
	2010				2009			
	Net unrealized gains (losses) (A)	(A) – (B)	Unrealized gains	Unrealized losses	Net unrealized gains (losses) (B)	Unrealized gains	Unrealized losses	
Held-to-maturity securities.....	¥ 58,610	¥ 31,869	¥ 59,344	¥ 734	¥26,741	¥ 28,155	¥ 1,414	
Other securities.....	<b>586,414</b>	<b>619,590</b>	<b>799,355</b>	<b>212,941</b>	(33,176)	356,834	390,011	
Stocks.....	<b>410,984</b>	<b>403,922</b>	<b>543,745</b>	<b>132,761</b>	7,062	287,380	280,317	
Bonds.....	<b>123,658</b>	<b>126,484</b>	<b>131,821</b>	<b>8,163</b>	(2,826)	21,534	24,360	
Others.....	<b>51,771</b>	<b>89,183</b>	<b>123,788</b>	<b>72,017</b>	(37,412)	47,920	85,332	
Other money held in trust.....	62	324	157	95	(262)	—	262	
Total.....	<b>645,087</b>	<b>651,784</b>	<b>858,858</b>	<b>213,770</b>	(6,697)	384,990	391,688	
Stocks.....	<b>410,984</b>	<b>403,922</b>	<b>543,745</b>	<b>132,761</b>	7,062	287,380	280,317	
Bonds.....	<b>182,369</b>	<b>157,950</b>	<b>191,162</b>	<b>8,793</b>	24,419	49,690	25,270	
Others.....	<b>51,733</b>	<b>89,913</b>	<b>123,950</b>	<b>72,216</b>	(38,180)	47,920	86,100	

- Notes: 1. The figures above include unrealized gains (losses) on negotiable certificates of deposit in “Cash and due from banks” and “Deposits with banks” and beneficiary claims on loan trusts in “Monetary claims bought,” etc.
2. Unrealized gains (losses) on stocks (including foreign stocks) are mainly calculated using the average market price during the final month of the respective reporting period. The rest of the securities are valued at the market price as of the balance sheet date.
3. “Other securities” and “Other money held in trust” are valued and recorded on the consolidated balance sheet at market prices. The figures in the table above indicate the differences between the acquisition costs (or amortized costs) and the balance sheet amounts.  
Among net unrealized gains (losses) on other securities as of March 31, 2010, ¥105 million that is recognized in the fiscal year's earnings by applying fair value hedge accounting is not included in net assets.
4. Floating-rate Japanese government bonds which SMFG held as “Other securities” are carried on the consolidated balance sheet at their reasonably estimated amounts in accordance with the “Practical Solution on Measurement of Fair Value for Financial Assets” (ASBJ Practical Issues Task Force No. 25).
5. “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 the fiscal year ended March 31, 2010.  
As a result of this accounting change, compared with the former accounting method, “Monetary claims bought” increased by ¥8,710 million, “Securities” increased by ¥41,914 million, “Net unrealized gains (losses) on other securities” increased by ¥39,315 million, “Deferred tax assets” related to net unrealized gains (losses) on other securities decreased by ¥27,056 million, and “Reserve for possible loan losses” decreased by ¥34,999 million.

### 3. Consolidated Capital Ratio

SMFG's consolidated capital ratio as of March 31, 2010 was 15.02%, 3.55 percentage points higher than at March 31, 2009.

Total capital, which is the numerator in the capital ratio calculation equation, rose ¥2,080.4 billion year on year, to ¥8,128.2 billion. This was due mainly to increases in

capital stock and capital surplus resulting from the issuance of new shares. Risk-adjusted assets, the denominator in the equation, increased ¥1,357.9 billion year on year, to ¥54,084.4 billion due mainly to the acquisition of Nikko Cordial Securities.

#### Consolidated Capital Ratio

March 31	Millions of yen		
	2010 (A)	2009 (B)	Increase (decrease) (A) – (B)
Tier I capital .....	¥ 6,032,280	¥ 4,335,085	¥1,697,195
Tier II capital included as qualifying capital .....	2,563,853	2,420,968	142,885
Deductions.....	(467,906)	(708,241)	240,335
Total capital.....	8,128,228	6,047,812	2,080,416
Risk-adjusted assets .....	54,084,471	52,726,507	1,357,964
Consolidated capital ratio .....	15.02%	11.47%	3.55%
Tier I capital ratio .....	11.15%	8.22%	2.93%

### 4. Dividend Policy

In view of the public nature of its business, SMFG has set a fundamental policy of increasing dividends stably and continuously through sustainable growth in enterprise value, while enhancing the Group's capital to maintain a sound financial position. SMFG aims for a dividend payout ratio of over 20% on a consolidated net income basis, and its fundamental policy is to distribute dividends from retained earnings twice a year in the form of an interim dividend and a yearend dividend. An interim dividend can be declared by the Board of Directors, with September 30 of each year as the recorded date, but the approval of shareholders at the annual general meeting is required to pay a yearend dividend.

After taking into account the fiscal 2009 business performance, SMFG has decided to pay a term-end dividend of ¥100 per share of common stock for the fiscal year, a year-on-year increase of ¥10, and the predetermined amounts for each category of preferred stock.

SMFG will employ its retained earnings to increase its enterprise value by investing mainly in growth business areas in order to build a business portfolio for achieving sustainable growth.

### 5. Deferred Tax Assets

Net deferred tax assets decreased ¥128.3 billion from the end of the previous fiscal year to ¥702.0 billion. This was mainly attributable to the posting of income before income taxes and an increase in deferred tax liabilities resulting from an improvement in unrealized gains on other securities due

to higher stock prices.

SMFG takes a conservative approach to recognizing deferred tax assets in order to secure a sound financial position.

#### Deferred Tax Assets

March 31	Millions of yen		
	2010 (A)	2009 (B)	Increase (decrease) (A) – (B)
Net deferred tax assets .....	¥702,065	¥830,370	¥(128,305)
Net deferred tax assets / Tier I capital × 100 .....	11.6%	19.2%	(7.6)%

# Sumitomo Mitsui Banking Corporation (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

The following is a summary of SMBC's nonconsolidated financial results for the fiscal year ended March 31, 2010.

## 1. Operating Results

Gross banking profit in fiscal 2009 decreased ¥69.5 billion from the previous fiscal year, to ¥1,455.2 billion, and expenses (excluding nonrecurring losses) declined ¥15.7 billion, to ¥685.7 billion. As a result, banking profit (before provision for general reserve for possible loan losses) decreased ¥53.8 billion, to ¥769.5 billion.

Ordinary profit — banking profit (before provision for general reserve for possible loan losses) adjusted for non-recurring items such as total credit cost and net gains on stocks — increased ¥426.6 billion, to ¥462.7 billion.

After adjustment of ordinary profit for extraordinary losses and income taxes, SMBC posted net income of ¥317.9 billion, a year-on-year increase of ¥619.1 billion.

## 2. Income Analysis

### Gross Banking Profit

Gross banking profit decreased ¥69.5 billion year on year, to ¥1,455.2 billion. This was due mainly to a decrease in foreign exchange-related gains resulting from the economic slowdown. This factor more than offset the higher net trading income.

### Expenses

Expenses (excluding nonrecurring losses) decreased ¥15.7 billion to ¥685.7 billion, due mainly to more restrained operations in light of the severe overall business environment.

### Banking Profit

Banking profit (before provision for general reserve for possible loan losses) decreased ¥53.8 billion from the previous fiscal year, to ¥769.5 billion.

## Banking Profit

Year ended March 31	Millions of yen		
	2010 (A)	2009 (B)	Increase (decrease) (A) – (B)
Gross banking profit .....	¥1,455,275	¥1,524,856	¥(69,581)
[Gross domestic banking profit] .....	[1,117,224]	[1,147,202]	[(29,978)]
[Gross international banking profit] .....	[338,050]	[377,654]	[(39,604)]
Net interest income .....	1,046,382	1,018,389	27,993
Trust fees .....	1,736	2,074	(338)
Net fees and commissions .....	286,714	293,824	(7,110)
Net trading income .....	115,356	175,038	(59,682)
Net other operating income .....	5,085	35,530	(30,445)
[Gross banking profit (excluding gains (losses) on bonds)] .....	[1,418,005]	[1,498,728]	[(80,723)]
Expenses (excluding nonrecurring losses) .....	(685,752)	(701,479)	15,727
Personnel expenses .....	(245,728)	(236,966)	(8,762)
Nonpersonnel expenses .....	(403,265)	(426,231)	22,966
Taxes .....	(36,759)	(38,282)	1,523
<b>Banking profit (before provision for general reserve for possible loan losses) ...</b>	<b>769,522</b>	<b>823,377</b>	<b>(53,855)</b>
[Banking profit (before provision for general reserve for possible loan losses and gains (losses) on bonds)] .....	[732,252]	[797,248]	[(64,996)]
Provision for general reserve for possible loan losses .....	9,067	(75,730)	84,797
Banking profit .....	778,589	747,647	30,942

<Reference>

## Banking Profit by Business Unit

Year ended March 31, 2010	Billions of yen						
	Consumer Banking Unit	Middle Market Banking Unit	Corporate Banking Unit	International Banking Unit	Treasury Unit	Others	Total
Banking profit (before provision for general reserve for possible loan losses) .....	¥103.0	¥254.2	¥164.0	¥114.6	¥256.5	¥(122.8)	¥769.5
Year-on-year increase (decrease) .....	(4.6)	(39.7)	19.5	30.6	29.9	(89.6)	(53.9)

Notes: 1. Year-on-year comparisons are those used for internal reporting and exclude changes due to interest rate and foreign exchange rate fluctuations.  
2. "Others" consist of (1) financing costs on preferred securities and subordinated debt, (2) profit earned on investing the Bank's own capital, and (3) adjustment of inter-unit transactions, etc.

### Nonrecurring Losses (Credit Cost, etc.)

Nonrecurring losses amounted to ¥315.8 billion, an improvement of ¥395.7 billion from the previous fiscal year. The main factor was a decrease of ¥210.5 billion in credit cost, to ¥263.8 billion, due to the effects of the government's economic stimulus package and SMBC's business improvement and other measures tailored to each customer's individual circumstances. In addition, SMBC recorded net gain on stocks of ¥3.8 billion versus net losses on stocks of ¥220.4 billion in the previous fiscal year, an improvement of ¥224.2 billion, owing to gains on sale of stocks and a decrease in losses on devaluation of stocks due to the market's recovery.

Total credit cost — the sum of credit cost recorded under "Nonrecurring losses," provision for general reserve for possible loan losses, and gains on recoveries of written-off claims — amounted to ¥254.6 billion, a year-on-year decrease of ¥295.4 billion.

### Ordinary Profit

As a result of the foregoing, ordinary profit totaled ¥462.7 billion, ¥426.6 billion higher than in the previous fiscal year.

### Extraordinary Gains (Losses)

Extraordinary losses amounted to ¥7.9 billion, a decrease of ¥0.2 billion from the previous year.

### Net Income

Current income taxes amounted to ¥44.9 billion, and deferred income taxes were ¥91.7 billion. As a result, net income increased ¥619.1 billion to ¥317.9 billion year on year.

### Ordinary Profit and Net Income (Loss)

Year ended March 31	Millions of yen		
	2010 (A)	2009 (B)	Increase (decrease) (A) – (B)
Banking profit (before provision for general reserve for possible loan losses) .....	¥ 769,522	¥ 823,377	¥ (53,855)
Provision for general reserve for possible loan losses (A) .....	9,067	(75,730)	84,797
Banking profit.....	778,589	747,647	30,942
Nonrecurring gains (losses).....	(315,839)	(711,591)	395,752
Credit cost (B).....	(263,805)	(474,358)	210,553
Net gains (losses) on stocks.....	3,857	(220,429)	224,286
Gains on sale of stocks.....	56,719	7,066	49,653
Losses on sale of stocks.....	(886)	(4,348)	3,462
Losses on devaluation of stocks.....	(51,975)	(223,147)	171,172
Others.....	(55,892)	(16,803)	(39,089)
Ordinary profit.....	462,749	36,055	426,694
Extraordinary gains (losses).....	(7,999)	(8,269)	270
Gains (losses) on disposal of fixed assets.....	2,448	(2,139)	4,587
Losses on impairment of fixed assets.....	(10,525)	(6,138)	(4,387)
Gains on recoveries of written-off claims (C).....	77	8	69
Income taxes:			
Current.....	(44,997)	(23,748)	(21,249)
Deferred.....	(91,757)	(305,154)	213,397
Net income (loss).....	¥ 317,995	¥(301,116)	¥619,111
Total credit cost (A) + (B) + (C).....	¥(254,660)	¥(550,079)	¥295,419
Provision for general reserve for possible loan losses .....	9,067	(75,730)	84,797
Write-off of loans.....	(102,663)	(231,412)	128,749
Provision for specific reserve for possible loan losses .....	(92,114)	(182,346)	90,232
Losses on sales of delinquent loans.....	(69,259)	(60,182)	(9,077)
Provision for loan loss reserve for specific overseas countries .....	232	(417)	649
Gains on recoveries of written-off claims.....	77	8	69

### 3. Assets, Liabilities and Net Assets

#### Assets

In spite of efforts to ensure a smooth supply of funds to our customers, SMBC's assets as of March 31, 2010 decreased ¥3,941.8 billion from the previous fiscal year-end, to a total of ¥103,536.3 billion. This was due mainly to a ¥3,622.2 billion year on year decrease in loans and bills discounted, due to the weak borrowing demand in Japan and SMBC's conservative stance on asset operations overseas.

#### Liabilities

Liabilities as of March 31, 2010 amounted to ¥98,138.4 billion, a decrease of ¥6,793.2 billion from the previous fiscal year-end. This is mainly due to a decrease of ¥4,153.7 billion in payables under securities lending transactions conducted as part of overall funding activities, and the amount declined in line with the decrease in assets.

#### Net Assets

Net assets at fiscal year-end amounted to ¥5,397.9 billion. Of this total, stockholders' equity amounted to ¥4,949.0 billion, consisting of ¥1,770.9 billion in capital stock, ¥2,473.5 billion in capital surplus (including ¥702.5 billion in other capital surplus), and ¥704.4 billion in retained earnings.

Valuation and translation adjustments were ¥448.9 billion, comprising ¥379.3 billion in net unrealized gains on other securities, ¥48.0 billion in net deferred gains on hedges, and ¥21.5 billion in land revaluation excess.

### Assets, Liabilities and Net Assets

March 31	Millions of yen		
	2010 (A)	2009 (B)	Increase (decrease) (A) – (B)
Assets.....	<b>¥103,536,394</b>	¥107,478,218	¥(3,941,824)
Securities.....	<b>28,536,200</b>	28,000,515	535,685
Loans and bills discounted.....	<b>56,619,058</b>	60,241,266	(3,622,208)
Liabilities.....	<b>98,138,445</b>	104,931,725	(6,793,280)
Deposits.....	<b>70,457,266</b>	69,499,997	957,269
Negotiable certificates of deposit.....	<b>7,173,373</b>	7,405,710	(232,337)
Net assets.....	<b>5,397,949</b>	2,546,493	2,851,456



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

Net unrealized gains on securities as of March 31, 2010 amounted to ¥565.8 billion versus net unrealized losses of ¥18.6 billion in the previous fiscal year-end, an increase of ¥584.5 billion, due mainly to improvements in stocks and

bonds. Net unrealized gains on other securities, including “other money held in trust,” which is directly debited to net assets, increased by ¥564.4 billion from the previous year’s losses, to ¥521.4 billion.

#### Unrealized Gains (Losses) on Securities

March 31	Millions of yen						
	2010				2009		
	Net unrealized gains (losses) (A)	(A) – (B)	Unrealized gains	Unrealized losses	Net unrealized gains (losses) (B)	Unrealized gains	Unrealized losses
Held-to-maturity securities.....	¥ 57,903	¥ 30,052	¥ 58,530	¥ 626	¥27,851	¥ 28,155	¥ 304
Stocks of subsidiaries and affiliates....	(13,471)	(9,935)	—	13,471	(3,536)	—	3,536
Other securities .....	521,377	564,078	738,870	217,493	(42,701)	337,535	380,237
Stocks .....	371,459	388,004	518,132	146,672	(16,545)	273,058	289,604
Bonds.....	116,145	117,386	123,064	6,918	(1,241)	16,910	18,152
Others.....	33,772	58,686	97,674	63,901	(24,914)	47,566	72,480
Other money held in trust .....	62	324	157	95	(262)	—	262
<b>Total.....</b>	<b>565,872</b>	<b>584,521</b>	<b>797,558</b>	<b>231,686</b>	<b>(18,649)</b>	<b>365,691</b>	<b>384,341</b>
Stocks .....	365,979	386,061	518,132	152,153	(20,082)	273,058	293,140
Bonds.....	174,049	147,440	181,594	7,545	26,609	45,066	18,456
Others.....	25,843	51,019	97,831	71,987	(25,176)	47,566	72,743

- Notes: 1. The figures above include unrealized gains (losses) on negotiable certificates of deposit in “Cash and due from banks” and “Deposits with banks” and beneficiary claims on loan trusts in “Monetary claims bought,” etc.
2. Unrealized gains (losses) on stocks (excluding stocks of subsidiaries and affiliates) (including foreign stocks) are calculated using the average market price during the final month of the respective reporting period. The rest of the securities are valued at the market price as of the balance sheet date.
3. “Other securities” and “Other money held in trust” are valued and recorded on the balance sheet at market prices. The figures in the table above indicate the differences between the acquisition costs (or amortized costs) and the balance sheet amounts.  
Among net unrealized gains (losses) on other securities as of March 31, 2010, ¥105 million that is recognized in the fiscal year’s earnings by applying fair value hedge accounting is not included in net assets.
4. Floating-rate Japanese government bonds which SMBC held as “Other securities” are carried on the balance sheet at their reasonably estimated amounts in accordance with the “Practical Solution on Measurement of Fair Value of Financial Assets” (ASBJ Practical Issues Task Force No. 25).
5. “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, partially revised on March 10, 2008) became effective from the fiscal year ending on and after March 31, 2010. SMBC has applied them from the fiscal year ended March 31, 2010.  
As a result of this accounting change, compared with the former accounting method, “Monetary claims bought” increased by ¥8,710 million, Bonds in “Securities” increased by ¥46,708 million, Stocks in “Securities” increased by ¥1,217 million, “Net unrealized gains (losses) on other securities” increased by ¥39,714 million, Other securities in “Securities” decreased by ¥604 million, “Deferred tax assets” related to Net unrealized gains (losses) on other securities decreased by ¥27,178 million, and “Reserve for possible loan losses” decreased by ¥29,909 million.

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

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

### 1. Securitized Products

As of March 31, 2010, the Group held ¥0.1 billion in sub-prime related securitized products and ¥16.5 billion other than sub-prime related products after write-offs and provisions. Those figures exclude Government Sponsored

Enterprises (“GSE”) etc. The amount of loss on securitized products for the fiscal year ended March 31, 2010 was ¥0.2 billion for sub-prime related products and no amount of loss for other than sub-prime related products.

#### Sub-prime Related Products

(Billions of yen)

	March 31, 2010						March 31, 2009			Ratings of underlying assets, etc.
	Balances (after provisions and write-offs)	Change from Mar. 31, 2009	Overseas	Change from Mar. 31, 2009	Net unrealized gains/losses (after write-offs)	Change from Mar. 31, 2009	Balances (after provisions and write-offs)	Overseas	Net unrealized gains/losses (after write-offs)	
Investments to securitized products	¥0.1	¥(0.2)	¥0.1	¥(0.2)	¥0.0	¥0.0	¥0.3	¥0.3	¥—	Speculative ratings
Total	¥0.1	¥(0.2)	¥0.1	¥(0.2)	¥0.0	¥0.0	¥0.3	¥0.3	¥—	

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

(Billions of yen)

	March 31, 2010						March 31, 2009			Ratings of underlying assets, etc.
	Balances (after provisions and write-offs)	Change from Mar. 31, 2009	Overseas	Change from Mar. 31, 2009	Net unrealized gains/losses (after write-offs)	Change from Mar. 31, 2009	Balances (after provisions and write-offs)	Overseas	Net unrealized gains/losses (after write-offs)	
Cards	¥—	¥(4.1)	¥—	¥(4.1)	¥—	¥0.4	¥4.1	¥4.1	¥(0.4)	
CLO	2.9	(2.2)	2.9	(2.2)	0.5	1.6	5.1	5.1	(1.1)	
Senior	2.8	(2.2)	2.8	(2.2)	(0.2)	0.9	5.0	5.0	(1.1)	AAA-AA
Equity	0.1	(0.0)	0.1	(0.0)	0.7	0.7	0.1	0.1	—	No ratings
CMBS	13.6	(7.2)	—	—	0.0	0.2	20.8	—	(0.2)	AAA-BBB
Investments to securitized products	16.5	(13.5)	2.9	(6.3)	0.5	2.2	30.0	9.2	(1.7)	
Warehousing Loans, etc.	—	(6.6)	—	(6.6)	—	—	6.6	6.6	—	
Total	¥16.5	¥(20.1)	¥2.9	¥(12.9)	¥0.5	¥2.2	¥36.6	¥15.8	¥(1.7)	

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

2. Warehousing loans are loans made based on collateral consisting of securitized investment products held by a special-purpose company established for the purpose of securitization.

3. Credit ratings are in principle indicated by the lower of Standard & Poor’s (“S&P”) ratings and Moody’s Investors Service (“Moody’s”) ratings. Notation of credit ratings follows the notation system of S&P.

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

5. Excludes GSE and SMBC’s exposure to subordinated beneficiaries owned through the securitization of SMBC’s loan receivables (see below).

#### <Reference 1>

#### Government Sponsored Enterprises etc.

(Billions of yen)

	March 31, 2010						March 31, 2009			Ratings, etc.
	Balances	Change from Mar. 31, 2009	Overseas	Change from Mar. 31, 2009	Net unrealized gains/losses	Change from Mar. 31, 2009	Balances	Overseas	Net unrealized gains/losses	
GSE etc.	¥35.9	¥(239.3)	¥35.9	¥(239.3)	¥0.2	¥(2.9)	¥275.2	¥275.2	¥3.1	AAA

Notes: 1. GSE etc. includes GNMA, FNMA and FHLMC. Besides RMBS, SMFG held bonds issued by GSEs (FNMA, FHLMC and Federal Home Loan Banks) of ¥142.1 billion.

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

3. The amount of gains on sales related to GSE etc. in the fiscal year ended March 31, 2010 was ¥3.1 billion.

#### <Reference 2>

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

(Billions of yen)

	March 31, 2010					March 31, 2009			
	Balances	Change from Mar. 31, 2009	Overseas	Sub-prime related	Reserve for possible loan losses	Balances	Overseas	Sub-prime related	Reserve for possible loan losses
Receivables of residential mortgage loans	¥248.8	¥(2.0)	¥—	¥—	¥—	¥250.8	¥—	¥—	¥—
Receivables of loans to corporations	7.8	0.7	—	—	3.0	7.1	—	—	1.5
Total	¥256.6	¥(1.3)	¥—	¥—	¥3.0	¥257.9	¥—	¥—	¥1.5

Notes: 1. No subsidiary other than SMBC has those subordinated beneficiaries mentioned above.

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

## 2. Transactions with Monoline Insurance Companies

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

(Billions of yen)

	March 31, 2010			March 31, 2009		March 31, 2010		March 31, 2009
	Net exposure	Change from Mar. 31, 2009	Reserve for possible loan losses	Net exposure	Reserve for possible loan losses	Amount of reference assets	Change from Mar. 31, 2009	Amount of reference assets
Exposure to CDS transactions with monoline insurance companies	¥48.5	¥(83.5)	¥13.6	¥132.0	¥5.0	¥503.1	¥(33.6)	¥536.7

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

(Billions of yen)

	March 31, 2010			March 31, 2009	
	Exposure	Change from Mar. 31, 2009	Reserve for possible loan losses	Exposure	Reserve for possible loan losses
Loans and investments guaranteed or insured by monoline insurance companies	¥9.5	¥(2.8)	¥0.0	¥12.3	¥0.0

Reference: In addition, we had ¥0.7 billion in commitment contracts (fully-drawn) to insurance companies with monoline insurance as group members.

## 3. Leveraged Loans

(Billions of yen)

	March 31, 2010					March 31, 2009		
	Loans	Change from Mar. 31, 2009	Undrawn commitments	Change from Mar. 31, 2009	Reserve for possible loan losses	Loans	Undrawn commitments	Reserve for possible loan losses
Europe	¥261.1	¥ (44.9)	¥ 28.8	¥ (5.4)	¥ 6.2	¥306.0	¥ 34.2	¥ 2.8
Japan	176.2	(3.7)	11.8	(17.4)	12.7	179.9	29.2	13.4
United States	113.2	(65.8)	73.5	3.5	12.2	179.0	70.0	4.1
Asia (excluding Japan)	59.6	(19.2)	9.4	5.5	2.3	78.8	3.9	2.3
Total	¥610.1	¥(133.6)	¥123.5	¥(13.8)	¥33.4	¥743.7	¥137.3	¥22.6

Notes: 1. Above figures include the amount to be sold of approximately ¥10 billion.

In the fiscal year ended March 31, 2010, we sold leveraged loans of approximately ¥51 billion, and loss on the sale amounted to approximately ¥12 billion.

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

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

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

(Billions of yen)

Types of reference assets	March 31, 2010					March 31, 2009			Support for programs	
	Notional amount of reference assets	Change from Mar. 31, 2009	Overseas	Change from Mar. 31, 2009	Reserve for possible loan losses	Notional amount of reference assets	Overseas	Reserve for possible loan losses	Liquidity support	Credit support
Claims on corporations	¥467.8	¥(192.1)	¥105.1	¥(107.2)	¥ —	¥659.9	¥212.3	¥ —	Yes	Yes
Claims on financial institutions	17.7	(2.0)	17.7	(2.0)	—	19.7	19.7	—	Yes	Yes
Retail loan claims	15.8	(12.6)	15.8	(12.6)	—	28.4	28.4	—	Yes	Yes
Other claims	—	(0.6)	—	(0.6)	—	0.6	0.6	—	Yes	Yes
Total	¥501.3	¥(207.3)	¥138.6	¥(122.4)	¥ —	¥708.6	¥261.0	¥ —		

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

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

Total notional amount of reference assets of such programs is approximately ¥52 billion.

## 5. Others

We have no securities issued by structured investment vehicles.

# Risk Management

## Basic Approach

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

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

## (1) Types of Risk to Be Managed

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

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

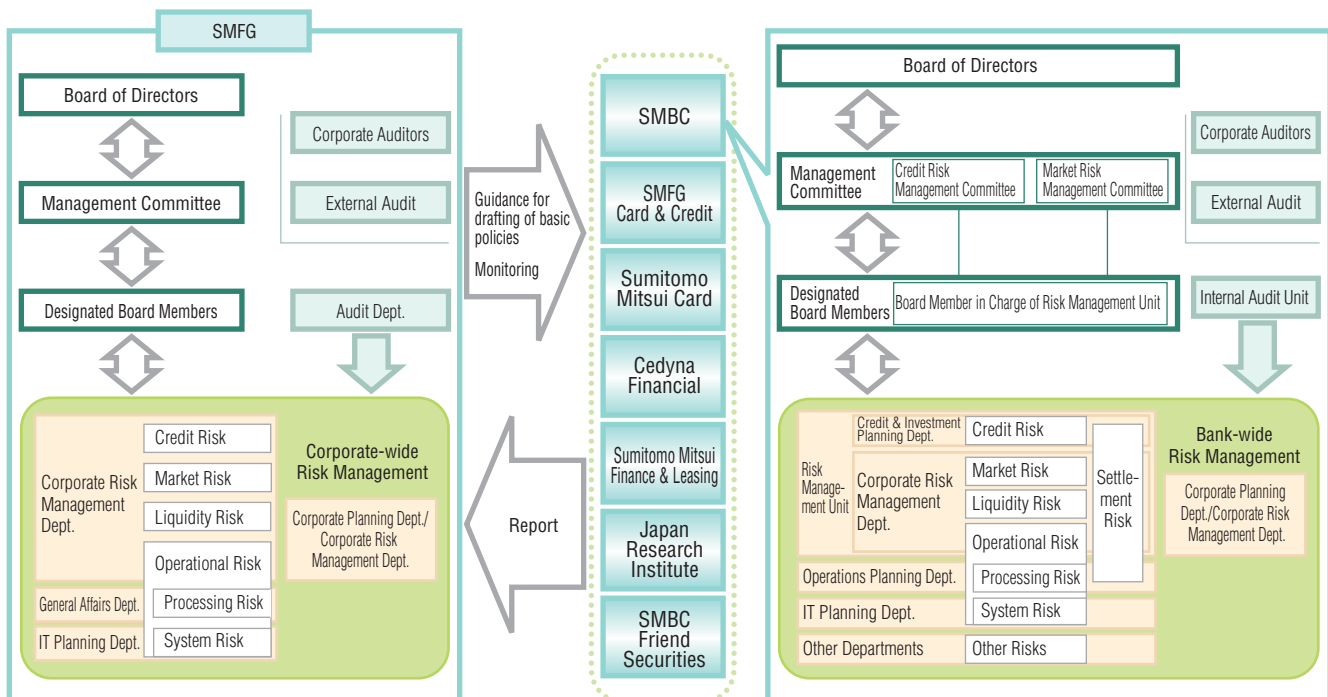
SMFG's Groupwide basic policies for risk management stipulate the fundamental principles for risk management that must be followed, and spell out risk management procedures from various perspectives. These include managing risk on a consolidated accounting basis, managing risk using quantification methods,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

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

## Risk Management System

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

## SMFG's Risk Management System



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

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

## Risk Capital-Based Management

### (1) Framework

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

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

### (2) Risk Capital Limit

In the case of credit and market risk, we set maximum risk capital limits, which indicate the maximum risk that may be taken during the period, taking account the level of stress stipulated in business plans. In addition, for operational risk, we also allocate risk capital, and, for the Group as a whole, we set total risk capital allocations within SMFG's capital. In the case of credit and market

## ■ Risk Management Framework

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

risk, risk capital limits are sub-divided into guidelines or ceilings for each business including VaR and loss limits. Therefore, by strictly observing the VaR and loss limits, and other factors, SMFG maintains the soundness of the Group as a whole.

## Implementation of Basel II

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

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

We have been implementing initiatives to strengthen our risk management framework, taking into account Basel II and other considerations. We introduced the advanced internal ratings-based (IRB) approach for credit risk on March 31, 2009, and the Advanced Measurement Approach (AMA) for operational risk on March 31, 2008.

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

## Credit Risk

### 1. Basic Approach to Credit Risk Management

#### (1) Definition of Credit Risk

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

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

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

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

Credit risk is the most significant risk to which SMFG is exposed. Without effective credit risk management, the impact of

the corresponding losses on operations can be overwhelming.

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

#### (3) Credit Policy

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

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

## 2. Credit Risk Management System

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

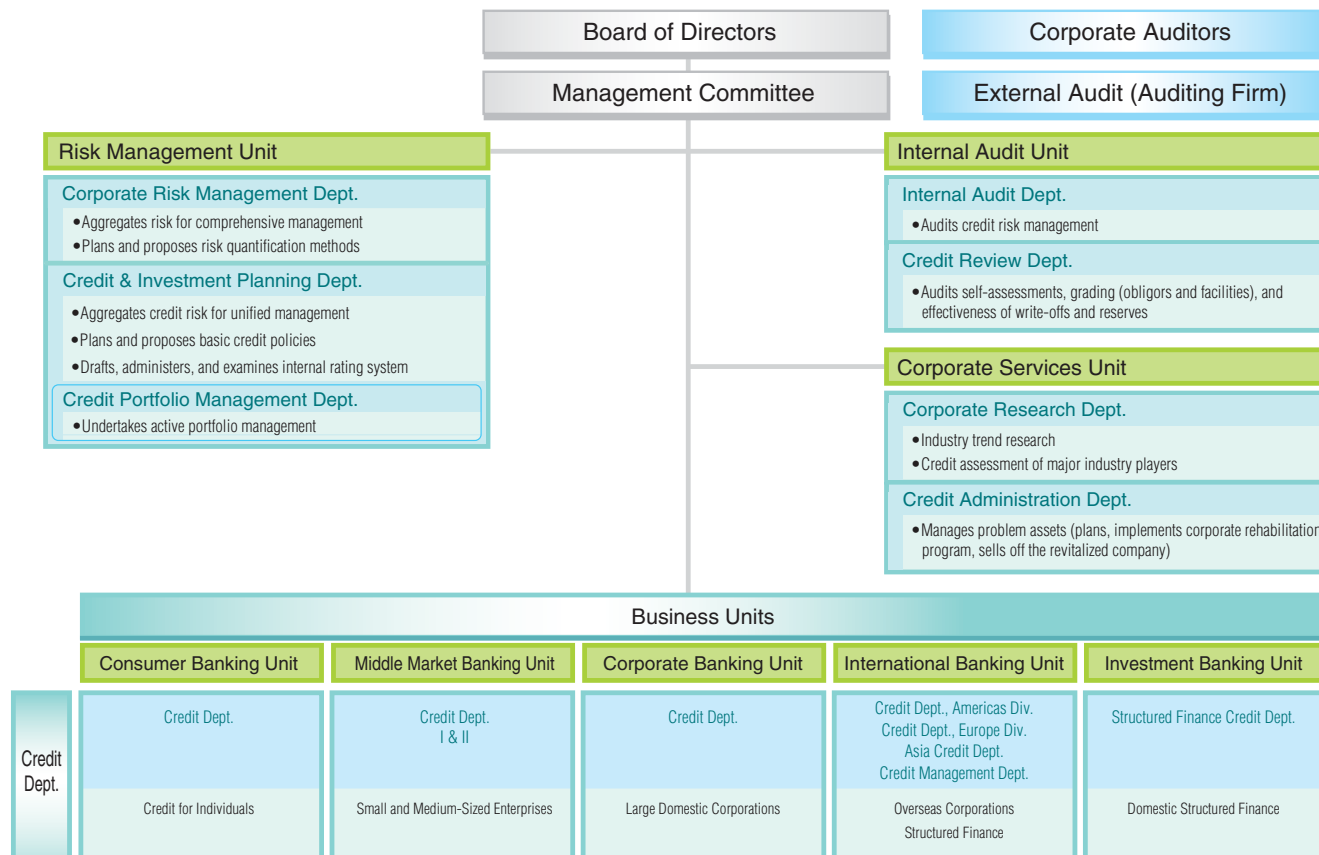
The Corporate Research Department within the Corporate Services Unit performs research on industries as well as investigates the business situations of borrower enterprises to detect early signs of problems or growth potential. The Credit Administration Department is responsible for handling NPLs of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

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

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

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

### ■ SMBC's Credit Risk Management System



## 3. Credit Risk Management Methods

### (1) Credit Risk Assessment and Quantification

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

#### (a) Internal Rating System

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

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

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

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

characteristics of these types of assets.

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

**(b) Quantification of Credit Risk**

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

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

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

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

**(a) Credit Assessment**

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

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

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

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

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

**■ SMBC’s Obligor Grading System**

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



is also used to provide advice to such customers on how to revise their business plans.

**(b) Credit Monitoring System**

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

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

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

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

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

**(b) Controlling Concentration Risk**

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

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

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

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

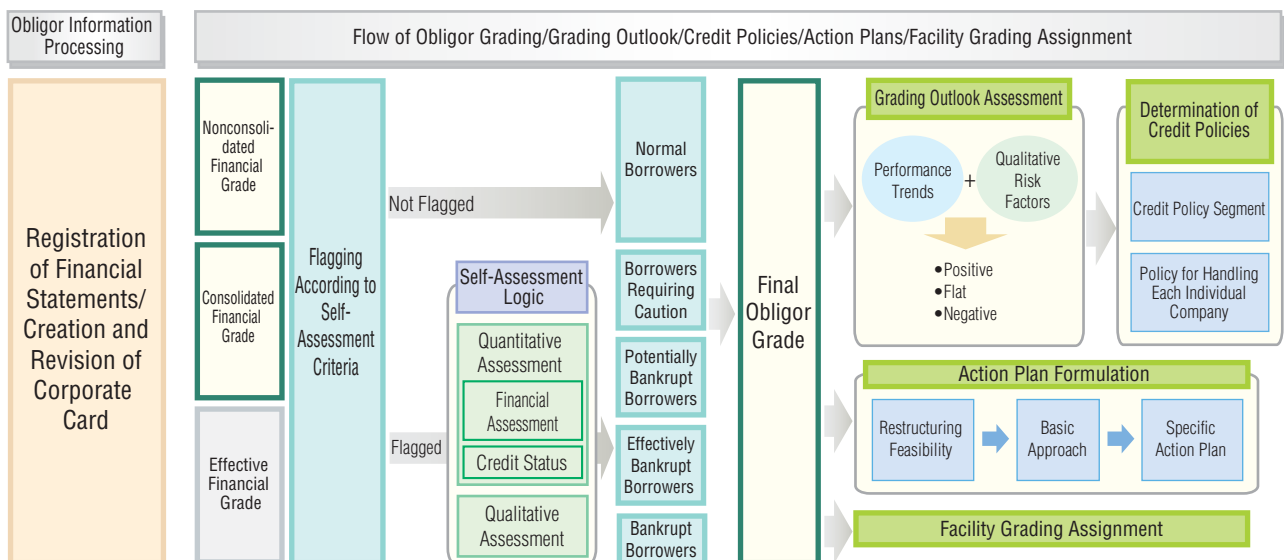
**(d) Prevention and Reduction of Non-Performing Loans**

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

**(e) Toward Active Portfolio Management**

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

**■ SMBC's Credit Monitoring System**



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

##### (a) Self-Assessment

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

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

Borrower Categories, Defined	
Normal Borrowers	Borrowers with good earnings performances and no significant financial problems
Borrowers Requiring Caution	Borrowers identified for close monitoring
Potentially Bankrupt Borrowers	Borrowers perceived to have a high risk of falling into bankruptcy
Effectively Bankrupt Borrowers	Borrowers that may not have legally or formally declared bankruptcy but are essentially bankrupt
Bankrupt Borrowers	Borrowers that have been legally or formally declared bankrupt

Asset Classifications, Defined	
Classification I	Assets not classified under Classifications II, III, or IV
Classification II	Assets perceived to have an above-average risk of uncollectibility
Classification III	Assets for which final collection or asset value is very doubtful and which pose a high risk of incurring a loss
Classification IV	Assets assessed as uncollectible or worthless

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

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

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

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

Self-Assessment Borrower Categories	Standards for Write-Offs and Provisions	
Normal Borrowers	The expected loss amount for the next 12 months is calculated for each grade based on the grade's historical bankruptcy rate, and the total amount is recorded as "provision for the general reserve for possible loan losses."	
Borrowers Requiring Caution	These assets are divided into groups according to the level of default risk. Amounts are recorded as provisions for the general reserve in proportion to the expected losses based on the historical bankruptcy rate of each group. The groups are "claims on Substandard Borrowers" and "claims on other Borrowers Requiring Caution." The latter group is further subdivided according to the borrower's financial position, credit situation, and other factors. Further, when cash flows can be estimated reasonably accurately, the discounted cash flow (DCF) method is applied mainly to large claims for calculating the provision amount.	
Potentially Bankrupt Borrowers	A provision for the specific reserve for possible loan losses is made for the portion of Classification III assets (calculated for each borrower) not secured by collateral, guarantee, or other means. Further, when cash flows can be estimated reasonably accurately, the DCF method is applied mainly to large claims for calculating the provision amount.	
Effectively Bankrupt/ Bankrupt Borrowers	Classification III asset and Classification IV asset amounts for each borrower are calculated, and the full amount of Classification IV assets (deemed to be uncollectible or of no value) is written off in principle and provision for the specific reserve is made for the full amount of Classification III assets.	
Notes	General reserve	Provisions made in accordance with general inherent default risk of loans, unrelated to specific individual loans or other claims
	Specific reserve	Provisions made for claims that have been found uncollectible in part or in total (individually evaluated claims)

##### Discounted Cash Flow Method

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

(c) Disclosure of Problem Assets

Problem assets are loans and other claims of which recovery of either principal or interest appears doubtful, and are disclosed in accordance with the Banking Law (in which they are referred to as “risk-monitored loans”) and the Financial Reconstruction Law (where they are referred to as “problem assets”). Problem assets are classified based on the borrower categories assigned during self-assessment. For detailed information on results of self-assessments, asset write-offs and provisions, and disclosure of problem assets at March 31, 2010, please refer to page 162.

**4. Market Credit Risk Management**

Financial products, such as investments in funds, securitized products, and credit derivatives, that bear indirect risk arising from underlying assets such as bonds and loan obligations, are considered to be exposed to both credit risk from the underlying assets as well as “market risk” and “liquidity risk” that arise from their trading as financial products. This is referred to as market credit risk.

For these types of products, we manage credit risk using the methods of analysis and assessment in detail of characteristics of underlying assets, but, for the sake of complete risk management, we also apply the methods for management of market and liquidity risks.

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

**Market and Liquidity Risks**

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

**(1) Definitions of Market and Liquidity Risks**

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

Liquidity risk is the risk that there may be difficulties in raising funds needed for settlements, as a result of the mismatching of uses of funds and sources of funds or unexpected outflows of funds, which may make it necessary to raise funds at higher rates than normal levels.

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

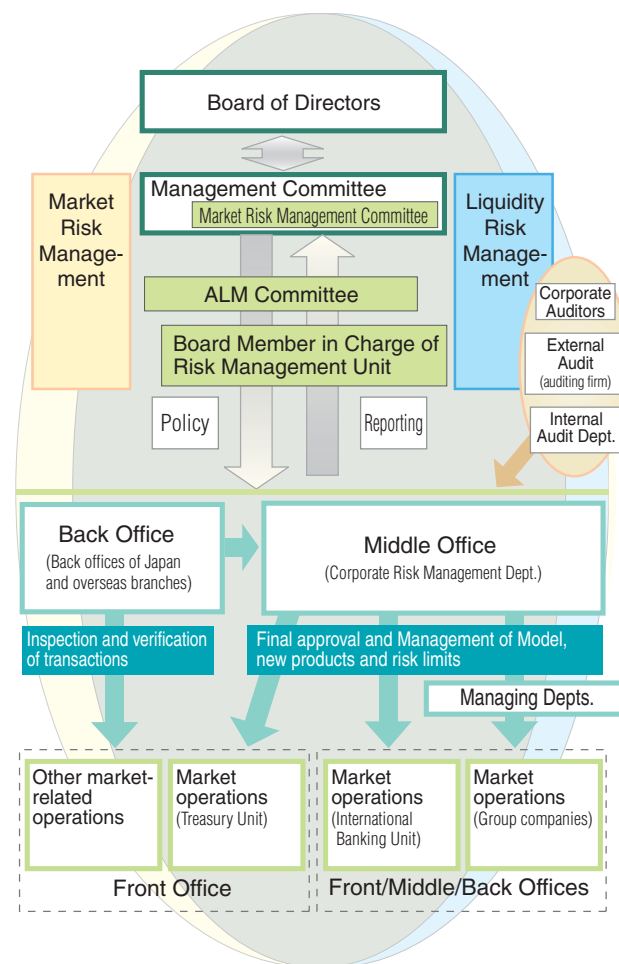
SMFG is working to further enhance the effectiveness of its quantitative management of market and liquidity risks across the entire Group by setting allowable risk limits; ensuring the transparency of the risk management process; clearly separating front-office, middle-office and back-office operations;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

**2. Market and Liquidity Risk Management System**

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

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

**SMBC’s Market Risk and Liquidity Risk Management System**



departments (back office) and the administrative departments (middle office) conduct the checks. In addition, the Internal Audit Unit of SMBC periodically performs comprehensive internal audits to verify that the risk management framework is functioning properly.

### 3. Market and Liquidity Risk Management Methods

#### (1) Market Risk Management

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

Market risk can be divided into various factors: foreign exchange rates, interest rates, equity prices and option risks. SMBC manages each of these risk categories by employing the VaR method as well as supplemental indicators suitable for managing the risk of each risk factor, such as the BPV.

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

#### (a) VaR Results

The results of VaR calculations for fiscal 2009 are shown in the table below. SMBC's internal VaR model makes use of historical data to prepare scenarios for market fluctuations and, by conducting simulations of gains and losses, the model estimates

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

#### (b) Back-Testing Results

The relationship between the VaR calculated with the model and the actual profit and loss data is back-tested daily. The back-testing results for SMBC's trading accounts for fiscal 2009 are shown at the top of the next page. A data point below the diagonal line indicates a loss in excess of the predicted VaR for that day; however, as in fiscal 2008, there were no such excess losses during fiscal 2009. This demonstrates that the SMBC VaR model, with a one-sided confidence interval of 99.0%, is sufficiently reliable.

#### Glossary

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

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

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

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

##### 3. Trading

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

##### 4. Banking

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

#### ■ VaR Results

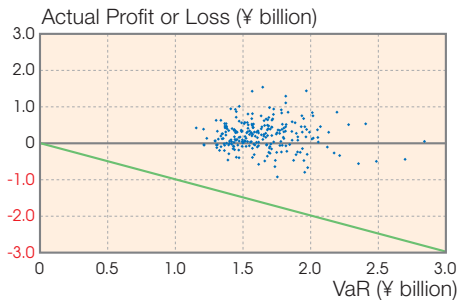
(Billions of yen)

	SMFG (consolidated)		SMBC (consolidated)		SMBC (nonconsolidated)	
	Trading Book	Banking Book	Trading Book	Banking Book	Trading Book	Banking Book
June 2009	2.7	42.2	2.7	40.3	2.3	36.7
Sept. 2009	2.0	43.7	2.0	42.1	1.6	38.6
Dec. 2009	1.7	33.3	1.7	32.0	1.4	28.4
Mar. 2010	1.5	33.8	1.5	32.8	1.2	28.9
Maximum	2.8	44.0	2.8	42.4	2.5	39.0
Minimum	1.2	31.8	1.2	30.9	0.8	27.1
Average	1.6	37.7	1.6	36.2	1.3	32.5

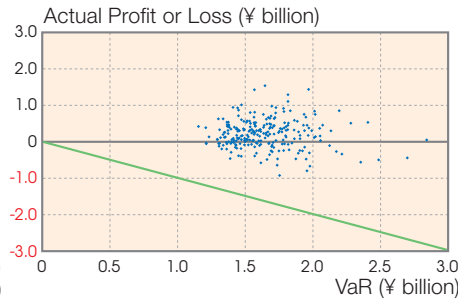
Note: VaR for a one-day holding period with a one-sided confidence interval of 99.0% [computed daily using the historical simulation method (based on four years of historical observations)]. Principal consolidated subsidiaries are included and specific risks for the trading book are excluded.

## ■ Back-Testing Results (Trading Book)

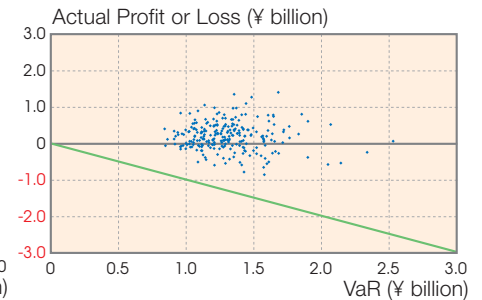
### SMFG (consolidated)



### SMBC (consolidated)



### SMBC (nonconsolidated)



### (c) Stress Testing

The market occasionally undergoes extreme fluctuations that exceed projections. To manage market risk, therefore, it is important to run simulations of unforeseen situations that may occur in financial markets (stress testing). To prepare for unforeseeable market swings, SMBC performs stress testing on a monthly basis based on various scenarios including historical simulations which reflect past market fluctuations.

### (d) Outlier Framework

In the event the economic value of a bank declines by more than 20% of the sum of Tier I and Tier II capital ("outlier ratio") as a result of interest rate shocks, the bank falls into the category of "outlier bank," as stipulated under the Second Pillar of Basel II.

As of March 31, 2010, the outlier ratio was around 6%, substantially below the 20% criterion.

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

The Corporate Risk Management Department establishes limits on allowable risk for strategic equity investments, and monitors the observance of those limits in order to control stock price fluctuation risk.

SMBC has been reducing its strategic equity investments and the outstanding amount is now significantly below the amount of Tier I capital, the maximum level permitted under the Act on Financial Institutions (.etc.), Limits for Share, etc. Holdings.

## (2) Liquidity Risk Management

At SMBC, liquidity risk is regarded as one of the major risks. SMBC's liquidity risk management is based on a framework consisting of setting funding gap limits and guidelines, maintaining highly liquid supplementary funding sources, and establishing contingency plans.

So as not to be overly dependent on short-term market-based funding to cover cash outflows, SMBC sets funding gap limits and guidelines. The funding gap limits and guidelines are set Bank-wide and for each region, taking into account cash management plans, external environment, funding status, characteristics of local currency and other factors. Additionally, a risk limit is set by currency as needed to achieve more rigorous management.

To minimize the impact of crises on the SMBC's funding, SMBC manages highly liquid supplementary funding sources, whereby SMBC maintains high quality liquid assets, such as government bonds and has emergency borrowing facilities.

In addition, for emergency situations, there are contingency plans in place for addressing funding liquidity risk that include an action plan with measures for reducing funding gap limits and guidelines.

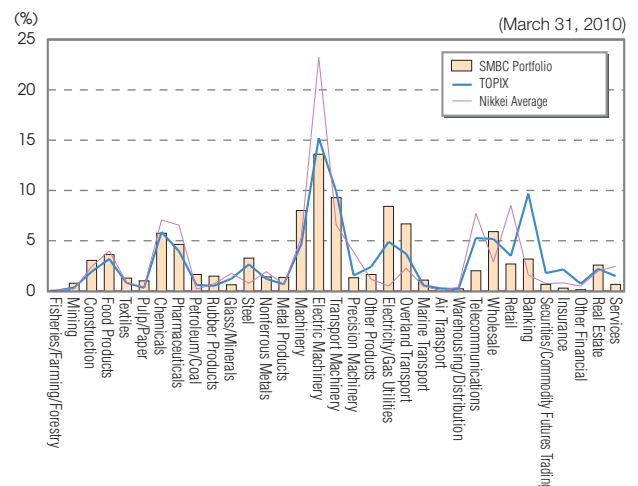
## ■ Decline in Economic Value Based on Outlier Framework

(Billions of yen)

	SMBC (consolidated)		SMBC (nonconsolidated)	
	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010
Total	588.4	532.7	561.7	490.8
Impact of yen interest rates	272.4	396.7	249.3	357.9
Impact of U.S. dollar interest rates	202.4	90.3	200.0	88.6
Impact of Euro interest rates	60.4	33.2	60.1	32.8
Percentage of Tier I + Tier II	8.6%	6.1%	8.9%	5.8%

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

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



## Operational Risk

### 1. Basic Approach to Operational Risk Management

#### (1) Definition of Operational Risk

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

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

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

### 2. Operational Risk Management System

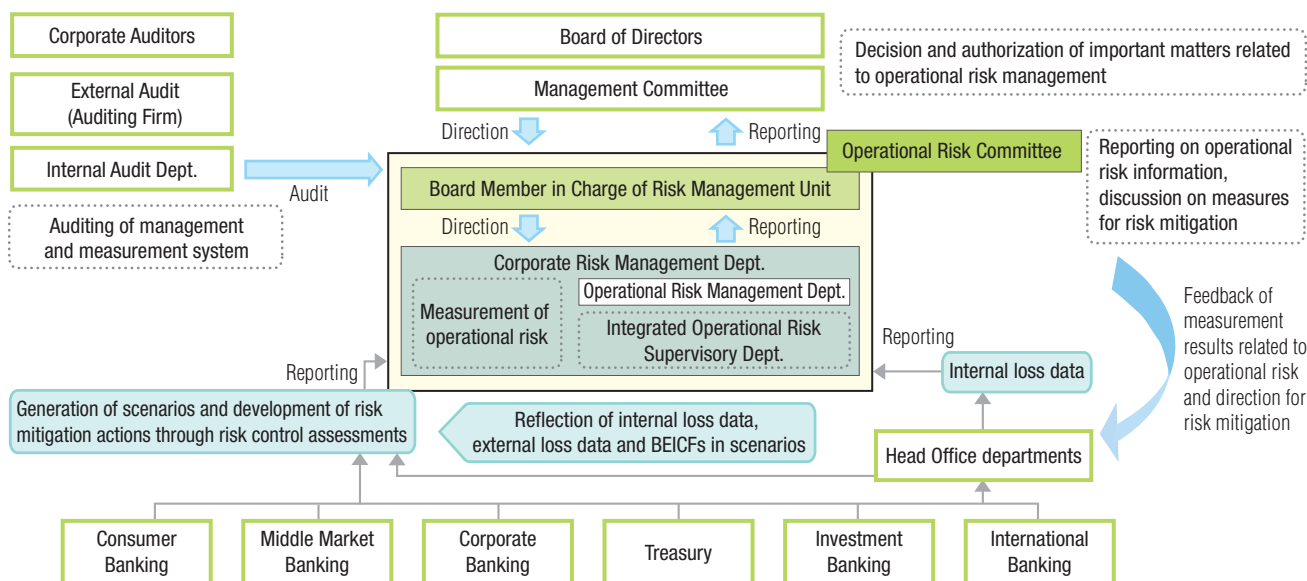
SMFG has designed and implemented an operational risk management framework for Groupwide basic policies for risk management.

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

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

The generation of internal loss data, scenarios identified through risk control assessments, and status of risk mitigation activities are regularly reported to the director in charge of the

### SMBC's Operational Risk Management System



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

### 3. Operational Risk Management Methodology

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

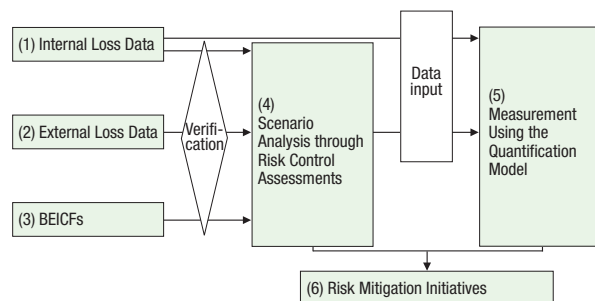
SMFG and SMBC have received an approval from Japan's Financial Services Agency for the application of the Advanced Measurement Approach (AMA), which is the most sophisticated measurement method out of the three cited methods under Basel II for measurement of operational risk. SMFG and SMBC have adopted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

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

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

The specific content and method of collection and use of the four elements are described below. At present, 21 Group companies have adopted the AMA, including SMFG and SMBC, and all Group companies collect and make use of the four elements.

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



### (1) Internal Loss Data

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

### (2) External Loss Data

External loss data are defined as “the information on events in which other banks, etc., incur losses resulting from the realization of operational risk.” SMFG and other Group companies collect external loss data where such losses may occur within the Group. Please note that SMFG and SMBC have compiled external loss data for more than 7,000 cases over the past nine years, which are indirectly used in quantifying required capital for operational risk.

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

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

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

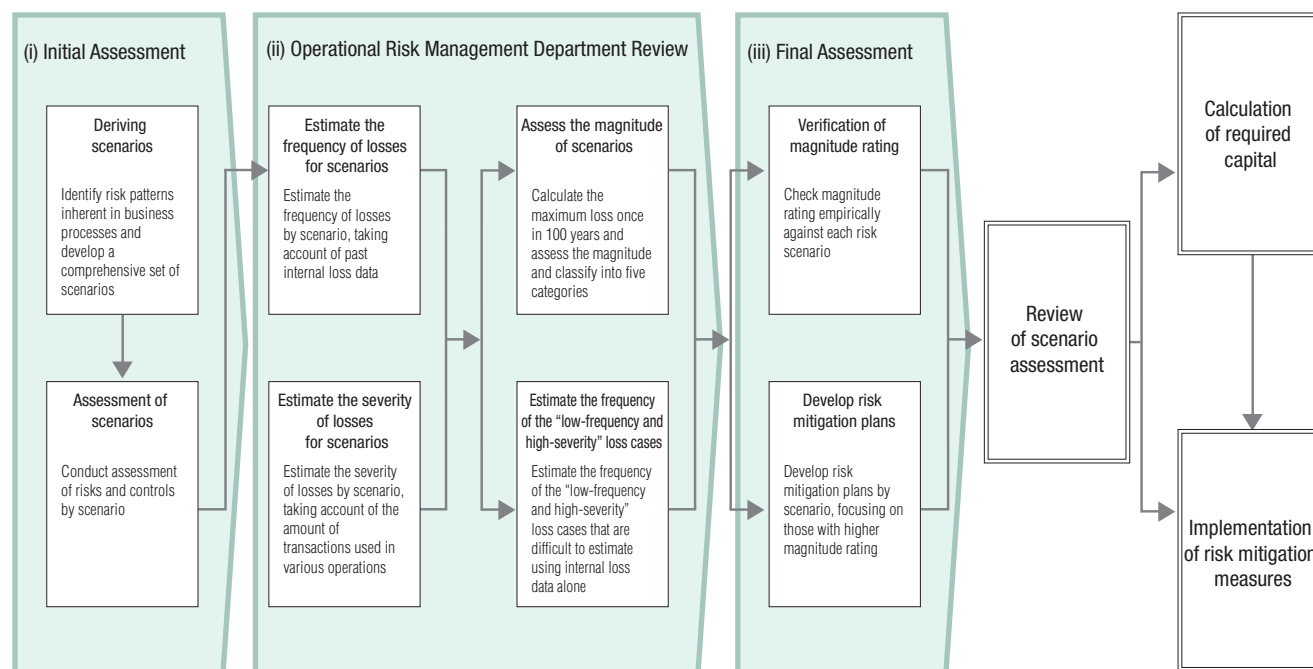
Risk control assessment is defined as “risk management methodology to (a) identify material operational risks, and describe them in terms of risk scenarios, (b) assess the risks and the effectiveness of controls, and (c) estimate the frequency and severity of risk scenarios.” SMFG and SMBC apply this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

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

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

As an effective mechanism for mitigating operational risks, the maximum loss occurring once in 100 years (hereinafter,

### Flowchart for Risk Control Assessment (Example)





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

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

### (5) Measurement Using the Quantification Model

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

Group companies other than those applying the AMA. Then, the required capital and risk-weighted assets for SMFG and SMBC Group are measured by aggregating these figures.

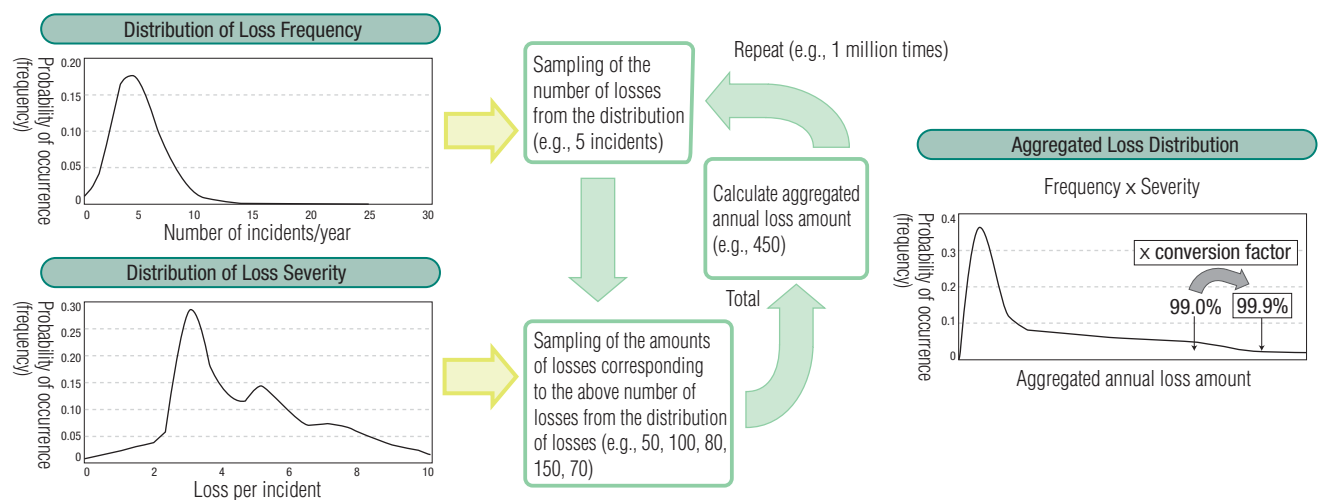
The outline of the quantification model for SMBC is as follows. First, we generate a loss frequency distribution (number of loss incidents over a one-year period) based on the number of historical internal losses. Then, we generate a loss severity distribution (amount of loss per loss incident) based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

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

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

This quantification model takes into account not only empirical internal loss data but also potential risk (scenarios) identified in the risk control assessment. An important feature of this model is that it enables us to measure and reflect the “low-frequency and high severity” events of operational risk. Moreover, by introducing a conversion factor, it is unnecessary to directly estimate 99.9% VaR, which tends to have a lower accuracy, and stable estimation results can be obtained by estimating 99.0% VaR which can be estimated with higher accuracy.

### ■ Measurement Using the Quantification Model



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

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

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

(March 31, 2010)

Event Type	Percentage
(1) Internal fraud	10%
(2) External fraud	7%
(3) Employment practices and workplace safety	1%
(4) Clients, products, and business practices	20%
(5) Damage to physical assets	16%
(6) Business disruption and system failures	4%
(7) Execution, delivery, and process management	42%

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

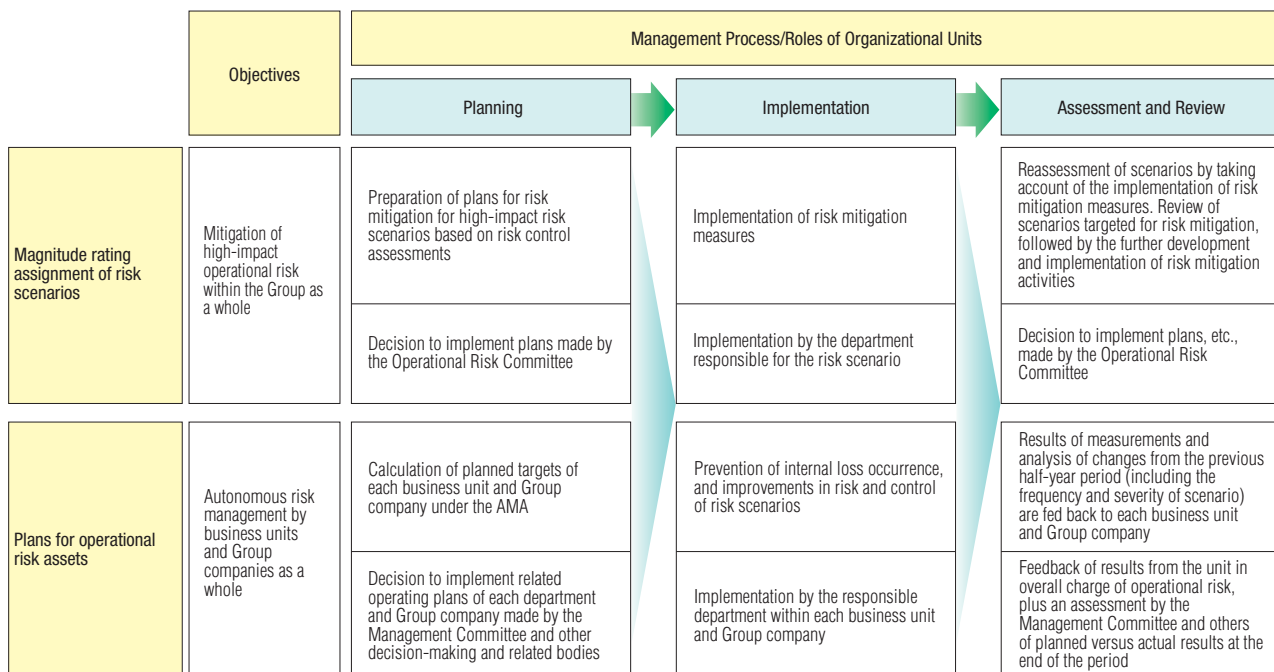
### (6) Risk Mitigation Initiatives

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

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

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

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



## 4. Processing Risk

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

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

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

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

## 5. System Risk

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

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

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

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

## Settlement Risk

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

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



# Corporate Social Responsibility (CSR)

## Contributing to the Sustainable Development of Society

SMFG's goal is to earn the highest trust of society by meeting the public's expectations and fulfilling its social responsibilities. Earning the highest level of trust requires the balanced provision of value to our four constituencies: customers, shareholders and the market, the environment and society, and employees. Through this process, we aim to contribute to the sustainable development of society as a whole, and to fulfill our corporate social responsibility.

## Basic CSR Policies

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

### SMFG's Definition of CSR

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

### Common SMFG CSR Philosophy: Business Ethics

#### I. Satisfactory Customer Services

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

#### II. Sound Management

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

#### III. Contributing to Social Development

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

#### IV. Free and Active Business Environment

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

#### V. Compliance

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

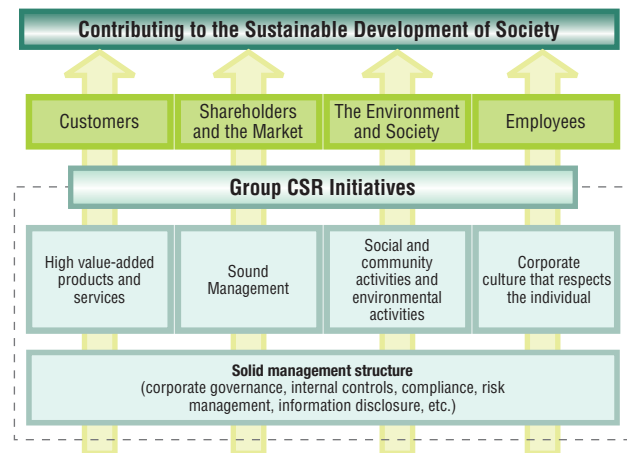
## Key Points of CSR Activities

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

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

Finally, we ultimately contribute to the sustainable development of society through all these activities.

## ■ The SMFG CSR Concept



## Implementing CSR Activities and Business Growth Strategies in Tandem

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

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



# Initiatives for Enhancing Customer Satisfaction (CS) and Quality

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

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

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

## VOC Database

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

departments so they can establish bankwide CS enhancement measures.

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

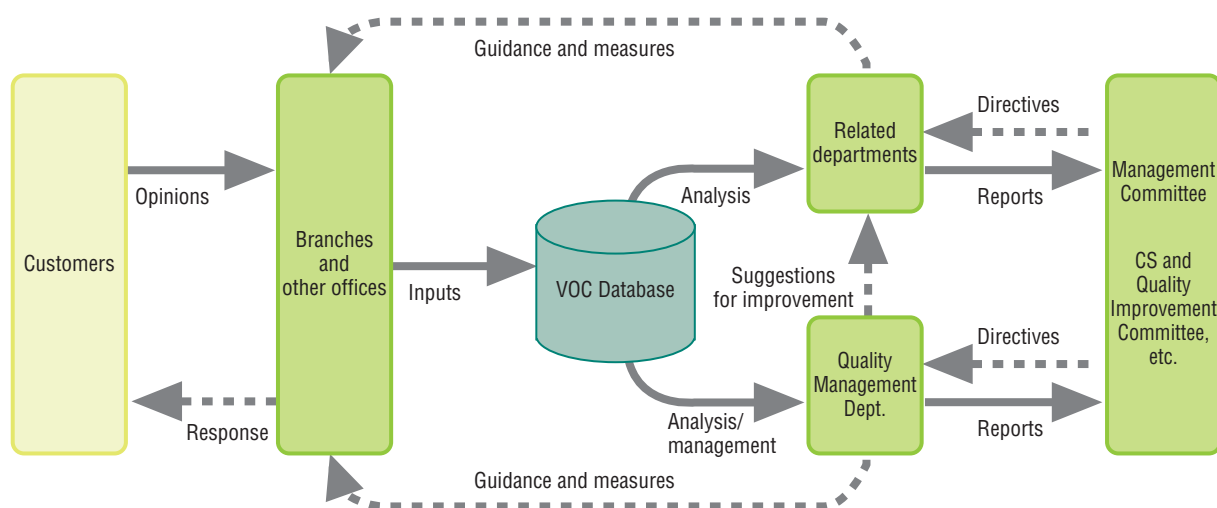
## CS and Quality Improvement Committee

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

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

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

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



## Our Stance on Corporate Governance

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

## The SMFG Corporate Governance System

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

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

SMFG has created the Management Committee to serve as the top decision-making body, and it is under the direct supervision of the Board of Directors and chaired by the president of SMFG. This committee is composed of directors chosen by the president. Its role is to consider important matters related to the execution of business and to make decisions for or against the execution of matters in accord with the basic policies of the Board of Directors. SMFG also has a Group Strategy Committee that serves as a forum for the top managers of SMFG and all other Group companies to exchange opinions and information on their respective business plans. To enable SMFG to monitor the execution of day-to-day business operations at SMBC, 10 SMFG directors (including three outside directors) of the total of 11 SMFG directors (including three outside directors) also serve as directors of SMBC. To monitor the conduct of operations at

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

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

## The SMBC Corporate Governance System

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

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

Executive officers are appointed by the Board to manage the operation of SMBC’s businesses. As of June 30, 2010, SMBC has 72 executive officers, including the president, and 12 serve concurrently as directors. The Management Committee of SMBC is the highest decision-making body at the operational level and is under the direct supervision of the Board of Directors. The president chairs this committee and selects its members from the executive officers. The committee members consider important management issues based on policies set by the Board of Directors, and the president has the authority to make the final decision after considering the committee’s recommendations.

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



# Internal Audit System

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

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

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

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

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

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

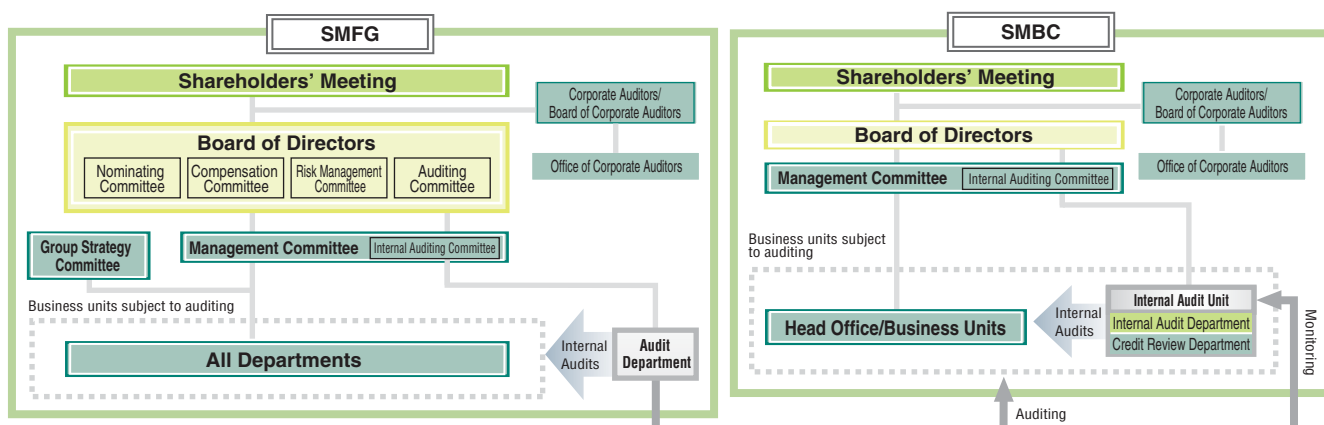
Moreover, audits of branches and offices are not limited just to checking for control and other deficiencies but also include pointing out compliance and risk management problems and making recommendations for corrective action. In other Group companies, internal audit departments have been formed suited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

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

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

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

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



## Compliance Systems at SMFG

### Basic Compliance Policies

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

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

### Group Management from a Compliance Perspective

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

Specific activities include holding regular meetings that are attended by representatives of Group companies, as well as meetings with individual companies, with the objective of overseeing the state of autonomously implemented compliance functions at those companies. The priority areas for strengthening oversight in fiscal 2010 include (a) guidance and oversight of Group companies to deal with a changing regulatory environment, and (b) creation of an internal management structure appropriate for a comprehensive financial services group. These measures will enable us to strengthen compliance management at the individual Group company level.

### Hotline for Reporting Improper Accounting and Auditing Activities

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

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

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

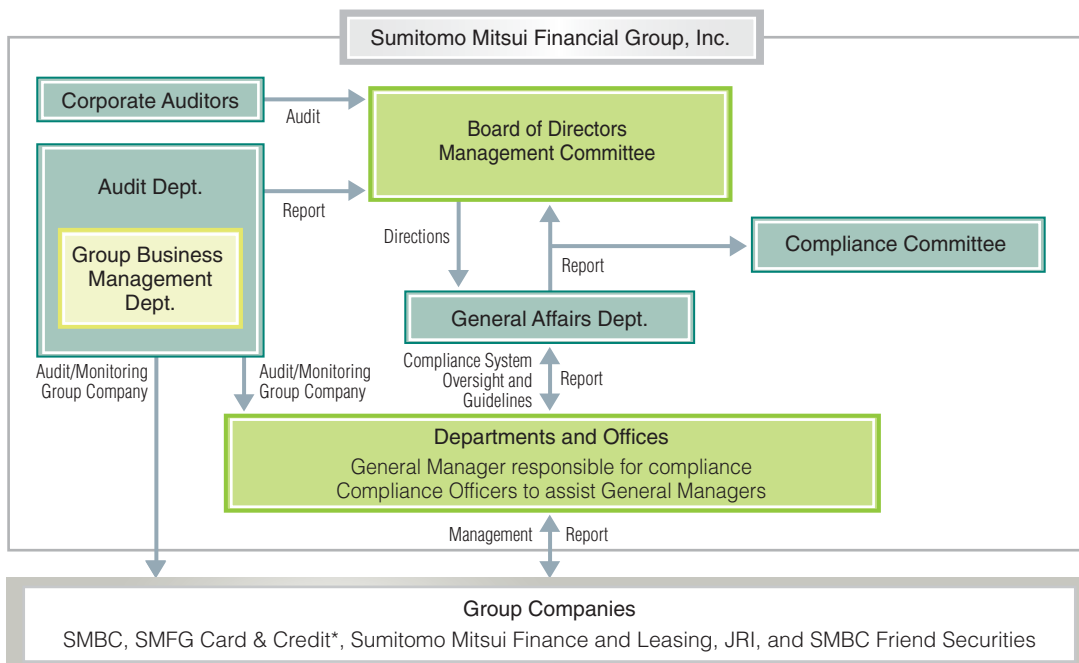
e-mail  
**smfghotline@iwatagodo.com**

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

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

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

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



\* SMFG Card & Credit, Inc. is an intermediary holding company for Sumitomo Mitsui Card and Cedyna.



# Compliance at SMBC

## Strengthening Compliance Systems

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

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

## Management of the Compliance System

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

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

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

## Issuance of a Compliance Manual

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

## Preparation of Compliance Programs

With the objectives of ensuring that compliance systems function effectively and making necessary improvements in compliance systems within SMBC and its consolidated subsidiaries, the Board of Directors prepares a specific plan for compliance-related activities each fiscal year, including review of and necessary revisions to regulations and training. In fiscal 2010, measures focusing on better adapting our compliance posture to social change are being implemented, including a review of our marketing practices for derivative and other products which entail risk, creating more effective mechanisms for resolving complaints and conflict in anticipation of establishment of a new Japanese financial-sector ADR (Alternative Dispute Resolution) mechanism, further measures to facilitate financing to SMEs and mortgage borrowers, and taking further preventive measures against financial activities of anti-social forces.

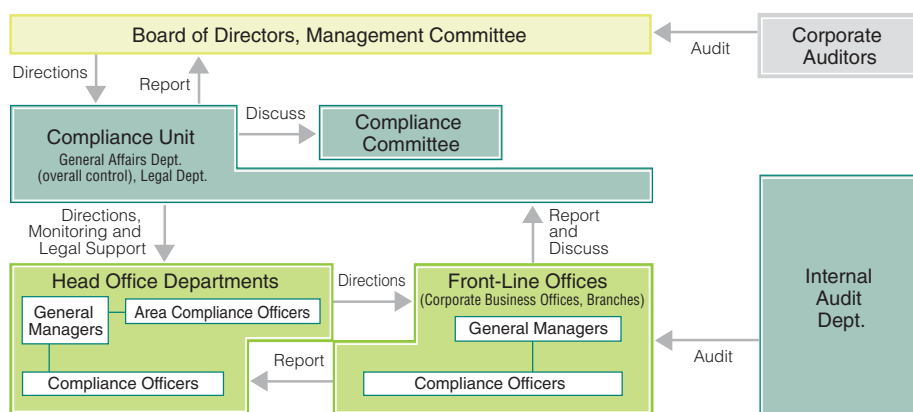
## Appointment of Compliance Officers

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

## Formation of the Compliance Committee

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

## Compliance System Overview



# Environmental Preservation Initiatives

The Group recognizes environmental preservation to be one of its most important management issues. Based on our Group Environmental Policy, we are implementing initiatives to preserve and achieve harmony with the natural environment in our corporate activities. SMFG is a signatory to the “Statement by Financial Institutions on the Environment and Sustainable Development” of the United Nations Environment Programme (UNEP).



## The Group Environmental Policy

### Basic Concepts

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

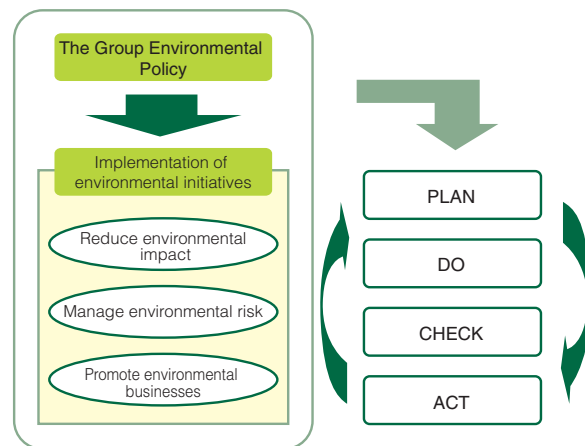
### Specific Environmental Policies

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

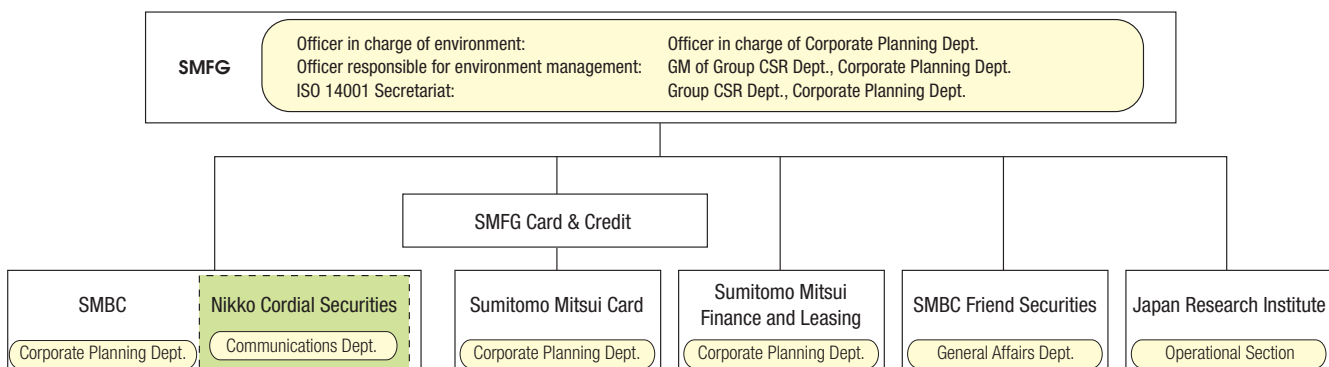
## Three Pillars of Group’s Activities

The three pillars of our environmental action plan are to “reduce environmental impact,” “manage environmental risk,” and “promote environmental businesses.” We set environmental objectives for various activities and follow the PDCA (plan, do, check, and act) cycle in these environmental activities. SMFG and principal Group companies have obtained ISO 14001 certification, the international standard for environmental management systems (EMS).

## Environmental Action Plan and the PDCA Cycle



## EMS Enhancement System



## Reducing Environmental Impact

### ● Realizing Carbon Neutrality

SMFG sets objectives each year for reduction in its use of electric power and other sources of energy and is actively engaged in reaching these energy conservation goals.

SMBC has made its Head Office “carbon neutral” through the procurement of “green” sources of energy and purchases of carbon credits.\* Sumitomo Mitsui Finance and Leasing’s Tokyo Head Office is also carbon neutral.

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

### ● Response to Amended Act on the Rational Use of Energy

In April 2010, the amendments to the Act on the Rational Use of Energy came into effect, and as a result, the standard unit for evaluation of energy management was changed from the individual factory or office building to the entire company. Companies using 1,500kl or more of energy (crude oil equivalent) per annum are now required to establish an energy consumption management system and draw up medium- to long-term plans for improving energy efficiency, with the aim of reducing the volume of energy consumed by at least 1% per year. In response, the Group is taking measures to reduce energy consumption at all workplaces, and is also developing a consultancy business to meet the needs of customers attempting to conserve energy and reduce CO<sub>2</sub> emissions.

### ● Greening Bank Operations

SMBC has been steadily applying green IT to its branch terminals and ATMs. The new CUTE terminal for handling over-the-counter transactions, which was jointly developed with NEC Corporation and Oki Electric Industry Co., Ltd., uses highly functional image processing to electronically store documents, mainly copies of driver’s license and other forms of IDs, for a reduction in paper usage of 3 million A4 sheets per year. SMBC donated part of the cost savings resulting from the introduction of this system to the Tokyo Metropolitan Government’s Green Tokyo Fund, specifically for the “Creating Umi-no-Mori (Sea Forest)” project, one of the fund’s four greening projects.

In April 2010, SMBC began storing ATM transaction data, which had hitherto been printed out on paper (the “ATM Journal”), in the CUTE operations processing server. This is expected to save 28 million A4 sheets annually.

## Managing Environmental Risk

### ● Dealing with Soil Contamination and Asbestos Risk

To deal with the risk that land pledged as collateral by borrowers may be contaminated, SMBC requires contamination risk assessment for land meeting certain criteria. When the risk is judged to be high, the assessed value of the potential risk is deducted from the value of the collateral.

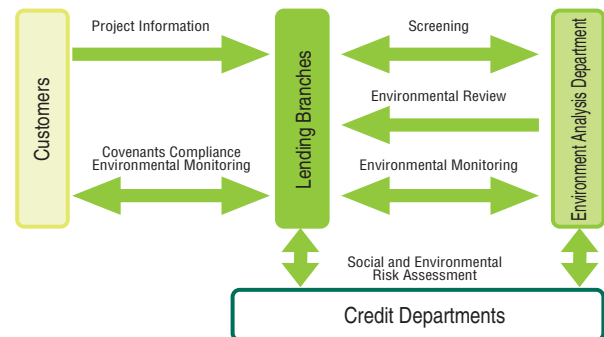
In addition, similar measures are taken regarding asbestos risk — risk assessments are conducted for asset collateral meeting certain criteria, and the assessed value of the potential risk is deducted from the value of the collateral. SMBC also encourages its customers to have structures surveyed more comprehensively for asbestos pollution. Regarding its own premises, SMBC surveys and properly removes asbestos from structures.

### ● Adoption of the “Equator Principles”

SMBC has adopted the Equator Principles, a set of principles for

determining, assessing and managing social and environmental risk in project financing. Its Environment Analysis Department assesses the social and environmental risk of large-scale projects in accordance with the Equator Principles.

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



## Promoting Environmental Businesses

The Group pursues environmental business as an effective way of contributing to society and the international community.

SMBC, in particular, formed the cross-organizational Eco-Biz Promotion Council in fiscal 2005 to discuss periodically the development of sophisticated and efficient products and services that contribute to environmental maintenance and improvement.

## Topics

### ◆ SMBC Environmental Assessment Loan/Private Placement Bond

#### SMBC wins 2009 Nikkei Veritas Superiority Award

SMBC received the Nikkei Veritas Award for Superiority at the 2009 Nikkei Superior Products and Services Awards for its SMBC Environmental Assessment Loan/Private Placement Bond, a financial product developed in collaboration with the Japan Research Institute. In this product, the environmental friendliness of the business operations of a corporate customer seeking to raise funds is assessed using JRI’s own assessment standards. The terms and conditions of the loan or bond are then set in accordance with the results of the assessment. SMBC has received high praise for this product, which aims to support companies that are helping to preserve the global environment.



### ◆ New Bank Branch Terminal — CUTE

#### Receives Special Award in Green IT AWARD 2009

The new CUTE terminal used in our branches, jointly developed by SMBC with NEC Corporation and Oki Electric Industry Co., Ltd., received a special award at the Green IT AWARD 2009, held by the Green IT Promotion Council. The award was given for CUTE’s significant contribution to reducing the environmental impact of bank operations by realizing paperless processing using IT, as well as for being a good example of how companies in different industries can collaborate to help preserve the environment. This is the first time the award has been received by a bank.

## Environmental Initiatives by Group Companies

Company	Customers	Program/Product	Description	
SMFG	Corporate	SAFE environmental magazine	Started in 1996, this bimonthly magazine contains interviews with top management of companies, analyses of business trends and other useful information for corporate environmental activities.	
		SMFG Environmental Business Forum	SMBC and SMBC Consulting Co., Ltd. jointly hold multifunctional events at Eco-Products, one of Japan's largest environmental exhibitions. This forum combines many types of events such as environmental seminar, business matching, etc.	
SMBC*1		SMBC-ECO Loan	This loan offers reductions on loan interest rates of up to 0.25% for SMEs with environmental management systems certified by any of more than 20 companies and organizations, including local governments.	
SMBC JRI*2		SMBC Environmental Assessment Loan/Private Placement Bond	Terms and conditions of this loan/bond depend on the results of an assessment of a company's environmental friendliness using standards established by the JRI. Customers can choose the fund procurement method — loans or private placement bonds. Loans extended: ¥100 billion to 30 companies (as of March 31, 2010)	
		Eco-Products International Fair	At the fifth (March 2009) and sixth (March 2010) fair, SMFG president Teisuke Kitayama chaired the planning committees and oversaw the booths, international conferences and other activities.	
		Ministry of Environment's interest-free financing program	The Ministry of the Environment operates a special interest-free financing program to support the attainment of the objectives under the Kyoto Protocol. Companies receive loans from financial institutions with interest subsidized by the government to finance capital investment, on condition that they set CO <sub>2</sub> emission reduction targets and achieve them within a specified period. As one of the financial institutions authorized to make loans under this program, SMBC provides support for companies tackling environmental issues.	
		Global ECOBIZ Assist	This program supports the globalization of Japanese companies with environmental technologies by offering preferential fees and interest rates on loans for international trade. It offers these to midsize and SME companies that develop and manufacture equipment related to water, waste materials, new energy, the atmosphere, energy conservation and other areas (soil pollution remediation, greening, recovery of natural areas, etc.).	
		Assistance in using the domestic carbon credit system	SMBC and Group companies are working on a program for assisting CO <sub>2</sub> emission reduction activities by using the domestic carbon credit system that began in October 2008.	
		Carbon-credit related business activities (matching, advisory, trust and consulting activities)	SMBC serves customers with needs involving carbon credits by using overseas offices, trust functions and other resources to offer products and services such as introduction of sellers in developing countries, advisory service to support transactions, trust products, and financing. SMBC established a consulting company in Brazil to assist in development of Clean Development Mechanism (CDM) projects.	
		Carbon credit trading	In June 2009, SMBC became a carbon credit dealer, the first Japanese bank to purchase and sell carbon credits directly with customers.	
		Matching Business	SMBC utilizes its network of overseas offices to introduce valuable partners in developing countries for corporate customers planning to set up or expand business operations overseas.	
		Strengthening alliances with international and financial institutions	In March 2010, with the aim of providing financing for renewable energy projects and developing its carbon credits trading and other businesses, SMBC signed a memorandum of understanding with International Finance Corporation (IFC) and Environmental Cooperation-Asia (ECO-Asia), a regional program of the United States Agency for International Development (USAID). SMBC has been forging business alliances with local financial institutions and economic organizations in Malaysia, the Philippines, Brazil and other countries as part of an effort to build a stronger global network.	
		"Climate & Children Supporters"	SMBC and UNICEF started this program to target both the causes and results of climate change. When participating companies buy carbon credits to fight global warming, monetary contributions to the program are also made to aid a developing country (Mozambique) that is suffering from the effects of global warming.	
		Individuals	SMBC Nikko World Bank Green Fund	SMBC and Nikko Cordial Securities started marketing "SMBC Nikko World Bank Green Fund," launched by Nikko Asset Management Co., Ltd. in collaboration with the World Bank. The fund is the world's first fund that invests in World Bank green bonds.
			DWS New Resource Technology Fund	To adapt to global shifts and growth in demand patterns, this fund invests mainly in stocks of companies worldwide with excellent growth prospects involving businesses associated with three themes of infrastructure, food and clean energy.
Environmental campaign using JGBs for individuals	SMBC has been conducting an environmental campaign for each issue of Japanese government bonds (JGBs) since June 2008. Since June 2010, when SMBC began handling a new series of three-year JGBs for individuals, SMBC has used part of its earnings from the sale of these bonds to purchase a 100kg carbon credit per customer, and transfers the credits gratis to the Japanese government, thereby helping to reduce Japan's volume of greenhouse gas emissions.			
SMBC SMFL*3	Individuals	Leading the Tokyo Metropolitan Government's Eco-Finance Project	SMBC has been selected as a core financial institution in the Eco-Finance Project being implemented by the Tokyo Metropolitan Government over a 5-year period starting in fiscal 2009. In this project, the fund deposited by the Tokyo Metropolitan Government with SMBC is used to meet a wide range of needs, conditioned on satisfying certain environmental standards, from financing and leasing for corporate clients to mortgage loans, automobile loans, and fixed-term deposits for individuals.	
	Corporate	eco japan cup	This is a contest for selecting companies that have practical environmental technologies and ideas. SMBC gives assistance to those venture companies jointly with Japanese universities and thereby provides support for their R&D activities.	
SMFL		Carbon-neutral leases	Started in August 2007, this is a new service that renders the greenhouse gases released by leased assets neutral through the allocation of carbon credits to these assets. The goal is to provide more support to companies that protect the environment through their own activities.	
		Consulting business related to amended Act on the Rational Use of Energy	SMFL is enhancing environmental advisory services for companies in response to the amended Act on the Rational Use of Energy. This includes comprehensive energy conservation proposals that utilize leases.	
JRI		Environmental advisory business	This business is involved in many projects centered on waste treatment and energy. The objective is to combat global warming and support the growth of environmental companies by creating new businesses.	
JRI SMBC SMBCCN*4 JRI*5		Consulting for construction of Tianjin Eco-City, and attracting Japanese companies	Leveraging its environmental business expertise, JRI is creating a plan for the use of renewable energy at the Tianjin Eco-City, China's first national project for an environmentally sustainable city. SMBC, SMBCCN and JRI have signed a basic agreement with the Tianjin Eco-City Administrative Committee on initiatives to attract Japanese companies to the Tianjin Eco-City project.	
SMCC*6	Individuals	Web Registration Campaign	SMCC is vigorously promoting the use of online account statements (the total bill amount is e-mailed and the details are posted on its website) as a means of conserving paper and helping cut CO <sub>2</sub> emissions.	

\*1 Sumitomo Mitsui Banking Corporation \*2 The Japan Research Institute Limited \*3 Sumitomo Mitsui Finance and Leasing Co., Ltd. \*4 Sumitomo Mitsui Banking Corporation (China) Limited

\*5 The Japan Research Institute (Shanghai) Consulting Co., Ltd. \*6 Sumitomo Mitsui Card Company, Limited

## SMFG Environmental Business Forum at Eco-Products 2009

The Eco-Products exhibition, held each December, is one of Japan's largest environmental exhibitions. Following on from last year's event, SMFG once again held the SMFG Environmental Business Forum, comprising different types of environmental business events.

Targeting many different types of stakeholder, such as those seeking to newly enter the environmental business field, those looking to expand their marketing channels, and those examining their options regarding information gathering, SMFG conducted business matching, set up booths with catalogs, and held lectures, seminars, and other programs. By these means, SMFG provided forums for representatives of companies in the environmental field to meet and exchange information, thereby giving rise to new business opportunities.

Over the three-day duration of the exhibition, we held 17 seminars on various topics, as well as panel discussions. About 500 cases of business matching were arranged, and 41 companies had booths showcasing their products and services. In all, the SMFG Environmental Business Forum hosted a large number of business negotiations on new environmental technologies, products, and services.



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



SMFG Booth



## Advisory services for the Tianjin Eco-City Project

The Tianjin Eco-City project is a large-scale eco-friendly urban development project being undertaken in China at the national government level, in line with the country's policy on the environment and energy. The development of the Eco-City is guided by 22 quantitative key performance indicators which are set at high levels, such as a renewable energy utilization rate of 20% or higher and a green building\* rate of 100%, in order to harmonize human activities with the natural environment, conserve natural resources, and efficiently recycle resources.

The Japan Research Institute (JRI) has drawn up the plan for achieving the renewable energy utilization rate of 20% or higher, including the technologies and their implementation methodology. SMBC, meanwhile, has signed a business alliance agreement with Tianjin Eco-City Administrative Committee, together with Sumitomo Mitsui Banking Corporation (China) Limited, JRI, and the Japan Research Institute (Shanghai) Consulting Co., Ltd., to attract Japanese companies to the Tianjin Eco-City project.

Moving forward, SMBC will further reinforce the services to Japanese companies setting up operations in the area by enhancing the collaboration with both Tianjin City and the Tianjin Eco-City project. JRI will actively promote initiatives for launching environment-/energy-related projects not only in the Tianjin Eco-City, but in many other parts of China, too.



Artist's rendition of Tianjin Eco-City when completed

\* "Green building" here refers to minimizing the building's impact on the environment, and to use "people-friendly" methods of construction and urban planning.

## SMBC Begins Handling World Bank Green Fund

On February 1, 2010, SMBC and Nikko Cordial Securities commenced handling of the SMBC Nikko World Bank Green Fund, an investment trust launched by Nikko Asset Management Co., Ltd.

This fund is the world's first fund developed in cooperation with the World Bank that invests in World Bank green bonds. The World Bank green bonds support World Bank-funded projects in developing countries to mitigate global warming. A portion of the profits from this green fund will be donated to UNICEF and the Japanese Red Cross.



Total asset value: ¥16,784 million (as of May 31, 2010)

## Eco-Products International Fair 2010

This international fair is held every year to promote the growth of environmental businesses in the Asia-Pacific region and increase their global competitiveness by making their supply chains more eco-friendly. SMBC was a member of the Preparatory Committee in 2009 and 2010. The sixth Eco-Products International Fair, held in March 2010 in Jakarta, Indonesia, was the largest ever with 164 Asian companies and organizations participating, and more than 90,000 visitors during the 4-day event.

At the international conference held parallel to the fair, lectures were given and panel discussions by world leaders and specialists on environmental issues from many countries were held. SMBC and JRI participated in a session on "Eco Business and Climate Change," and representatives of the two companies made presentations on the outlook for and initiatives on carbon credits business in Asia.



Panel discussion at the international conference



President Teisuke Kitayama of SMFG explains the carbon credits business to Muhaimin Iskandar, Minister of Manpower and Transmigration of Indonesia.

# Social Contribution Activities

## Fundamental approach to social contribution activities

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

## Policy on social contribution activities

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

## The central elements of our social contribution activities

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

### Activities Contributing to Social Welfare

#### ● Sign-Language Courses

To enhance the ability of our employees to communicate with and offer high-level services to hearing-impaired customers, SMBC holds sign-language courses and seminars for interested employees. In fiscal 2009, we held one-day introductory courses that were also attended by employees of Sumitomo Mitsui Card, the Japan Research Institute, and SMBC Friend Securities. Also in fiscal 2009, SMBC held training sessions for employees to improve their communication skills, which included using basic sign language, and learn about consideration for the needs of both hearing-impaired customers and others.



These courses were also attended by employees of other Group companies and the Nikko Cordial Securities Group.

#### ● Volunteer Activities, and Blood Donation Drives

In fiscal 2009, SMBC held courses on the environment, focusing on the issue of biodiversity, which were attended by SMBC employees and family members. SMBC also provided employees with information on various volunteer activities and encouraged them to participate. Blood donation drives were also held at SMBC and Sumitomo Mitsui Card.

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

SMFG collects voided postcards from Group employees, exchanges them for new postage stamps, and donates the

stamps to volunteer organizations to help them cover their postage costs. In addition, SMBC collects unused prepaid telephone cards, Sumitomo Mitsui Finance and Leasing collects PET bottle caps, SMBC Friend Securities collects PET bottle caps and used postage stamps, and Sumitomo Mitsui Card collects used postage stamps and used prepaid cards from employees, donating them to volunteer organizations.

#### ● Installation of Charity Vending Machines; Sale of Products Made by Social Welfare Organizations

SMBC has installed vending machines at its head office under a program in which contributions are made to welfare organizations with every purchase of a soft drink from these machines. SMBC also holds regular events where employees can buy products made by NPOs employing persons with disabilities and NPOs engaged in international cooperation initiatives.

#### ● Donations to Organizations Assisting Senior Citizens

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

### Topics

#### ◆ SMBC Receives Commendation from Tokyo Metropolitan Governor for Contributions to Metropolitan Social Welfare Initiative

In January 2010 SMBC received a commendation from the Governor of Tokyo for contributions to an initiative to make Tokyo into a city with a high level of social welfare services. This was in recognition of SMBC's various measures to promote the use of universal design and provide universal service throughout Japan.

## Contribution Activities for Local and Overseas Communities

### ● Volunteer Fund

SMBC has a system in which employees who volunteer have ¥100 deducted from their salaries each month to fund donations to organizations that perform volunteer work. As of July 2010, more than 12,000 employees were participating in this program.

The following are some of the 27 activities funded by the SMBC Volunteer Fund in fiscal 2009.

#### Overseas

- Funding construction of an orphanage in Cambodia
- School library opened in Laos
- Operation of a clinic for refugees repatriated to Pakistan
- Support for regional activities in Nepal to enable children to attend school
- Livelihood support for the most disadvantaged section of the population in Myanmar, including the elderly and persons with disabilities
- Clean water project for schools in Southern Sudan
- Measures to raise income levels in Bangladesh, including microfinancing initiatives, and other support efforts
- School meals program for elementary schools in Burkina Faso
- In Indonesia, scholarships for middle school and high school students, a health program targeting infants, and others

#### Japan

- For terminally ill young children, SMBC funds trips for them and their families, to make their wish come true.
- Offering opportunities for school students with hearing impairments to meet and interact with members of a drama troupe
- Funding for raising and training puppies to become assistance dogs, including feeding, veterinary medical care and obedience classes

In addition to the above, the SMBC Volunteer Fund also donated money to help the victims of such overseas natural disasters as the September 2009 Sumatra earthquake, the Philippine Typhoon Ketsana, the 2009 Samoa earthquake, and the 2010 Haiti earthquake, as well as natural disasters in Japan including the catastrophic heavy rains in the Chugoku and Northern Kyushu regions in July 2009, and Typhoon No. 9 in August.

At Group member SAKURA KCS Corp., as of June 2010, approximately 900 employees (around 80% of the company's total staff) have enrolled in their volunteer fund since fiscal



2009, and have contributed to reforestation projects in Hyogo Prefecture, educational activities for the prevention of cancer, and projects to help children in developing countries.

### ● Opening of Accounts for Donations to Disaster Victims

When major natural disasters occur, SMBC opens special accounts to collect donations for relief efforts without the usual fund transfer charges. SMBC also solicits donations for such causes from its own employees and those of other Group companies including Nikko Cordial Securities. In fiscal 2009, accounts were established for relief efforts for the victims of the July torrential rains in the Chugoku and Northern Kyushu regions and Typhoon No. 9 in August, both in Japan, as well as Typhoon Ketsana in the Philippines, the 2009 Samoa earthquake, the 2009 Sumatra earthquake, the 2010 Chile earthquake, and the 2010 Haiti earthquake. Following the Haiti earthquake in January, Sumitomo Mitsui Card collected donations made by customers using its credit cards.

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

SMBC also provides active support for YUI, an in-house volunteer organization that provides opportunities for SMBC employees to plan and carry out volunteer activities. YUI activities conducted on a regular basis include social events at schools for the hearing-impaired, holding charity bazaars for items collected from employees, and visits to facilities for the elderly. In addition to the continued activities mentioned above, volunteers in Tokyo

and Osaka conducted tree-planting activities on the slopes of Mount Fuji to mark the 10th anniversary of the establishment of YUI.



### ● Contributing to Local Communities

SMBC has been promoting and carrying out activities planned by its branches and other offices in Japan to contribute to local communities, including branch tours, cleaning up the local environment, such as parks and other areas in the vicinity of SMBC branches, participation in local festivals and events, exhibitions of children's art from around the world and concerts in the lobbies of SMBC branches.

Nikko Cordial Securities also takes part in these activities at all its branches nationwide. The company has organized tours of its branches, including hands-on work experience, as well as local cleanup activities.



Nikko Cordial Securities employees clean up a sidewalk near a branch.

## ● Local Community Contribution by Overseas Offices

SMBC overseas offices conducted the following activities in fiscal 2009.

- Sumitomo Mitsui Banking Corporation (China) Limited established a scholarship program for students of Suzhou University, Shanghai International Studies University, and other universities.
- SMBC's Hong Kong Branch gave donations in support of an orchestra composed of young Asian musicians.
- SMBC's Seoul Branch gave donations in support of a Japanese-language drama festival aimed at promoting understanding of Japanese culture.
- SMBC's Bangkok Branch arranged lectures at a business school by an SMBC senior economist, and gave donations to support facilities assisting children suffering from poverty in outlying districts of Bangkok.
- SMBC's Hanoi Branch gave donations to a Japanese ophthalmologist who provides free treatment.
- Employees of Sumitomo Mitsui Banking Corporation Europe conducted volunteer activities in their time off. Also, the money saved from switching to e-cards from traditional greeting cards was donated to charity organizations.
- The European office of the Japan Research Institute made a donation in support of a Japanese-language speech contest.
- Volunteer employees of SMBC and the Japan Research Institute based in the United States participate in school beautification programs. The employees also give donations, which are matched by SMBC Global Foundation.



## ● Support for UNICEF

SMBC is a member corporation of the steering committee of UNICEF Coin Aid and cooperates in the organization's fundraising activities. To this end, SMBC places coin collection boxes in its branches and offices in Japan and calls for donations from the general public. The coins collected are sorted by currency before being delivered to UNICEF.

SMBC also cooperates with UNICEF by implementing the UNICEF Donation Account program. This program enables customers to donate their interest earnings after tax to UNICEF and SMBC provides a matching donation.

Sumitomo Mitsui Card and VJA group companies collect donations to UNICEF, UNESCO, the World Wide Fund for Nature Japan, and the World Food Program from holders of their cards through the World Present point service. Sumitomo Mitsui Card also makes its own donations to UNICEF, matching those of the cardholders.

In addition, Sumitomo Mitsui Card also issues cards that automatically make donations to specific charities, such as the UNICEF VISA Card and the Red Feather VISA Card (offered in cooperation with the Central Community Chest of Japan), and also makes its own donations to the working funds of all these organizations from its card business revenues.

## ● Participation in "TABLE FOR TWO"

At SMBC's head office, we operate a system through the non-profit organization TABLE FOR TWO International of providing donations to fund school meals in developing countries. The price of a nutritiously balanced, low-calorie lunch plate offered at the head-office employee cafeteria includes a ¥20 donation, the price of one school meal. Vending machines have also been installed selling health drinks whose price includes a donation to TABLE FOR TWO International.

## ● Social Contribution Activities of In-House Foundations

Based in the United States, SMBC Global Foundation has distributed scholarships to more than 5,000 university students in Asian countries since its establishment in 1994.



In the United States, it supports study trips to Japan organized by a high school in the Harlem area New York City.

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

## Environmental Activities

### ● Participation in Environmental Preservation Initiatives

SMFG holds an "SMFG Clean-up Day" in which Group employees volunteer to pick up litter on beaches. In 2009, some 130 employees participated in this activity at two sites in Kanagawa and Hyogo prefectures.

SMBC Friend Securities held its own beach cleanup events in Chiba and Hyogo prefectures. About 130 employees took part. In addition, employees of Sumitomo Mitsui Finance and Leasing and Japan Research Institute regularly participate in cleanup activities near their offices.

SMBC employees volunteered in the Sea Forest (tree-planting) project organized by the Tokyo Metropolitan Government, and also made donations to the project.





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

SMBC also provides support to an environmental project implemented by screenwriter Soh Kuramoto in Furano, Hokkaido. SMBC is providing support for reforestation of a golf course belonging to a country club that was shut down in Furano. C.C.C Furano Field holds educational courses on environment, in particular exploring nature fully using the five senses. Employees and their families are invited to tour the project site to learn about and experience nature at first hand.



## ● Biodiversity Courses Held

In fiscal 2009, SMBC held courses in Tokyo, Osaka and Nagoya that enabled employees and family members to learn about biodiversity and become more closely involved in the tree-planting movement by personally making “acorn cubes” (cubes of earth and compost planted with an oak seedling). To teach the courses, staff were invited from the Gobaimidori division of Annex Co., Ltd., which was the recipient of the SMBC Prize in the ecological contest *eco japan cup 2007* (an open competition for environmental business ventures), of which SMBC was one of the sponsors.



## ● Support for EARTH PHOTO CONTEST

Sumitomo Mitsui Finance and Leasing supports a photography contest aimed at communicating the importance of solving environmental problems and spurring people to action. The company presents the Sumitomo Mitsui Finance and Leasing Prize for outstanding photographic entries.

## Contributing to Cultural, Artistic, and Education Activities

### ● Charity Concert Held



SMBC has been arranging a charity concert, “A Toy Box of Favorite Works,” every year since fiscal 2006, to support children worldwide who have suffered from wars and natural disasters. SMBC’s employee music societies, choir, chamber ensemble and wind ensemble, perform a range of pieces from classical favorites to Japanese songs, including *anime* songs, that appeal to everyone from children to adults. Donations are collected from the audience at the concert, and artwork submitted by children around the world is displayed in the concert hall lobby. In addition,

a charity bazaar is held featuring items for sale that have been handcrafted by SMBC employees.

## ● Children’s Illustration Contest

SMBC held its first illustration contest for elementary school children in Japan in fiscal 2007. In fiscal 2009, the contest saw a large number of entries from children featuring unique ideas on the theme of “Our Greener Future.” Winners were presented with original bank passbooks featuring their own entries. In addition, the winning works were displayed at SMBC branches throughout Japan for the enjoyment of our customers.



## ● Support for Cultural and Artistic Ventures

In support of the classical performing arts of Japan, Sumitomo Mitsui Card donated a drop curtain to the National Theatre for the National Engei Hall. The company also helps foster the next generation of *Kabuki* artists through sponsorship of performances by children.

SMBC Friend Securities provides support for cultural and artistic activities through sponsorship of art exhibitions such as the works of Gyoshu Hayami (a painter of the traditional *Nihonga* style) at the Yamatane Museum of Art.

## ● Financial and Economic Education

SMBC welcomes school field trips to bank branches and other locations. Other financial and economic education activities include a publication called *What Does Bank Do?*, a financial education game on the SMBC website, support for Kidzania (job-experience theme park for children), internship programs, and many other programs. Sumitomo Mitsui Card, Japan Research Institute and Nikko Cordial Securities also provide instructors for classes at universities. Nikko Cordial Securities also organizes tours and classes for students and members of the general public to foster a deeper understanding of the work of securities companies and the securities investment business.

## ● Student Internship Program

The Japan Research Institute welcomes student interns every year to learn about career opportunities. The interns deepen their understanding of the work performed by JRI by studying at offices where next-generation business ventures are being created in the fields of the environment and energy. SMBC Friend Securities also offers internships every year. In fiscal 2009, 22 interns studied financial products and the securities business.

SMFG and the Group companies strive to create a workplace for their human resources where each and every employee can take pride in and be highly motivated about his or her work. In the following pages, we would like to introduce some of initiatives in the human resources area taken by SMBC, as well as by other Group companies including Sumitomo Mitsui Card, Sumitomo Mitsui Finance and Leasing, the Japan Research Institute, SMBC Friend Securities, and Nikko Cordial Securities.

## Five Goals of SMBC's Human Resource Management

1. Maintain and strengthen sound business management to enable SMBC to compete in global markets
2. Develop staff with specialized professional skills who can provide customers with higher-value-added products and services
3. Motivate employees even more strongly by respecting their individuality based on understanding of the inherent value of diversity and encouraging them to seek personal fulfillment
4. Foster a corporate culture that encourages a forward-looking and creative attitude and places value on mutual collaboration
5. Be mindful of the social responsibilities of the Group, and nurture a corporate culture that will contribute to the healthy development of society

## Training Staff with Specialized Professional Skills

To provide a higher level of motivation for growth and development among younger personnel, SMBC provides basic practical training programs in consumer banking, corporate banking, and operations under separate programs known as the Retail Banking College, Corporate Banking College, and Banking Operations College. Employees acquire the necessary business knowledge and skills through a combination of on-the-job training and classroom courses. SMBC is currently reinforcing its training system by assigning mentors to new recruits at the workplace and placing regional and head-office mentors at the Training Institute.



Corporate Banking College

Following the amendment of the Money Lending Business Law, Sumitomo Mitsui Card has been putting increased effort into the development of staff with professional expertise in the credit business. Measures taken include active support for employees to become registered money lending officers, and regularly holding in-house workshops on products and other topics.

Sumitomo Mitsui Finance and Leasing (SMFL) has established "SMFL Standards," which sets forth a human resources development plan and methods for realizing its human resources goal for each year. This is targeted principally at *sogoshoku*

(management-track) staff up to their fifth year in the company. SMFL has created "Young Employees' Growth Plan & Guide," based on the SMFL Standards and has also opened an in-house business school that will be used to supplement on-the-job training from the current fiscal year onward.

The credo of Japan Research Institute (JRI) on human resources is that its staff is the source of added value in its solutions and proposals. In line with this, JRI has set up the Staff Development Department within the Computer System Division, and the Human Resources Incubation Center within the Comprehensive Research Division for well-planned development of human resources.

To improve young employees' knowledge and raise their skills so as to enable the company to cope effectively with the diversification and increasing sophistication of the securities business, SMBC Friend Securities has started a course of classes for acquisition of in-house skill accreditation. It has also introduced a tutor system to raise the effectiveness of on-the-job training for new employees.

As a full-line securities company which needs to nurture a wide variety of financial professionals, Nikko Cordial Securities is working to provide enhanced training to impart the necessary knowledge and skills in each specialist area. It has designated the first three years after entering the company as the crucial training period for young staff members, and is putting its full corporate resources into creating an effective employee development program.

In these ways, all Group companies are taking measures to reinforce their human resources development systems.



Staff training at Nikko Cordial Securities

## Creating a Corporate Culture that Derives Strength from Diversity

### ● Human Resources Diversity

The Group is implementing initiatives to create diversity (e.g. gender, nationality) in the workplace. At SMBC, 40% of the new university graduates hired for fiscal 2010 for *sogoshoku* and consumer services positions were women, and the number of women holding managerial positions has been increasing. In fiscal 2008, the Diversity and Inclusion Department was established within the Human Resources Department and other initiatives were launched for creating a corporate culture that derives strength from diversity.

### ● Revision of Personnel System

To enable motivated employees to take on the challenge of performing more difficult work in a higher-level post, SMBC has introduced a new workplace hierarchy system in which job rankings are more finely subdivided. This should make it easier for talented individuals to be quickly promoted to mid-management levels. We are also aiming to create a more seamless organizational system in which an employee's performance is evaluated not simply in terms of a single year's achievements on the job,

but also from the perspective of contribution to the company as a whole.

#### ● Creation of New Job Titles

SMBC has launched a new title, "Senior," for *ippanshoku* (general work) employees on the Business Career Path working in front-office positions at the Middle Market Banking Unit. Sumitomo Mitsui Card has likewise instituted a new *ippanshoku* employee position using the term "Leader." In this way, we are expanding the playing field for *ippanshoku* staff so that they can be promoted to managerial positions.

#### ● Developing Staff Needed for Global Operations

As a result of the growth of SMBC's operations on the global stage, proficiency in foreign languages is becoming increasingly vital. To answer this need, SMBC is expanding its programs for employees to study at language schools, and is assigning more young employees to overseas offices.

SMBC is strongly committed to training national staff at its overseas operations. The training facility established in Singapore by the Asia Pacific Training Department covers a broad range of subjects for employees in this region. Sessions are focused primarily on business training and the development of capabilities and skills. Furthermore, SMBC is taking steps to develop human resources on a global scale by providing education in the history of the bank and its management philosophy to newly-hired national staff during their training courses.

#### ● Employing Persons with Disabilities

SMBC has established a special company called SMBC Green Service Co., Ltd. that provides employment opportunities for people with physical disabilities. In December 2008, the company opened the Kobe Branch, and in February 2009 the Unagidani Office in Osaka for the purpose of creating jobs not only for physically but also for mentally impaired persons. In addition, to upgrade their skills, SMBC encourages its employees to participate actively in skill competitions for the disabled. Over the years, a number of its employees have participated in the National Skill Competition for the Disabled (known as the "Abilympics"), three of whom were winners in the fiscal 2008 and 2009 competition. As of March 2010, disabled people accounted for 1.90% of our employees, above the legally mandatory level of 1.8%.

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

The Group has an employee support program that provides a range of assistance for achieving a proper balance between work and home. In fiscal 2008, Sumitomo Mitsui Card, SMFL, SMBC Friend Securities, and JRI all drew up their own Work-Life Balance Guidebook, based on actual experiences at SMBC. All Group companies, including Nikko Cordial Securities, already operate systems for parental leave, leave for taking care of sick children, shorter working hours, restricted overtime work, and exemption from late-night work. All these systems provide employee benefits exceeding those mandated by law. In addition, SMBC, Sumitomo Mitsui Card, and JRI provide child-care subsidies, while SMBC, Sumitomo Mitsui Card, and SMFL operate a system for the rehiring of former employees. These systems all help realize a good work-life balance for the Group's employees.

There are also annual Children's Visitation Day and Family Visitation Day to give employees' family members a better understanding of employees' work at SMBC, Sumitomo Mitsui Card, SMFL, JRI, and SMBC Friend Securities. JRI also holds "Mama & Papa Lunches" as forums for information exchange between employees who are raising children while working. SMBC has instituted a "Go Home Early to the Family Day," while SMFL is pursuing a campaign to encourage employees to reduce the amount of overtime work. Nikko Cordial Securities has introduced an online support system for employees returning to work after parental leave. SMBC, Sumitomo Mitsui Card, and JRI have all received the *Kurumin* certification from the Japanese Ministry of Health, Labour and Welfare in recognition of their activities in support of child rearing.

All Group companies are doing their utmost to create systems that ensure a good work-life balance, as well as workplaces where employees can fully demonstrate their abilities. We plan to pursue such measures still further in the future.



Children's Visitation Program

#### Heightening Awareness of Individual Rights

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

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

#### ◆ SMBC Named as One of the Best 25 Companies in Japan in the "Great Place to Work" Rankings

In March 2010, SMBC was selected for the third year running as one of the best companies in Japan as a place to work in the survey conducted by Great Place to Work® Institute Japan.

\* Great Place to Work® Institute, Inc., a U.S. company, is a survey organization that supplies data for the annual list of the "100 Best Places to Work" published by Fortune magazine.

The survey has two major components: a survey of the internal systems and corporate culture of respondent companies, and a questionnaire survey of the employees of these companies. The survey of employees receives a weighting of two-thirds in determining the final results.



## Staff Profile

### ◆ SMBC

March 31	2008	2009	2010
Number of employees*	20,273	23,543	25,122
Male	13,457	13,669	13,793
Percentage of total	66.38%	58.06%	54.90%
Female	6,816	9,874	11,329
Percentage of total	33.62%	41.94%	45.10%
Average age	38 yrs 7 mths	36 yrs 9 mths	36 yrs 2 mths
Male	40 yrs 10 mths	40 yrs 5 mths	40 yrs 2 mths
Female	34 yrs 2 mths	31 yrs 8 mths	31 yrs 3 mths
Average years of service	15 yrs 11 mths	13 yrs 10 mths	13 yrs 3 mths
Male	17 yrs 5 mths	16 yrs 11 mths	16 yrs 8 mths
Female	12 yrs 11 mths	9 yrs 6 mths	9 yrs 0 mths
Ratio of employees with disabilities (% of total)**	2.05%	1.95%	1.90%

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

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

April 1	2008	2009	2010
Number of new hires	1,254	962	569
Number of newly employed female graduates***	518	388	204
Ratio of newly employed females to total new employees	41.3%	40.3%	35.9%

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

Fiscal	2007	2008	2009
Number of women in managerial positions****	354	456	584
Number of employees taking leave for child-rearing	163	222	331
Men taking such leave	22	27	29
Number of career hires	500	136	11

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

### ◆ Sumitomo Mitsui Card

March 31	2008	2009	2010
Number of employees*	1,989	2,156	2,247
Male	1,075	1,112	1,133
Percentage of total	54.05%	51.58%	50.42%
Female	914	1,044	1,114
Percentage of total	45.95%	48.42%	49.58%
Average age	36 yrs 4 mths	36 yrs 2 mths	36 yrs 4 mths
Male	39 yrs 8 mths	39 yrs 8 mths	39 yrs 10 mths
Female	32 yrs 2 mths	32 yrs 6 mths	32 yrs 10 mths
Average years of service	10 yrs 3 mths	10 yrs 3 mths	10 yrs 7 mths
Male	10 yrs 9 mths	11 yrs 2 mths	11 yrs 6 mths
Female	9 yrs 6 mths	9 yrs 4 mths	9 yrs 7 mths

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

April 1	2008	2009	2010
Number of new hires	114	98	84
Number of newly employed female graduates**	79	66	46
Ratio of newly employed females to total new employees	69.3%	67.3%	54.8%

\*\* Includes contract employees

### ◆ Sumitomo Mitsui Finance and Leasing

March 31	2008	2009	2010
Number of employees*	1,575	1,640	1,666
Male	1,022	1,023	1,035
Percentage of total	64.89%	62.38%	62.12%
Female	553	617	631
Percentage of total	35.11%	37.62%	37.88%
Average age	37 yrs 2 mths	37 yrs 1 mths	37 yrs 3 mths
Male	40 yrs 2 mths	40 yrs 2 mths	40 yrs 3 mths
Female	31 yrs 9 mths	32 yrs 0 mths	32 yrs 4 mths
Average years of service	12 yrs 1 mths	12 yrs 1 mths	12 yrs 5 mths
Male	14 yrs 6 mths	14 yrs 10 mths	15 yrs 2 mths
Female	7 yrs 8 mths	7 yrs 6 mths	8 yrs 0 mths

\* The number of full-time employees, including employees seconded to other companies and organizations. The following have all been excluded from this total: employees seconded from other companies and organizations, executive officers, employees on short-term contracts, part-time employees, employees of temporary employment agencies, and full-time employees of affiliates (including overseas subsidiaries).

April 1	2008	2009	2010
Number of new hires	48	40	28
Number of newly employed female graduates	5	2	1
Ratio of newly employed females to total new employees	10.4%	5.0%	3.6%

### ◆ Japan Research Institute

March 31	2008	2009	2010
Number of employees*	2,060	2,215	2,322
Male	1,618	1,732	1,792
Percentage of total	78.54%	78.19%	77.17%
Female	442	483	530
Percentage of total	21.46%	21.81%	22.83%
Average age	39 yrs 1 mths	38 yrs 11 mths	39 yrs 0 mths
Male	40 yrs 0 mths	39 yrs 8 mths	39 yrs 11 mths
Female	36 yrs 0 mths	35 yrs 11 mths	35 yrs 9 mths
Average years of service	9 yrs 8 mths	9 yrs 7 mths	9 yrs 11 mths
Male	10 yrs 0 mths	9 yrs 11 mths	10 yrs 3 mths
Female	8 yrs 8 mths	8 yrs 7 mths	8 yrs 8 mths

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

April 1	2008	2009	2010
Number of new hires	139	147	50
Number of newly employed female graduates**	39	46	14
Ratio of newly employed females to total new employees	28.1%	31.3%	28.0%

\*\* Includes only *sogoshoku* staff. *Ippanshoku* staff are excluded.

◆ SMBC Friend Securities

March 31	2008	2009	2010
Number of employees*	1,911	2,011	2,072
Male	1,354	1,434	1,462
Percentage of total	70.85%	71.31%	70.56%
Female	557	577	610
Percentage of total	29.15%	28.69%	29.44%
Average age	36 yrs 9 mths	36 yrs 9 mths	36 yrs 11 mths
Male	39 yrs 3 mths	39 yrs 1 mths	39 yrs 4 mths
Female	30 yrs 9 mths	31 yrs 1 mths	31 yrs 4 mths
Average years of service	13 yrs 3 mths	13 yrs 2 mths	13 yrs 3 mths
Male	15 yrs 4 mths	15 yrs 1 mths	15 yrs 4 mths
Female	8 yrs 1 mths	8 yrs 3 mths	8 yrs 5 mths

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

April 1	2008	2009	2010
Number of new hires	280	232	148
Number of newly employed female graduates**	132	117	68
Ratio of newly employed females to total new employees	47.1%	50.4%	45.9%

\*\* Both non-area specified and area specified staff

◆ Nikko Cordial Securities

March*	2008	2009	2010
Number of employees**	7,137	6,004	6,584
Male	4,184	3,578	4,057
Percentage of total	58.62%	59.59%	61.62%
Female	2,953	2,426	2,527
Percentage of total	41.38%	40.41%	38.38%
Average age	37 yrs 8 mths	37 yrs 2 mths	38 yrs 1 mths
Male	38 yrs 11 mths	38 yrs 11 mths	39 yrs 6 mths
Female	36 yrs 0 mths	34 yrs 7 mths	35 yrs 9 mths
Average years of service	11 yrs 7 mths	12 yrs 0 mths	12 yrs 1 mths
Male	12 yrs 6 mths	13 yrs 0 mths	12 yrs 9 mths
Female	10 yrs 4 mths	10 yrs 7 mths	11 yrs 1 mths

\* As of March 1 of the respective years

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

April 1	2008	2009	2010
Number of new hires***	408	182	159
Number of newly employed female graduates	136	53	54
Ratio of newly employed females to total new employees	33.3%	29.1%	34.0%

\*\*\* Professional staff (Classes I-II) and FA

• The combined employment ratio for persons with disabilities for the above six companies was 1.88% as of March 2010.

Principal Work-Life Balance Systems (Employee Support Programs)

	SMBC	Sumitomo Mitsui Card	Sumitomo Mitsui Finance and Leasing	SMBC Friend Securities	Japan Research Institute	Nikko Cordial Securities
Parental leave	18 months or maximum of 2 years in case of inability to place in daycare center	18 months or maximum of 2 years in case of inability to place in daycare center	1 year or maximum of 18 months in case of inability to place in daycare center	18 months or maximum of 2 years in case of inability to place in daycare center	18 months or maximum of 2 years in case of inability to place in daycare center	Up to 3 years old
Leave for taking care of sick children	Up to March 31 in the 6th grade of elementary school (10 days per annum for one child; 20 days for two or more children)	Up to March 31 in the 6th grade of elementary school (5 days per annum for one child; 10 days for two or more children)	No restrictions on children's age or number of days leave	Up to March 31 in the 3rd grade of elementary school (5 days per annum for one child; 10 days for two or more children)	Up to March 31 in the 6th grade of elementary school (5 days per annum for one child; 10 days for two or more children)	Up to entry into elementary school
Shorter working hours	Employees can choose shorter working hours for each day or fewer days worked per week, both applicable up to March 31 in the 6th grade of child's elementary school.	Employees can choose shorter working hours for each day or fewer days worked per week, both applicable up to March 31 in the 3rd grade of the child's elementary school.	Employees can reduce daily working hours to a minimum of 5 hours 30 minutes up to March 31 in the 6th grade of the child's elementary school.	Employees can reduce daily working hours to between 6 hours and 6 hours 50 minutes up to March 31 in the 3rd grade of the child's elementary school.	Employees can choose to work 6 hours per day (9:30 to 16:30) up to March 31 in the 3rd grade of the child's elementary school (this system can be combined with flexitime).	Up to child's entry into junior high school, employees can reduce working hours in increments of 30 minutes for a maximum reduction of 2 hours 30 minutes per day.
Restrictions on overtime	Up to March 31 in the 6th grade of elementary school	Up to March 31 in the 3rd grade of elementary school	Up to entry into elementary school	Up to March 31 in the 3rd grade of elementary school	Up to entry into elementary school	Up to entry into junior high school
Exemption from late-night work	Up to March 31 in the 6th grade of elementary school	Up to March 31 in the 3rd grade of elementary school	Up to entry into elementary school	Up to March 31 in the 3rd grade of elementary school	For employees who are pregnant or have given birth within 1 year	Up to entry into junior high school
Other principal systems	<ul style="list-style-type: none"> <li>• Work relocations</li> <li>• Child-care subsidies</li> <li>• Leave to care for sick family members</li> <li>• Shorter working hours to care for sick family members</li> <li>• System for rehiring former employees</li> </ul>	<ul style="list-style-type: none"> <li>• Work relocations</li> <li>• Child-care subsidies</li> <li>• Leave to care for sick family members</li> <li>• System for rehiring former employees</li> </ul>	<ul style="list-style-type: none"> <li>• Work relocations</li> <li>• System for rehiring former employees</li> </ul>	<ul style="list-style-type: none"> <li>• Leave to care for sick family members</li> <li>• Shorter working hours to care for sick family members</li> </ul>	<ul style="list-style-type: none"> <li>• Child-care subsidies</li> <li>• Leave to care for sick family members</li> <li>• Shorter working hours to care for sick family members</li> </ul>	<ul style="list-style-type: none"> <li>• Use of designated day-care center at discounted rates</li> <li>• Leave to care for sick family members</li> <li>• Special days off to care for sick family members</li> <li>• Staggered working hours (shift system)</li> </ul>





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# Consolidated Balance Sheets

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2010	2009	2010
<b>Assets</b>			
Cash and due from banks (Notes 9 and 28).....	¥ 3,371,193	¥ 3,800,890	\$ 36,230
Deposits with banks (Notes 9 and 28).....	2,468,478	1,440,804	26,528
Call loans and bills bought (Notes 9 and 28).....	1,121,145	633,655	12,049
Receivables under resale agreements (Note 28).....	25,226	10,487	271
Receivables under securities borrowing transactions (Note 28).....	5,440,622	1,820,228	58,470
Monetary claims bought (Notes 9 and 28).....	1,006,738	1,024,050	10,819
Trading assets (Notes 3, 9 and 28).....	6,708,688	4,924,961	72,098
Money held in trust (Note 28).....	18,734	8,985	201
Securities (Notes 4, 9 and 28).....	28,623,968	28,698,164	307,619
Loans and bills discounted (Notes 5, 9 and 28).....	62,701,033	65,135,319	673,842
Foreign exchanges (Note 28).....	1,107,289	885,082	11,900
Lease receivables and investment assets (Notes 9, 27 and 28).....	1,839,662	1,968,347	19,771
Other assets (Notes 6, 9 and 28).....	3,610,046	4,257,251	38,797
Tangible fixed assets (Notes 7, 9 and 15).....	1,081,125	1,008,801	11,619
Intangible fixed assets (Note 8).....	626,248	361,884	6,730
Deferred tax assets (Note 23).....	728,586	857,658	7,830
Customers' liabilities for acceptances and guarantees.....	3,749,056	3,878,504	40,291
Reserve for possible loan losses (Note 28).....	(1,068,329)	(1,077,852)	(11,481)
<b>Total assets</b> .....	<b>¥123,159,513</b>	<b>¥119,637,224</b>	<b>\$1,323,584</b>



(Continued)

March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2010	2009	2010
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
Deposits (Notes 9, 10 and 28).....	¥ 85,644,215	¥ 83,030,782	\$ 920,411
Call money and bills sold (Notes 9 and 28).....	2,119,557	2,499,113	22,779
Payables under repurchase agreements (Notes 9 and 28).....	1,120,860	778,993	12,046
Payables under securities lending transactions (Notes 9 and 28).....	4,315,774	7,589,283	46,381
Commercial paper (Note 28).....	310,787	—	3,340
Trading liabilities (Notes 9, 11 and 28).....	5,066,727	3,597,658	54,452
Borrowed money (Notes 9, 12 and 28).....	5,470,578	4,644,699	58,792
Foreign exchanges (Note 28).....	192,299	281,145	2,066
Short-term bonds (Notes 13 and 28).....	1,212,178	1,019,342	13,027
Bonds (Notes 13 and 28).....	3,422,672	3,683,483	36,783
Due to trust account (Note 28).....	159,554	60,918	1,715
Other liabilities (Notes 9, 14, 27 and 28).....	3,193,146	3,803,046	34,316
Reserve for employee bonuses.....	43,443	27,659	467
Reserve for executive bonuses.....	2,333	513	25
Reserve for employee retirement benefits (Note 26).....	41,691	35,643	448
Reserve for executive retirement benefits.....	8,216	7,965	88
Reserve for reimbursement of deposits.....	11,734	11,767	126
Reserve under the special laws.....	393	432	4
Deferred tax liabilities (Note 23).....	26,520	27,287	285
Deferred tax liabilities for land revaluation (Note 15).....	46,966	47,217	505
Acceptances and guarantees (Note 9).....	3,749,056	3,878,504	40,291
<b>Total liabilities</b> .....	<b>116,158,708</b>	<b>115,025,460</b>	<b>1,248,347</b>
<b>Net assets (Note 24)</b>			
Capital stock (Note 16).....	2,337,895	1,420,877	25,125
Capital surplus.....	978,897	57,245	10,520
Retained earnings.....	1,451,945	1,245,085	15,604
Treasury stock.....	(124,061)	(124,024)	(1,333)
<b>Total stockholders' equity</b> .....	<b>4,644,677</b>	<b>2,599,183</b>	<b>49,916</b>
Net unrealized gains (losses) on other securities (Notes 23 and 28).....	412,708	(14,649)	4,435
Net deferred losses on hedges (Notes 23 and 30).....	(39,367)	(20,835)	(423)
Land revaluation excess (Note 15).....	34,955	35,159	375
Foreign currency translation adjustments.....	(101,650)	(129,068)	(1,092)
<b>Total valuation and translation adjustments</b> .....	<b>306,646</b>	<b>(129,394)</b>	<b>3,295</b>
Stock acquisition rights (Note 31).....	81	66	1
Minority interests.....	2,049,400	2,141,908	22,025
<b>Total net assets</b> .....	<b>7,000,805</b>	<b>4,611,764</b>	<b>75,237</b>
<b>Total liabilities and net assets</b> .....	<b>¥123,159,513</b>	<b>¥119,637,224</b>	<b>\$1,323,584</b>

See accompanying notes to consolidated financial statements.

# Consolidated Statements of Operations

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2010	2009	2010
<b>Income</b>			
Interest income.....	¥1,695,805	¥2,087,348	\$18,225
Interest on loans and discounts .....	1,287,955	1,564,768	13,842
Interest and dividends on securities.....	241,216	299,616	2,592
Interest on receivables under resale agreements.....	902	1,750	10
Interest on receivables under securities borrowing transactions .....	5,413	4,506	58
Interest on deposits with banks .....	14,757	42,738	159
Interest on lease transactions.....	74,542	77,772	801
Other interest income .....	71,018	96,195	763
Trust fees .....	1,778	2,122	19
Fees and commissions (Note 17) .....	729,364	672,752	7,838
Trading income (Note 18) .....	194,087	211,738	2,086
Other operating income (Note 19).....	453,012	529,599	4,869
Other income (Note 21) .....	110,638	52,973	1,189
<b>Total income .....</b>	<b>3,184,688</b>	<b>3,556,536</b>	<b>34,226</b>
<b>Expenses</b>			
Interest expenses .....	314,893	748,894	3,384
Interest on deposits.....	180,021	374,359	1,935
Interest on borrowings and rediscounts.....	44,174	85,274	475
Interest on payables under repurchase agreements .....	1,390	7,298	15
Interest on payables under securities lending transactions .....	6,165	59,962	66
Interest on bonds and short-term bonds .....	73,652	89,256	791
Other interest expenses .....	9,489	132,743	102
Fees and commissions payments (Note 17) .....	120,748	115,574	1,298
Other operating expenses (Note 20) .....	401,773	473,212	4,318
General and administrative expenses .....	1,161,302	1,063,419	12,480
Provision for reserve for possible loan losses.....	201,620	402,807	2,167
Other expenses (Note 22).....	426,252	723,131	4,581
<b>Total expenses.....</b>	<b>2,626,590</b>	<b>3,527,040</b>	<b>28,228</b>
<b>Income before income taxes and minority interests .....</b>	<b>558,097</b>	<b>29,495</b>	<b>5,998</b>
Income taxes (Note 23):			
Current.....	104,110	72,238	1,119
Deferred.....	74,759	262,405	804
Minority interests in net income .....	107,668	68,308	1,157
<b>Net income (loss).....</b>	<b>¥ 271,559</b>	<b>¥ (373,456)</b>	<b>\$ 2,918</b>

See accompanying notes to consolidated financial statements.

# Consolidated Statements of Changes in Net Assets

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2010	2009	2010
<b>Stockholders' equity</b>			
<b>Capital stock</b>			
Balance at the end of the previous fiscal year.....	¥1,420,877	¥1,420,877	\$15,270
Changes in the fiscal year:			
Issuance of new shares .....	917,018	—	9,855
Net changes in the fiscal year.....	917,018	—	9,855
Balance at the end of the fiscal year .....	¥2,337,895	¥1,420,877	\$25,125
<b>Capital surplus</b>			
Balance at the end of the previous fiscal year.....	57,245	57,826	615
Changes in the fiscal year:			
Issuance of new shares .....	928,094	—	9,974
Disposal of treasury stock .....	(108)	(580)	(1)
Decrease due to decrease in affiliates.....	(6,333)	—	(68)
Net changes in the fiscal year.....	921,652	(580)	9,905
Balance at the end of the fiscal year .....	¥ 978,897	¥ 57,245	\$10,520
<b>Retained earnings</b>			
Balance at the end of the previous fiscal year.....	1,245,085	1,740,610	13,381
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)	(765)
Net income (loss) .....	271,559	(373,456)	2,918
Increase due to increase in subsidiaries.....	8	19	0
Increase due to decrease in subsidiaries .....	3	8	0
Decrease due to increase in subsidiaries .....	(11)	(14)	(0)
Decrease due to decrease in subsidiaries.....	(1)	(1)	(0)
Increase due to decrease in affiliates .....	6,333	—	68
Reversal of land revaluation excess .....	141	(114)	2
Net changes in the fiscal year.....	206,859	(492,392)	2,223
Balance at the end of the fiscal year .....	¥1,451,945	¥1,245,085	\$15,604
<b>Treasury stock</b>			
Balance at the end of the previous fiscal year.....	(124,024)	(123,989)	(1,333)
Changes in the fiscal year:			
Purchase of treasury stock .....	(189)	(943)	(2)
Disposal of treasury stock .....	152	907	2
Net changes in the fiscal year.....	(36)	(35)	(0)
Balance at the end of the fiscal year .....	¥ (124,061)	¥ (124,024)	\$ (1,333)
<b>Total stockholders' equity</b>			
Balance at the end of the previous fiscal year.....	2,599,183	3,095,324	27,933
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	—	19,829
Cash dividends .....	(71,174)	(118,833)	(765)
Net income (loss) .....	271,559	(373,456)	2,918
Purchase of treasury stock .....	(189)	(943)	(2)
Disposal of treasury stock .....	43	326	1
Increase due to increase in subsidiaries.....	8	19	0
Increase due to decrease in subsidiaries .....	3	8	0
Decrease due to increase in subsidiaries .....	(11)	(14)	(0)
Decrease due to decrease in subsidiaries.....	(1)	(1)	(0)
Increase due to decrease in affiliates .....	6,333	—	68
Decrease due to decrease in affiliates.....	(6,333)	—	(68)
Reversal of land revaluation excess .....	141	(114)	2
Net changes in the fiscal year.....	2,045,493	(493,008)	21,983
Balance at the end of the fiscal year .....	¥4,644,677	¥2,599,183	\$49,916

(Continued)

Year ended March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2010	2009	2010
<b>Valuation and translation adjustments</b>			
Net unrealized gains (losses) on other securities			
Balance at the end of the previous fiscal year.....	¥ (14,649)	¥ 550,648	\$ (157)
Changes in the fiscal year:			
Net changes in items other than stockholders' equity in the fiscal year.....	427,358	(565,298)	4,592
Net changes in the fiscal year.....	427,358	(565,298)	4,592
Balance at the end of the fiscal year.....	¥ 412,708	¥ (14,649)	\$ 4,435
Net deferred losses on hedges			
Balance at the end of the previous fiscal year.....	(20,835)	(75,233)	(224)
Changes in the fiscal year:			
Net changes in items other than stockholders' equity in the fiscal year.....	(18,531)	54,397	(199)
Net changes in the fiscal year.....	(18,531)	54,397	(199)
Balance at the end of the fiscal year.....	¥ (39,367)	¥ (20,835)	\$ (423)
Land revaluation excess			
Balance at the end of the previous fiscal year.....	35,159	34,910	377
Changes in the fiscal year:			
Net changes in items other than stockholders' equity in the fiscal year.....	(204)	248	(2)
Net changes in the fiscal year.....	(204)	248	(2)
Balance at the end of the fiscal year.....	¥ 34,955	¥ 35,159	\$ 375
Foreign currency translation adjustments			
Balance at the end of the previous fiscal year.....	(129,068)	(27,323)	(1,387)
Changes in the fiscal year:			
Net changes in items other than stockholders' equity in the fiscal year.....	27,418	(101,744)	295
Net changes in the fiscal year.....	27,418	(101,744)	295
Balance at the end of the fiscal year.....	¥ (101,650)	¥ (129,068)	\$ (1,092)
Total valuation and translation adjustments			
Balance at the end of the previous fiscal year.....	(129,394)	483,002	(1,391)
Changes in the fiscal year:			
Net changes in items other than stockholders' equity in the fiscal year.....	436,040	(612,396)	4,686
Net changes in the fiscal year.....	436,040	(612,396)	4,686
Balance at the end of the fiscal year.....	¥ 306,646	¥ (129,394)	\$ 3,295
<b>Stock acquisition rights</b>			
Balance at the end of the previous fiscal year.....	66	43	1
Changes in the fiscal year:			
Net changes in items other than stockholders' equity in the fiscal year.....	15	22	0
Net changes in the fiscal year.....	15	22	0
Balance at the end of the fiscal year.....	¥ 81	¥ 66	\$ 1
<b>Minority interests</b>			
Balance at the end of the previous fiscal year.....	2,141,908	1,645,705	23,019
Changes in the fiscal year:			
Net changes in items other than stockholders' equity in the fiscal year.....	(92,508)	496,202	(994)
Net changes in the fiscal year.....	(92,508)	496,202	(994)
Balance at the end of the fiscal year.....	¥2,049,400	¥2,141,908	\$22,025
<b>Total net assets</b>			
Balance at the end of the previous fiscal year.....	4,611,764	5,224,076	49,562
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	—	19,829
Cash dividends.....	(71,174)	(118,833)	(765)
Net income (loss).....	271,559	(373,456)	2,918
Purchase of treasury stock.....	(189)	(943)	(2)
Disposal of treasury stock.....	43	326	1
Increase due to increase in subsidiaries.....	8	19	0
Increase due to decrease in subsidiaries.....	3	8	0
Decrease due to increase in subsidiaries.....	(11)	(14)	(0)
Decrease due to decrease in subsidiaries.....	(1)	(1)	(0)
Increase due to decrease in affiliates.....	6,333	—	68
Decrease due to decrease in affiliates.....	(6,333)	—	(68)
Reversal of land revaluation excess.....	141	(114)	2
Net changes in items other than stockholders' equity in the fiscal year.....	343,547	(116,171)	3,692
Net changes in the fiscal year.....	2,389,041	(609,180)	25,675
Balance at the end of the fiscal year.....	¥7,000,805	¥4,611,764	\$75,237

See accompanying notes to consolidated financial statements.

# Consolidated Statements of Cash Flows

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

Year ended March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2010	2009	2010
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interests .....	¥ 558,097	¥ 29,495	\$ 5,998
Depreciation .....	136,860	123,025	1,471
Losses on impairment of fixed assets.....	12,856	7,363	138
Amortization of goodwill.....	18,634	8,388	200
Equity in losses of affiliates .....	21,542	94,876	231
Net change in reserve for possible loan losses.....	(1,419)	191,190	(15)
Net change in reserve for employee bonuses.....	7,543	102	81
Net change in reserve for executive bonuses.....	813	(630)	9
Net change in reserve for employee retirement benefits.....	903	2,273	10
Net change in reserve for executive retirement benefits.....	204	58	2
Net change in reserve for reimbursement of deposits .....	(43)	1,350	(0)
Interest income.....	(1,695,805)	(2,087,348)	(18,225)
Interest expenses .....	314,893	748,894	3,384
Net (gains) losses on securities .....	(19,837)	155,831	(213)
Net losses from money held in trust.....	245	134	3
Net exchange losses .....	83,038	184,195	892
Net (gains) losses from disposal of fixed assets .....	(11,176)	10,847	(120)
Net change in trading assets.....	(983,770)	(912,601)	(10,572)
Net change in trading liabilities .....	1,195,098	1,028,101	12,844
Net change in loans and bills discounted .....	3,591,071	(3,439,852)	38,593
Net change in deposits.....	1,918,359	3,031,427	20,616
Net change in negotiable certificates of deposit.....	(462,243)	4,384,033	(4,968)
Net change in borrowed money (excluding subordinated borrowings).....	541,021	475,829	5,814
Net change in deposits with banks .....	(770,291)	764,080	(8,278)
Net change in call loans and bills bought and others .....	(474,477)	409,341	(5,099)
Net change in receivables under securities borrowing transactions.....	(3,226,847)	119,941	(34,679)
Net change in call money and bills sold and others.....	(473,642)	(1,186,720)	(5,090)
Net change in commercial paper .....	310,787	—	3,340
Net change in payables under securities lending transactions.....	(3,409,463)	1,857,241	(36,641)
Net change in foreign exchanges (assets).....	(220,622)	2,261	(2,371)
Net change in foreign exchanges (liabilities) .....	(89,277)	(19,280)	(959)
Net change in lease receivables and investment assets.....	202,531	46,904	2,177
Net change in short-term bonds (liabilities).....	168,836	244,242	1,814
Issuance and redemption of bonds (excluding subordinated bonds).....	(211,844)	(283,810)	(2,277)
Net change in due to trust account.....	98,635	(19,878)	1,060
Interest received .....	1,760,370	2,132,561	18,919
Interest paid.....	(341,821)	(765,686)	(3,674)
Other, net .....	(321,815)	137,137	(3,459)
<b>Subtotal.....</b>	<b>(1,772,056)</b>	<b>7,475,320</b>	<b>(19,044)</b>
Income taxes paid .....	(108,864)	(107,266)	(1,170)
<b>Net cash provided by (used in) operating activities .....</b>	<b>(1,880,921)</b>	<b>7,368,053</b>	<b>(20,214)</b>

(Continued)

Year ended March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2010	2009	2010
<b>Cash flows from investing activities:</b>			
Purchases of securities .....	¥(46,300,009)	¥(53,213,459)	\$(497,582)
Proceeds from sale of securities .....	32,626,376	34,674,690	350,633
Proceeds from maturity of securities.....	14,263,916	12,176,246	153,293
Purchases of money held in trust.....	(9,748)	(2,135)	(105)
Proceeds from sale of money held in trust.....	27	0	0
Purchases of tangible fixed assets.....	(156,154)	(175,632)	(1,678)
Proceeds from sale of tangible fixed assets.....	37,114	12,081	399
Purchases of intangible fixed assets.....	(82,287)	(74,489)	(884)
Proceeds from sale of intangible fixed assets.....	111	58	1
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 change in scope of consolidation .....	—	355	—
Purchases of stocks of subsidiaries resulting in change in scope of consolidation .....	(537,007)	(8,675)	(5,771)
Proceeds from sale of stocks of subsidiaries resulting in change in scope of consolidation .....	—	13,264	—
<b>Net cash used in investing activities .....</b>	<b>(157,661)</b>	<b>(6,639,254)</b>	<b>(1,694)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of subordinated borrowings.....	8,000	5,000	86
Repayment of subordinated borrowings.....	(78,000)	(92,500)	(838)
Proceeds from issuance of subordinated bonds and bonds with stock acquisition rights.....	611,172	380,600	6,568
Repayment of subordinated bonds and bonds with stock acquisition rights .....	(639,981)	(316,874)	(6,878)
Proceeds from issuance of stocks .....	1,824,896	—	19,612
Dividends paid.....	(71,063)	(118,758)	(764)
Proceeds from contributions paid by minority stockholders.....	388,000	1,046,529	4,170
Repayment to minority stockholders.....	(492,987)	(460,564)	(5,298)
Dividends paid to minority stockholders .....	(98,791)	(90,162)	(1,062)
Purchases of treasury stock .....	(189)	(943)	(2)
Proceeds from disposal of treasury stock.....	43	326	1
<b>Net cash provided by financing activities .....</b>	<b>1,451,099</b>	<b>352,652</b>	<b>15,595</b>
Effect of exchange rate changes on cash and due from banks.....	(302)	(17,315)	(3)
<b>Net change in cash and due from banks .....</b>	<b>(587,786)</b>	<b>1,064,136</b>	<b>(6,316)</b>
<b>Cash and due from banks at the beginning of the year .....</b>	<b>3,800,890</b>	<b>2,736,752</b>	<b>40,847</b>
<b>Change in cash and due from banks due to merger of consolidated subsidiary.....</b>	<b>158,089</b>	<b>—</b>	<b>1,699</b>
<b>Change in cash and due from banks due to newly consolidated subsidiaries .....</b>	<b>—</b>	<b>0</b>	<b>—</b>
<b>Cash and due from banks at the end of the year .....</b>	<b>¥ 3,371,193</b>	<b>¥ 3,800,890</b>	<b>\$ 36,230</b>

See accompanying notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries  
Years ended March 31, 2010 and 2009

## 1. Basis of Presentation

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

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

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

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

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

Amounts less than 1 million yen have been omitted. As a result, the totals in Japanese yen shown in the financial statements do not necessarily agree with the sum of the individual amounts. The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2010, which was ¥93.05 to US\$1. These translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at that rate.

## 2. Significant Accounting Policies

### (1) Consolidation and equity method

#### (a) Scope of consolidation

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

#### (i) Consolidated subsidiaries

The number of consolidated subsidiaries is as follows:

March 31	2010	2009
Consolidated subsidiaries.....	307	288

#### 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 the 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 acquisition of shares.

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

Furthermore, 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.

#### (ii) 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 the Consolidated Financial Statements Regulations.

Other unconsolidated subsidiaries are also excluded from the scope of consolidation because their total amounts in terms of total assets, ordinary income, net income and retained earnings are immaterial, and as such, they do not hinder a rational judgment of SMFG's financial position and results of operations when excluded from the scope of consolidation.

#### (b) Application of the equity method

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

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

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

March 31	2010	2009
Unconsolidated subsidiaries.....	4	4

##### Principal company:

SBCS Co., Ltd.

(ii) Affiliates accounted for by the equity method

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

March 31	2010	2009
Affiliates.....	54	75

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 the affiliates accounted for by the equity method in the fiscal year ended March 31, 2010 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.

(iii) 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 the Consolidated Financial Statements Regulations.

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

Principal company:

Daiwa SB Investments (USA) Ltd.

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

(c) The balance sheet dates of consolidated subsidiaries

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

March 31	2010	2009
March 31 .....	—	1
May 31 .....	4	6
June 30 .....	2	2
July 31 .....	5	5
September 30 .....	2	2
October 31 .....	5	4
November 30 .....	120	125
December 31 .....	18	15
January 31 .....	8	7
February 28 .....	143	121
March 31 .....		

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

Overseas consolidated subsidiaries with balance sheets dated December 31 were established in March 2010. Their financial statements are consolidated after the accounts are provisionally closed as of March 31.

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

(d) Special purpose entities

(i) Outline of special purpose entities and transactions  
 SMBC provides loans, credit lines and liquidity lines to 12 special purpose entities ("SPEs") for their funding needs and issuing of commercial paper. The SPEs are engaged in purchases of monetary claims such as receivables from SMBC customers and incorporated under the laws of the Cayman Islands or as intermediate corporations with limited liabilities. SMBC has no voting rights in the SPEs and sends no directors or employees. Accordingly, SMFG does not consolidate these SPEs.

The combined assets and liabilities of the 12 SPEs as of their most recent closing dates of 2010 were ¥2,261,647 million (\$24,306 million) and ¥2,261,476 million (\$24,304 million), respectively. The respective amounts of 2009 were ¥3,140,527 million and ¥3,140,894 million.

(ii) The amount of principal transactions with the SPEs as of and for the fiscal years ended March 31, 2010 and 2009 were as follows:

March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Loans and bills discounted.....	¥1,630,152	¥1,851,401	\$17,519
Credit lines.....	670,385	824,149	7,205
Liquidity lines.....	279,947	394,533	3,009

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Interest on loans and discounts .....	¥17,520	¥26,092	\$188
Fees and commissions...	2,288	2,133	25

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

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

Securities and monetary claims purchased for trading



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

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

(3) Securities

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

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

Securities other than trading purpose securities, held-to-maturity securities and investments in unconsolidated subsidiaries and affiliates are classified as “other securities” (available-for-sale securities). Stocks (including foreign stocks) in other securities that have market prices are carried at their average market prices during the final month of the fiscal year, and bonds and others that have market prices are carried at their fiscal year-end market prices (cost of securities sold is calculated using primarily the moving-average method). Other securities, for which it is extremely difficult to determine fair value, 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 using the same method used for securities mentioned above.

(4) Derivative transactions

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

(5) Depreciation

(a) Tangible fixed assets

Buildings owned by SMFG and SMBC are depreciated using the straight-line method over the estimated useful lives of the respective assets. Assets other than buildings are depreciated using the declining-balance method. The estimated useful lives of major items are as follows:

Buildings: 7 to 50 years

Others: 2 to 20 years

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

(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 5 years).

(c) Lease assets

Lease assets with respect to non-transfer ownership finance leases, which are recorded in “Tangible fixed assets,” are depreciated using the straight-line method, assuming that lease term is its expected lifetime and salvage value is 0.

(6) Reserve for possible loan losses

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

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

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

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

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

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

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

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

For collateralized or guaranteed claims on bankrupt borrowers and effectively bankrupt borrowers, the amount exceeding the estimated value of collateral and guarantees is deemed to be uncollectible and written off against the total outstanding

amount of the claims. The amount of write-off was ¥843,781 million (\$9,068 million) and ¥717,010 million at March 31, 2010 and 2009, respectively.

(7) Reserve for employee bonuses

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

(8) Reserve for executive bonuses

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

(9) Reserve for employee retirement benefits

The reserve for employee retirement benefits is provided for payment of retirement benefits to employees, in the amount deemed accrued at the fiscal year-end, based on the projected retirement benefit obligation and the fair value of plan assets at the fiscal year-end.

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

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

"Partial Amendments to Accounting Standard for Retirement Benefits (Part3)" (Accounting Standard Board of Japan ("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 the fiscal year ended March 31, 2010. This accounting method has no impact on the consolidated financial statements for the fiscal year ended March 31, 2010.

(10) Reserve for executive retirement benefits

The reserve for executive retirement benefits is provided for payment of retirement benefits to directors, corporate auditors and other executive officers, in the amount deemed accrued at the fiscal year-end based on the internal regulations.

(11) Reserve for reimbursement of deposits

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

(12) Reserve under the special laws

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

(13) Translation of foreign currency assets and liabilities

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

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

(14) Lease transactions

(a) Recognition of income on finance leases

Interest income is allocated to each period.

(b) Recognition of income on operating leases

Primarily, lease-related income is recognized on a straight-line basis over the term of the lease, based on the contractual amount of lease fees per month.

(c) Recognition of income and expenses on installment sales

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

(15) Hedge accounting

(a) Hedging against interest rate changes

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

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

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

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

As a result of the application of JICPA Industry Audit Committee Report No. 24, SMBC discontinued the application of hedge accounting or applied fair value hedge accounting to a portion of the hedging instruments using "macro hedge," which had been applied in order to manage interest rate risk arising from large-volume transactions in loans, deposits and other interest-earning assets and interest-bearing liabilities as a whole using derivatives pursuant to "Temporary Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 15). The deferred hedge losses and gains related to such a portion of hedging instruments are charged to "Interest income" or "Interest expenses" over a 12-year period (maximum) according to their maturity from the fiscal year ended March 31, 2004. Gross amounts of deferred hedge losses on "macro hedge" (before deducting tax effect) at March 31, 2010 and 2009 were ¥2,470 million (\$27 million) and ¥6,921 million, respectively. Gross amounts of deferred hedge gains on "macro hedge" (before deducting tax effect) at March 31, 2010 and 2009 were ¥2,416 million (\$26 million) and ¥5,688 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 non-arbitrary and strict criteria for external transactions stipulated in JICPA Industry Audit Committee Report No. 24 and No. 25. Therefore, SMBC accounts for the gains or losses that arise from interest rate swaps and currency swaps in its earnings or defers them, rather than eliminating them.

Certain other consolidated subsidiaries apply the deferred hedge accounting or 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).

## (16) Consumption taxes

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

## (17) Valuation of consolidated subsidiaries' assets and liabilities

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

## (18) 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 was charged or credited to income directly when incurred or benefited.

## (19) Statements of cash flows

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

## (20) Application of new accounting standards

## (a) 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 the fiscal year ended March 31, 2010. Accordingly, this accounting change has the following impact on the consolidated financial statements as compared with the previous accounting method:

	Millions of yen	Millions of U.S. dollars
Monetary claims bought .....	¥ 8,710	\$ 94
Securities .....	41,914	450
Net unrealized gains (losses) on other securities .....	39,315	423
Deferred tax assets .....	(27,056)	(291)
Reserve for possible loan losses ...	(34,999)	(376)

As a result, income before income taxes and minority interests increased by ¥19,251 million (\$207 million) as compared with the former method.

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

“Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force No. 18, issued on May 17, 2006) became effective from the fiscal year beginning on and after April 1, 2008. Accordingly, SMFG has applied it from the fiscal year ended March 31, 2009. This accounting method has decreased retained earnings at April 1, 2008 by ¥3,132 million, but has no material impact on the profit or loss for the fiscal year ended March 31, 2009.

## (c) Accounting Standard for Lease Transactions

Non-transfer ownership finance leases had been accounted for using the same method as for operating leases. However, “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, issued on March 30, 2007) and “Implementation Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16, issued on March 30, 2007) became effective from the fiscal year beginning on and after April 1, 2008. Accordingly, SMFG has applied them from the fiscal year ended March 31, 2009.

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

## (i) Lessee side

Future minimum lease payments, excluding the interest portion, at March 31, 2008 are considered as acquisition cost and recorded as lease assets in either "Tangible fixed assets" or "Intangible fixed assets," assuming they had been acquired at the beginning of the fiscal year.

## (ii) Lessor side

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

Accordingly, this accounting change has the following impact on the consolidated financial statements as of and for the fiscal year ended March 31, 2009 as compared with the previous accounting method:

	Millions of yen
Lease receivables and investment assets .....	¥1,968,347
Tangible fixed assets:	
Lease assets .....	7,206
Intangible fixed assets:	
Lease assets .....	480
Loans and bills discounted .....	(138,788)
Lease assets .....	(1,205,021)
Other assets .....	(662,005)
Other liabilities .....	(32,205)
Interest income:	
Interest on lease transactions .....	¥ 77,772
Interest on loans and discounts .....	(7,659)
Interest expenses:	
Other interest expenses .....	(639)
Other operating income:	
Lease-related income .....	(503,389)
Installment-related income .....	(242,763)
Other .....	(810)
Other operating expenses:	
Lease-related expenses .....	(472,005)
Installment-related expenses .....	(206,456)
General and administrative expenses .....	(178)

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

## (21) Changes in presentation

- (a) Lease assets related to operating leases on lessor side (March 31, 2009: ¥180,273 million) had been included in "Lease assets." From the fiscal year ended March 31, 2009, they are included in the following items because they have been immaterial:

	Millions of yen
March 31	2009
Tangible fixed assets:	
Buildings .....	¥52,681
Land .....	68,131
Other tangible fixed assets .....	59,460
Intangible fixed assets:	
Software .....	0

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

## (22) Issuance of new shares

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, 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."

## (23) Change in method of valuation of certain securities

Floating-rate Japanese government bonds which SMFG Group held as "Other securities — AFS securities" had been carried on the consolidated balance sheet at market values. From the fiscal year ended March 31, 2009, such bonds have been carried at their reasonably estimated amounts in accordance with the "Practical Solution on Measurement of Fair Value for Financial Assets" (ASBJ Practical Issues Task Force No. 25, issued on October 28, 2008). As a result of this accounting change, compared with the former accounting method at March 31, 2009, "Securities," "Net unrealized gains on other

securities” and “Minority interests” increased by ¥117,757 million, ¥67,741 million and ¥2,508 million, respectively, and “Deferred tax assets” decreased by ¥47,508 million.

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

#### (24) Transactions with related parties

SMFG has applied “Accounting Standard for Related Party Disclosures” (ASBJ Statement No. 11, issued on October 17, 2006) and “Guidance on Accounting Standard for Related Party Disclosures” (ASBJ Guidance No. 13, issued on October 17, 2006) from the fiscal year ended March 31, 2009. There are no material transactions with related parties to be reported in the fiscal years ended March 31, 2010 and 2009.

### 3. Trading Assets

Trading assets at March 31, 2010 and 2009 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Trading securities .....	¥2,779,725	¥ 293,956	\$29,874
Derivatives of trading securities.....	1,246	470	13
Derivatives of securities related to trading transactions.....	6,931	13,428	75
Trading-related financial derivatives.....	3,642,477	4,052,928	39,145
Other trading assets.....	278,307	564,178	2,991
	<b>¥6,708,688</b>	<b>¥4,924,961</b>	<b>\$72,098</b>

### 4. Securities

Securities at March 31, 2010 and 2009 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Japanese government bonds*1 .....	¥16,738,321	¥14,734,419	\$179,885
Japanese local government bonds.....	422,648	338,688	4,542
Japanese corporate bonds*2 .....	3,548,359	3,899,189	38,134
Japanese stocks*1, 3, 4.....	2,967,641	2,755,683	31,893
Other*1, 3, 4 .....	4,946,997	6,970,184	53,165
	<b>¥28,623,968</b>	<b>¥28,698,164</b>	<b>\$307,619</b>

\*1 Unsecured loaned securities for which borrowers have the right to sell or pledge in the amount of ¥41,826 million (\$450 million) are included in Japanese government bonds in Securities and in trading securities in Trading assets at March 31, 2010 and such securities in the amount of ¥33,312 million are included in Japanese government bonds and other in Securities at March 31, 2009.

SMBC has the right to sell or pledge, some of the unsecured borrowed securities, securities under resale agreements and securities borrowed with cash collateral. Of these securities, ¥3,840,308 million (\$41,271 million) are pledged, and ¥133,566 million (\$1,435 million) are held in hand at March 31, 2010. The respective amounts at March 31, 2009 were ¥1,717,335 million and ¥188,715 million.

\*2 Japanese corporate bonds include privately placed bonds (stipulated by Article 2-3 of the Financial Instruments and Exchange Act) which are guaranteed by banking subsidiaries in the amount of ¥2,136,145 million (\$22,957 million) and ¥2,304,890 million at March 31, 2010 and 2009, respectively.

\*3 Japanese stocks and other include investments in unconsolidated subsidiaries and affiliates of ¥321,897 million (\$3,459 million) and ¥469,965 million at March 31, 2010 and 2009, respectively.

\*4 Japanese stocks and other include investments in jointly controlled entities of ¥94,369 million (\$1,014 million) and ¥14,756 million at March 31, 2010 and 2009, respectively.

### 5. Loans and Bills Discounted

(1) Loans and bills discounted at March 31, 2010 and 2009 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Bills discounted.....	¥ 196,382	¥ 257,759	\$ 2,111
Loans on notes.....	2,324,520	2,852,998	24,981
Loans on deeds.....	52,839,032	53,489,947	567,856
Overdrafts .....	7,341,097	8,534,613	78,894
	<b>¥62,701,033</b>	<b>¥65,135,319</b>	<b>\$673,842</b>

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

March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Risk-monitored loans:			
Bankrupt loans* <sup>1</sup> .....	¥ 165,131	¥ 292,088	\$ 1,775
Non-accrual loans* <sup>2</sup> .....	1,075,782	1,019,352	11,561
Past due loans (3 months or more)* <sup>3</sup> .....	38,315	36,162	412
Restructured loans* <sup>4</sup> .....	250,256	238,713	2,689
	<b>¥1,529,484</b>	<b>¥1,586,317</b>	<b>\$16,437</b>

\*<sup>1</sup> “Bankrupt loans” are loans, after write-off, to legally bankrupt borrowers as defined in Articles 96-1-3 and 96-1-4 of the Enforcement Ordinance No. 97 of the Japanese Corporate Tax Law (issued in 1965) and on which accrued interest income is not recognized as there is substantial doubt about the ultimate collectability of either principal or interest because they are past due for a considerable period of time or for other reasons.

\*<sup>2</sup> “Non-accrual loans” are loans on which accrued interest income is not recognized, excluding “Bankrupt loans” and loans on which interest payments are deferred in order to support the borrowers’ recovery from financial difficulties.

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

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

(3) Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24. SMFG’s banking subsidiaries have rights to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions. The total face value at March 31, 2010 and 2009 was ¥617,381 million (\$6,635 million) and ¥686,407 million, respectively.

(4) Commitment line contracts on overdrafts and loans are agreements to lend to customers, up to a prescribed amount, as long as there is no violation of any condition established in the contracts. The amounts of unused commitments at March 31, 2010 and 2009 were ¥41,957,592 million (\$450,914 million) and ¥39,983,526 million, respectively, and the amounts of unused commitments whose original contract terms are within 1 year or unconditionally cancelable at any time at March 31, 2010 and 2009 were ¥36,373,235 million (\$390,900 million) and ¥34,012,566 million, respectively.

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

## 6. Other Assets

Other assets at March 31, 2010 and 2009 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Prepaid expenses.....	¥ 30,643	¥ 35,305	\$ 329
Accrued income.....	239,422	265,015	2,573
Deferred assets.....	488,712	868,188	5,252
Financial derivatives*.....	1,079,708	1,406,092	11,604
Other.....	1,771,559	1,682,648	19,039
	<b>¥3,610,046</b>	<b>¥4,257,251</b>	<b>\$38,797</b>

\* Referred to in Note 30

## 7. Tangible Fixed Assets

Tangible fixed assets at March 31, 2010 and 2009 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Buildings .....	¥ 314,461	¥ 296,219	\$ 3,380
Land* .....	544,075	531,726	5,847
Lease assets .....	8,159	7,206	88
Construction in progress .....	8,206	3,527	88
Other tangible fixed assets .....	206,222	170,121	2,216
Total .....	¥1,081,125	¥1,008,801	\$11,619
Accumulated depreciation .....	¥ 671,298	¥ 616,324	\$ 7,214

\* Includes land revaluation excess referred to in Note 15.

## 8. Intangible Fixed Assets

Intangible fixed assets at March 31, 2010 and 2009 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Software .....	¥215,563	¥163,522	\$2,317
Goodwill .....	363,507	186,793	3,906
Lease assets .....	367	480	4
Other intangible fixed assets .....	46,809	11,087	503
	¥626,248	¥361,884	\$6,730

## 9. Assets Pledged as Collateral

Assets pledged as collateral at March 31, 2010 and 2009 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Assets pledged as collateral:			
Cash and due from banks and Deposits with banks .....	¥ 703	¥ 339,948	\$ 8
Call loans and bills bought .....	367,035	259,186	3,944
Monetary claims bought .....	1,870	2,020	20
Trading assets .....	2,337,389	610,146	25,120
Securities .....	4,649,170	8,049,756	49,964
Loans and bills discounted .....	1,631,290	3,062,015	17,531
Lease receivables and investment assets .....	15,478	41,993	166
Tangible fixed assets .....	16,165	11,153	174
Other assets (installment account receivable, etc.) .....	3,087	2,165	33
Liabilities corresponding to assets pledged as collateral:			
Deposits .....	24,992	27,060	269
Call money and bills sold .....	642,100	1,266,265	6,901
Payables under repurchase agreements .....	1,120,860	778,993	12,046
Payables under securities lending transactions .....	3,664,591	6,332,775	39,383
Trading liabilities .....	365,974	594,121	3,933
Borrowed money .....	1,468,005	1,970,209	15,777
Other liabilities .....	14,611	4,587	157
Acceptances and guarantees .....	123,733	134,530	1,330

In addition to the assets presented above, the following assets were pledged as collateral for cash settlements, variation margins of futures market transactions and certain other purposes at March 31, 2010 and 2009:

March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Cash and due from banks and Deposits with banks .....	¥ 25,804	¥ 19,380	\$ 277
Trading assets .....	111,283	52,843	1,196
Securities .....	14,233,542	11,172,095	152,967
Loans and bills discounted .....	1,171,863	284,157	12,594

At March 31, 2010, other assets included surety deposits of ¥102,085 million (\$1,097 million), variation margins of futures market transactions of ¥8,457 million (\$91 million) and other variation margins of ¥83,768 million (\$90 million). At March 31, 2009, other assets included surety deposits of ¥85,892 million and variation margins of futures market transactions of ¥6,252 million.

## 10. Deposits

Deposits at March 31, 2010 and 2009 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Current deposits .....	¥ 6,871,401	¥ 6,588,074	\$ 73,846
Ordinary deposits .....	35,153,531	34,078,361	377,792
Savings deposits .....	750,961	815,336	8,071
Deposits at notice .....	5,363,534	5,162,137	57,642
Time deposits .....	26,888,129	25,039,089	288,964
Negotiable certificates of deposit .....	6,995,619	7,461,284	75,181
Other deposits .....	3,621,037	3,886,497	38,915
	¥85,644,215	¥83,030,782	\$920,411

## 11. Trading Liabilities

Trading liabilities at March 31, 2010 and 2009 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Trading securities sold for short sales .....	¥1,582,808	¥ 7,473	\$17,010
Derivatives of trading securities .....	2,367	407	26
Derivatives of securities related to trading transactions .....	6,961	13,997	75
Trading-related financial derivatives .....	3,474,589	3,575,780	37,341
	¥5,066,727	¥3,597,658	\$54,452

## 12. Borrowed Money

Borrowed money at March 31, 2010 and 2009 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars	Average interest rate*1	Due
	2010	2009	2010	2010	
Borrowed money*2 .....	¥5,470,578	¥4,644,699	\$58,792	0.65%	Jan. 2010 — Perpetual

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

\*2 Includes subordinated borrowings of ¥378,729 million (\$4,070 million) and ¥436,000 million at March 31, 2010 and 2009, respectively.

The repayment schedule over the next 5 years on borrowed money at March 31, 2010 was as follows:

March 31	Millions of yen	Millions of U.S. dollars
	2010	2010
Within 1 year .....	¥4,156,807	\$44,673
After 1 year through 2 years .....	325,880	3,502
After 2 years through 3 years .....	262,602	2,822
After 3 years through 4 years .....	140,698	1,512
After 4 years through 5 years .....	263,870	2,836



### 13. Bonds

Bonds at March 31, 2010 and 2009 consisted of the following:

March 31

Issuer	Description	Millions of yen* <sup>1</sup>		Millions of	Interest rate* <sup>2</sup>	Due
		2010	2009	U.S. dollars	(%)	
<b>SMBC:</b>						
Short-term bonds, payable in Yen .....		¥ 164,678	¥ 114,242	\$ 1,770	0.105–0.14	Apr. 2010–Jun. 2010
		[164,678]	[114,242]			
Straight bonds, payable in Yen .....		1,032,907	1,249,142	11,101	0.10–2.60	Apr. 2010–May 2025
		[149,198]	[398,291]			
Straight bonds, payable in Euroyen.....		20,900	25,400	225	0.00–4.55944	Mar. 2012–Feb. 2037
Straight bonds, payable in Australian dollars.....		46,031	—	495	5.76	Mar. 2013
		(A\$539,895 thousand)				
Subordinated bonds, payable in Yen .....		1,383,521	885,875	14,869	1.15–2.80	Jun. 2010–Jul. 2019
		[149,798]				
Subordinated bonds, payable in Euroyen.....		593,800	690,800	6,381	0.50313–2.97	May 2015–Perpetual
Subordinated bonds, payable in U.S. dollars.....		102,371	207,782	1,100	5.625–8.00	Nov. 2011–Perpetual
		(\$1,100,179 thousand)	(\$2,115,273 thousand)			
Subordinated bonds, payable in Euro .....		41,162	90,312	442	4.375	Perpetual
		(€329,591 thousand)	(€695,570 thousand)			
Subordinated bonds, payable in Euro .....		—	162,234	—	—	—
			(€1,249,496 thousand)			
<b>Other consolidated subsidiaries:</b>						
Straight bonds, payable in Yen .....		89,738	126,342	964	0.26868–3.50	Mar. 2010–Jul. 2017
		[62,842]	[65,621]			
Straight bonds, payable in U.S. dollars .....		—	910	—	—	—
			(\$10,000 thousand)			
			[910]			
Subordinated bonds, payable in Yen .....		112,239	146,451	1,206	1.0475–4.95	Mar. 2011–Perpetual
		[140]	[23,815]			
Subordinated bonds, payable in U.S. dollars.....		—	98,230	—	—	—
			(\$1,000,000 thousand)			
			[98,230]			
Short-term bonds, payable in Yen .....		1,047,500	905,100	11,257	0.112–0.79367	Apr. 2010–Dec. 2010
		[1,047,500]	[905,100]			
		¥4,634,851	¥4,702,826	\$49,810		

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

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

The redemption schedule over the next 5 years on bonds at March 31, 2010 was as follows:

March 31	Millions of yen	Millions of U.S. dollars
	2010	2010
Within 1 year .....	¥1,574,202	\$16,918
After 1 year through 2 years .....	261,143	2,806
After 2 years through 3 years .....	383,327	4,120
After 3 years through 4 years .....	267,070	2,870
After 4 years through 5 years .....	269,494	2,896

## 14. Other Liabilities

Other liabilities at March 31, 2010 and 2009 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Accrued expenses.....	¥ 144,338	¥ 268,050	\$ 1,551
Unearned income.....	174,931	177,998	1,880
Income taxes payable.....	56,708	45,105	610
Financial derivatives*1.....	818,105	1,317,303	8,792
Lease liabilities*2.....	58,742	23,594	631
Other.....	1,940,320	1,970,993	20,852
	<b>¥3,193,146</b>	<b>¥3,803,046</b>	<b>\$34,316</b>

\*1 Referred to in Note 30

\*2 Average interest rate on lease liabilities for the year ended March 31, 2010 was 3.52%. Non-transfer ownership finance lease with the lease term commenced before April 1, 2008 is excluded from calculations of average interest rate.

The repayment schedule over the next 5 years on lease liabilities at March 31, 2010 was as follows:

March 31	Millions of yen	Millions of U.S. dollars
	2010	2010
Within 1 year.....	¥18,371	\$197
After 1 year through 2 years.....	14,033	151
After 2 years through 3 years.....	10,175	109
After 3 years through 4 years.....	6,327	68
After 4 years through 5 years.....	3,510	38

## 15. Land Revaluation Excess

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

A certain affiliate revaluated its own land for business activities in accordance with the Law. The net unrealized gains, net of deferred taxes, are reported as "Land revaluation excess" in "Net assets."

Date of the revaluation

SMBC:

March 31, 1998 and March 31, 2002

Another consolidated subsidiary and an affiliate:

March 31, 1999 and March 31, 2002

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

SMBC:

Fair values were determined by applying appropriate adjustments for land shape and timing of appraisal to the values stipulated in Articles 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 Articles 2-3 and 2-5 of the Enforcement Ordinance No. 119.

## 16. Capital Stock

Capital stock consists of common stock and preferred stock. Common stock and preferred stock at March 31, 2010 and 2009 were as follows:

March 31	Number of shares			
	2010		2009*	
	Authorized	Issued	Authorized	Issued
Common stock .....	1,500,000,000	1,414,055,625	1,500,000,000	789,080,477
Preferred stock (Type 4).....	50,100	—	50,100	33,400
Preferred stock (Type 5).....	167,000	—	167,000	—
Preferred stock (Type 6).....	70,001	70,001	70,001	70,001
Preferred stock (Type 7).....	167,000	—	167,000	—
Preferred stock (Type 8).....	115,000	—	115,000	—
Preferred stock (Type 9).....	115,000	—	115,000	—
Total.....	1,500,684,101	1,414,125,626	1,500,684,101	789,183,878

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

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

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

the amount as described above.

In the event of SMFG's voluntary or involuntary liquidation, holders of its preferred stock will be entitled, equally in rank as among themselves and in preference over shares of its common stock, to receive out of SMFG's residual assets upon liquidation a distribution of ¥3,000,000 per share in the case of Type 6 preferred stock. Holders of preferred stock are not entitled to any further dividends or other participation or distribution of SMFG's residual assets upon SMFG's liquidation.

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

Preferred stock (Type 6) is non-convertible.

## 17. Fees and Commissions

Fees and commissions for the fiscal years ended March 31, 2010 and 2009 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
<b>Fees and commissions:</b>			
Deposits and loans .....	¥ 70,592	¥ 77,840	\$ 759
Remittances and transfers .....	125,792	131,455	1,352
Securities-related business.....	54,363	33,872	584
Agency .....	14,763	14,673	159
Safe deposits .....	6,684	6,914	72
Guarantees.....	49,365	50,852	530
Credit card business.....	143,770	141,117	1,545
Investment trusts.....	96,243	37,370	1,034
Other.....	167,789	178,654	1,803
	<b>¥729,364</b>	<b>¥672,752</b>	<b>\$7,838</b>
<b>Fees and commissions payments:</b>			
Remittances and transfers .....	¥ 31,050	¥ 30,211	\$ 334
Other.....	89,697	85,362	964
	<b>¥120,748</b>	<b>¥115,574</b>	<b>\$1,298</b>

## 18. Trading Income

Trading income for the fiscal years ended March 31, 2010 and 2009 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Gains on trading securities .....	¥ 63,424	¥ 23,876	\$ 682
Gains on securities related to trading transactions.....	2,254	1,221	24
Gains on trading-related financial derivatives .....	127,833	179,255	1,374
Other .....	576	7,386	6
	<b>¥194,087</b>	<b>¥211,738</b>	<b>\$2,086</b>

## 19. Other Operating Income

Other operating income for the fiscal years ended March 31, 2010 and 2009 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Gains on sale of bonds .....	¥ 90,942	¥149,037	\$ 978
Gains on redemption of bonds .....	10	57	0
Lease-related income.....	243,237	252,966	2,614
Gains on financial derivatives .....	—	7,142	—
Other .....	118,823	120,396	1,277
	<b>¥453,012</b>	<b>¥529,599</b>	<b>\$4,869</b>

## 20. Other Operating Expenses

Other operating expenses for the fiscal years ended March 31, 2010 and 2009 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Losses on sale of bonds.....	¥ 30,122	¥ 68,882	\$ 324
Losses on redemption of bonds.....	17,401	45,852	187
Losses on devaluation of bonds.....	331	7,049	3
Bond issuance costs.....	1,197	606	13
Lease-related expenses.....	201,932	194,349	2,170
Losses on foreign exchange transactions .....	1,591	14,984	17
Losses on financial derivatives.....	17,011	—	183
Other .....	132,186	141,487	1,421
	<b>¥401,773</b>	<b>¥473,212</b>	<b>\$4,318</b>

## 21. Other Income

Other income for the fiscal years ended March 31, 2010 and 2009 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Gains on sale of stocks and other securities .....	¥ 57,231	¥15,242	\$ 615
Gains on money held in trust.....	130	98	1
Gains on disposal of fixed assets.....	17,179	1,297	185
Recoveries of written-off claims .....	968	1,708	10
Other .....	35,128	34,627	378
	<b>¥110,638</b>	<b>¥52,973</b>	<b>\$1,189</b>

## 22. Other Expenses

Other expenses for the fiscal years ended March 31, 2010 and 2009 consisted of the following:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Write-off of loans.....	¥176,672	¥302,353	\$1,899
Losses on sale of stocks and other securities.....	34,814	7,802	374
Losses on devaluation of stocks and other securities.....	32,495	191,117	349
Losses on money held in trust .....	375	232	4
Losses on sale of delinquent loans.....	76,439	62,549	821
Equity in losses of affiliates.....	21,542	94,876	232
Losses on disposal of fixed assets .....	6,003	12,144	65
Losses on impairment of fixed assets* .....	12,856	7,363	138
Other .....	65,052	44,692	699
	<b>¥426,252</b>	<b>¥723,131</b>	<b>\$4,581</b>

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

Year ended March 31	Area	Purpose of use		Millions of yen		Millions of U.S. dollars
		2010	Type	2010	2009	2010
Tokyo metropolitan area .....		Branch (1 branch)	Land and buildings, etc.	¥ 13	¥ 57	\$ 0
		Corporate assets (6 items)		8,295	4,700	89
		Idle assets (31 items)		1,511	664	16
		Other (4 items)		335	444	4
Kinki area .....		Branch (1 branch)	Land and buildings, etc.	164	389	2
		Corporate assets (2 items)		35	—	0
		Idle assets (38 items)		1,436	607	15
		Other (2 items)		256	318	3
Other .....		Corporate assets (3 items)	Land and buildings, etc.	21	—	0
		Idle assets (10 items)		281	179	3
		Other (2 items)		503	—	5

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.

## 23. Deferred Tax Assets and Liabilities

(1) Significant components of deferred tax assets and liabilities at March 31, 2010 and 2009 were as follows:

March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Deferred tax assets:			
Net operating loss carryforwards .....	¥ 485,533	¥ 718,553	\$ 5,218
Write-off of securities .....	282,386	354,168	3,035
Reserve for possible loan losses.....	438,537	307,586	4,713
Write-off of loans.....	140,597	141,102	1,511
Net unrealized gains (losses) on other securities .....	20,707	72,185	223
Reserve for employee retirement benefits .....	74,489	64,968	800
Net deferred losses on hedges.....	27,290	14,125	293
Depreciation .....	12,392	9,058	133
Other.....	245,743	132,911	2,641
Subtotal.....	1,727,678	1,814,660	18,567
Valuation allowance .....	(739,555)	(851,725)	(7,948)
Total deferred tax assets .....	988,123	962,935	10,619
Deferred tax liabilities:			
Net unrealized gains (losses) on other securities .....	(169,312)	(26,133)	(1,820)
Leveraged lease .....	(28,392)	(29,167)	(305)
Gains on securities contributed to employee retirement benefits trust....	(42,261)	(42,263)	(454)
Securities returned from employee retirement benefits trust.....	(13,956)	(14,711)	(150)
Undistributed earnings of overseas subsidiaries .....	(3,388)	(2,206)	(36)
Other.....	(28,746)	(18,082)	(309)
Total deferred tax liabilities .....	(286,057)	(132,564)	(3,074)
Net deferred tax assets .....	¥ 702,065	¥ 830,370	\$ 7,545

(2) SMFG and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes, which, in the aggregate, would result in an effective statutory tax rate of approximately 40.69% for the years ended March 31, 2010 and 2009. A reconciliation of the effective income tax rate reflected in the accompanying consolidated statements of operations to the statutory tax rate for the years ended March 31, 2010 and 2009 was as follows:

	2010	2009
Statutory tax rate .....	40.69%	40.69%
Valuation allowance .....	(10.81)	1,033.93
Equity in losses of affiliates .....	1.91	130.88
Undistributed earnings of overseas subsidiaries .....	—	(34.92)
Dividends exempted for income tax purposes.....	—	(6.24)
Other.....	0.26	(29.80)
Effective income tax rate.....	32.05%	1,134.54%

## 24. Changes in Net Assets

(1) Type and number of shares issued and treasury shares are as follows:

Year ended March 31, 2010	Number of shares			March 31, 2010
	March 31, 2009	Increase	Decrease	
<b>Shares issued</b>				
Common stock.....	789,080,477	624,975,148* <sup>1</sup>	—	1,414,055,625
Preferred stock (1st series Type 4).....	4,175	—	4,175* <sup>2</sup>	—
Preferred stock (2nd series Type 4).....	4,175	—	4,175* <sup>2</sup>	—
Preferred stock (3rd series Type 4).....	4,175	—	4,175* <sup>2</sup>	—
Preferred stock (4th series Type 4).....	4,175	—	4,175* <sup>2</sup>	—
Preferred stock (9th series Type 4).....	4,175	—	4,175* <sup>2</sup>	—
Preferred stock (10th series Type 4).....	4,175	—	4,175* <sup>2</sup>	—
Preferred stock (11th series Type 4).....	4,175	—	4,175* <sup>2</sup>	—
Preferred stock (12th series Type 4).....	4,175	—	4,175* <sup>2</sup>	—
Preferred stock (1st series Type 6).....	70,001	—	—	70,001
Total .....	789,183,878	624,975,148	33,400	1,414,125,626
<b>Treasury shares</b>				
Common stock.....	17,028,466	54,672* <sup>3</sup>	13,038* <sup>3</sup>	17,070,100
Preferred stock (1st series Type 4).....	—	4,175* <sup>2</sup>	4,175* <sup>2</sup>	—
Preferred stock (2nd series Type 4).....	—	4,175* <sup>2</sup>	4,175* <sup>2</sup>	—
Preferred stock (3rd series Type 4).....	—	4,175* <sup>2</sup>	4,175* <sup>2</sup>	—
Preferred stock (4th series Type 4).....	—	4,175* <sup>2</sup>	4,175* <sup>2</sup>	—
Preferred stock (9th series Type 4).....	—	4,175* <sup>2</sup>	4,175* <sup>2</sup>	—
Preferred stock (10th series Type 4).....	—	4,175* <sup>2</sup>	4,175* <sup>2</sup>	—
Preferred stock (11th series Type 4).....	—	4,175* <sup>2</sup>	4,175* <sup>2</sup>	—
Preferred stock (12th series Type 4).....	—	4,175* <sup>2</sup>	4,175* <sup>2</sup>	—
Total .....	17,028,466	88,072	46,438	17,070,100

\*<sup>1</sup> 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

\*<sup>2</sup> 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 12th series Type 4):
- 4,175 shares due to retirement of treasury shares on February 8, 2010

\*<sup>3</sup> 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

Year ended March 31, 2009	Number of shares			March 31, 2009
	March 31, 2008	Increase	Decrease	
<b>Shares issued</b>				
Common stock.....	7,733,653.77	781,346,823.23*1	—	789,080,477
Preferred stock (1st series Type 4).....	4,175	—	—	4,175
Preferred stock (2nd series Type 4).....	4,175	—	—	4,175
Preferred stock (3rd series Type 4).....	4,175	—	—	4,175
Preferred stock (4th series Type 4).....	4,175	—	—	4,175
Preferred stock (5th series Type 4).....	4,175	—	4,175*2	—
Preferred stock (6th series Type 4).....	4,175	—	4,175*2	—
Preferred stock (7th series Type 4).....	4,175	—	4,175*2	—
Preferred stock (8th series Type 4).....	4,175	—	4,175*2	—
Preferred stock (9th series Type 4).....	4,175	—	—	4,175
Preferred stock (10th series Type 4).....	4,175	—	—	4,175
Preferred stock (11th series Type 4).....	4,175	—	—	4,175
Preferred stock (12th series Type 4).....	4,175	—	—	4,175
Preferred stock (1st series Type 6).....	70,001	—	—	70,001
<b>Total .....</b>	<b>7,853,754.77</b>	<b>781,346,823.23</b>	<b>16,700</b>	<b>789,183,878</b>
<b>Treasury shares</b>				
Common stock.....	168,997.41	16,887,475.04*3	28,006.45*3	17,028,466
Preferred stock (5th series Type 4).....	—	4,175*2	4,175*2	—
Preferred stock (6th series Type 4).....	—	4,175*2	4,175*2	—
Preferred stock (7th series Type 4).....	—	4,175*2	4,175*2	—
Preferred stock (8th series Type 4).....	—	4,175*2	4,175*2	—
<b>Total .....</b>	<b>168,997.41</b>	<b>16,904,175.04</b>	<b>44,706.45</b>	<b>17,028,466</b>

## \*1 Increase in number of common shares issued:

- 157,151 shares due to exercising of rights to request acquisition of common shares with respect to preferred stock (5th through 8th series Type 4) on April 30, 2008
- 781,189,672.23 shares due to the stock split implemented on January 4, 2009

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

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

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

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

## \*3 Increase in number of treasury common shares:

- 68,904.66 shares due to purchase of fractional shares and shares less than 1 unit
- 539 shares due to acquisition of shares owned by shareholders who opposed the exchange of subsidiary company shares for SMFG shares
- 16,818,031.38 shares due to the stock split implemented on January 4, 2009

## Decrease in number of treasury common shares:

- 28,006.45 shares due to sale of fractional shares and shares less than 1 unit

## (2) Information on stock acquisition rights is as follows:

Year ended March 31, 2010	Detail of stock acquisition rights	Type of shares	Number of shares			Millions of yen		Millions of U.S. dollars
			March 31, 2009	Increase	Decrease	March 31, 2010	March 31, 2010	March 31, 2010
SMFG.....	Stock options	—	—	—	—	¥—	\$—	
Consolidated subsidiary ...	—	—	—	—	—	81	1	
<b>Total.....</b>						<b>¥81</b>	<b>\$ 1</b>	

Year ended March 31, 2009	Detail of stock acquisition rights	Type of shares	Number of shares			Millions of yen	
			March 31, 2008	Increase	Decrease	March 31, 2009	March 31, 2009
SMFG.....	Stock options	—	—	—	—	¥—	
Consolidated subsidiary ...	—	—	—	—	—	66	
<b>Total.....</b>						<b>¥66</b>	



## (3) Information on dividends is as follows:

## (a) Dividends paid in the fiscal year ended March 31, 2009

Millions of yen, except per share amount				
Type of shares	Aggregate amount of dividends	Cash dividends per share	Record date	Effective date
Common stock .....	¥53,655	¥ 7,000	March 31, 2008	June 27, 2008
Preferred stock (1st series Type 4) .....	281	67,500	March 31, 2008	June 27, 2008
Preferred stock (2nd series Type 4) .....	281	67,500	March 31, 2008	June 27, 2008
Preferred stock (3rd series Type 4) .....	281	67,500	March 31, 2008	June 27, 2008
Preferred stock (4th series Type 4) .....	281	67,500	March 31, 2008	June 27, 2008
Preferred stock (5th series Type 4) .....	281	67,500	March 31, 2008	June 27, 2008
Preferred stock (6th series Type 4) .....	281	67,500	March 31, 2008	June 27, 2008
Preferred stock (7th series Type 4) .....	281	67,500	March 31, 2008	June 27, 2008
Preferred stock (8th series Type 4) .....	281	67,500	March 31, 2008	June 27, 2008
Preferred stock (9th series Type 4) .....	281	67,500	March 31, 2008	June 27, 2008
Preferred stock (10th series Type 4) .....	281	67,500	March 31, 2008	June 27, 2008
Preferred stock (11th series Type 4) .....	281	67,500	March 31, 2008	June 27, 2008
Preferred stock (12th series Type 4) .....	281	67,500	March 31, 2008	June 27, 2008
Preferred stock (1st series Type 6) .....	3,097	44,250	March 31, 2008	June 27, 2008

Date of resolution: Ordinary general meeting of shareholders held on June 27, 2008

Millions of yen, except per share amount				
Type of shares	Aggregate amount of dividends	Cash dividends per share	Record date	Effective date
Common stock .....	¥54,753	¥ 7,000	September 30, 2008	December 5, 2008
Preferred stock (1st series Type 4) .....	281	67,500	September 30, 2008	December 5, 2008
Preferred stock (2nd series Type 4) .....	281	67,500	September 30, 2008	December 5, 2008
Preferred stock (3rd series Type 4) .....	281	67,500	September 30, 2008	December 5, 2008
Preferred stock (4th series Type 4) .....	281	67,500	September 30, 2008	December 5, 2008
Preferred stock (9th series Type 4) .....	281	67,500	September 30, 2008	December 5, 2008
Preferred stock (10th series Type 4) .....	281	67,500	September 30, 2008	December 5, 2008
Preferred stock (11th series Type 4) .....	281	67,500	September 30, 2008	December 5, 2008
Preferred stock (12th series Type 4) .....	281	67,500	September 30, 2008	December 5, 2008
Preferred stock (1st series Type 6) .....	3,097	44,250	September 30, 2008	December 5, 2008

Date of resolution: Meeting of the Board of Directors held on November 14, 2008

## (b) Dividends paid in the fiscal year ended March 31, 2010

Millions of yen, except per share amount				
Type of shares	Aggregate amount of dividends	Cash dividends per share	Record date	Effective date
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

Date of resolution: Ordinary general meeting of shareholders held on June 26, 2009

Type of shares	Millions of yen, except per share amount			
	Aggregate amount of dividends	Cash dividends per share	Record date	Effective date
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

Date of resolution: Meeting of the Board of Directors held on November 13, 2009

(c) Dividends to be paid in the fiscal year ending March 31, 2011

Type of shares	Millions of yen, except per share amount				
	Aggregate amount of dividends	Source of dividends	Cash dividends per share	Record date	Effective date
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

Date of resolution: Ordinary general meeting of shareholders held on June 29, 2010

## 25. Cash Flows

Fiscal year ended March 31, 2010

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

	Millions of yen	Millions of U.S. dollars
Assets .....	¥ 1,953,475	\$ 20,994
Trading assets .....	786,535	8,453
Liabilities .....	¥(1,552,271)	\$(16,682)
Call money and bills sold.....	(321,000)	(3,450)
Borrowed money.....	(295,020)	(3,171)
Minority interests.....	(711)	(8)
Goodwill .....	167,607	1,801
Acquisition costs for the 18 companies' stocks.....	568,099	6,105
The 18 companies' cash and due from banks.....	(58,246)	(626)
Net cash payment for acquisition of the 18 companies.....	¥ (509,853)	\$ (5,479)

(2) 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	Millions of U.S. dollars
Assets .....	¥1,113,801	\$11,970
Loans and bills discounted .....	795,445	8,549
Securities .....	89,968	967
Liabilities .....	¥1,078,769	\$11,593
Deposits .....	1,033,256	11,104

(3) QUOQ Inc. and 1 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	Millions of U.S. dollars
Assets .....	¥730,001	\$7,845
Other assets .....	401,031	4,310
Customers' liabilities for acceptances and guarantees.....	258,620	2,779
Liabilities .....	¥714,850	\$7,682
Borrowed money.....	343,002	3,686
Acceptances and guarantees .....	258,620	2,779

## 26. 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. Consolidated subsidiaries in Japan have adopted the defined-contribution pension plan. Certain domestic consolidated subsidiaries have a general type of employee pension plans. They may grant additional benefits in cases where certain requirements are met when employees retire.

Some overseas consolidated subsidiaries adopt defined benefit pension plans and defined-contribution pension plans. SMBC and some consolidated subsidiaries in Japan contributed some of their marketable equity securities to employee retirement benefits trusts.

### (2) Projected benefit obligation

March 31		Millions of yen		Millions of U.S. dollars
		2010	2009	2010
Projected benefit obligation	(A).....	¥(938,161)	¥(918,081)	\$(10,082)
Plan assets	(B).....	891,366	742,917	9,579
Unfunded projected benefit obligation	(C)=(A)+(B).....	(46,794)	(175,164)	(503)
Unrecognized net actuarial gain or loss	(D).....	226,268	382,151	2,432
Unrecognized prior service cost	(E).....	(15,234)	(26,420)	(164)
Net amount recorded on the consolidated balance sheet	(F)=(C)+(D)+(E).....	164,240	180,566	1,765
Prepaid pension cost	(G).....	205,931	216,209	2,213
Reserve for employee retirement benefits	(F)-(G).....	¥ (41,691)	¥ (35,643)	\$ (448)

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

### (3) Pension expenses

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Service cost.....	¥21,052	¥20,574	\$226
Interest cost on projected benefit obligation.....	22,459	22,445	241
Expected return on plan assets.....	(23,883)	(31,192)	(257)
Amortization of unrecognized net actuarial gain or loss.....	60,456	33,301	650
Amortization of unrecognized prior service cost.....	(11,167)	(11,159)	(120)
Other (nonrecurring additional retirement allowance paid and other).....	4,229	3,934	46
Total.....	¥73,146	¥37,902	\$786

Notes: 1. Pension expenses of consolidated subsidiaries which adopt the simple method are included in "Service cost."

2. Premium paid to defined-contribution pension is included in "Other."

### (4) Assumptions

The principal assumptions used in determining benefit obligation and pension expenses at or for the fiscal years ended March 31, 2010 and 2009 were as follows:

Year ended March 31	2010	2009
Discount rate.....	1.4% to 2.5%	1.4% to 2.5%
Expected rate of return on plan assets.....	0% to 4.0%	0% to 4.1%

Estimated amounts of retirement benefits are allocated to each period by the straight-line method.

Unrecognized prior service cost is amortized using the straight-line method within the employees' average remaining service period from the fiscal year of its incurrence, over mainly 9 years for the fiscal years ended March 31, 2010 and 2009.

Unrecognized net actuarial gain or loss is amortized using the straight-line method within the employees' average remaining service period, commencing from the next fiscal year of incurrence, over mainly 9 years for the fiscal years ended March 31, 2010 and 2009.

## 27. Lease Transactions

### (1) Financing leases

#### (a) Lessee side

##### (i) Lease assets

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

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

Depreciation method of lease assets is reported in Note 2. (5) Depreciation.

## (b) Lessor side

## (i) Breakdown of lease investment assets

March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Lease receivables .....	¥1,343,868	¥1,444,731	\$14,442
Residual value .....	103,095	111,273	1,108
Unearned interest income .....	(233,640)	(247,788)	(2,511)
Total .....	¥1,213,323	¥1,308,216	\$13,039

(ii) The scheduled collections of lease receivables and investment assets are as follows:

Lease payments receivable related to lease receivables

March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Within 1 year .....	¥242,087	¥244,758	\$2,602
More than 1 year to 2 years .....	173,269	179,297	1,862
More than 2 years to 3 years .....	109,219	129,660	1,174
More than 3 years to 4 years .....	75,511	79,425	811
More than 4 years to 5 years .....	32,981	49,624	354
More than 5 years .....	73,660	56,683	792
Total .....	¥706,728	¥739,450	\$7,595

Lease payments receivable related to investment assets

March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Within 1 year .....	¥ 407,746	¥ 445,841	\$ 4,382
More than 1 year to 2 years .....	306,937	324,231	3,299
More than 2 years to 3 years .....	220,648	232,671	2,371
More than 3 years to 4 years .....	152,399	155,177	1,638
More than 4 years to 5 years .....	79,417	91,276	853
More than 5 years .....	176,720	195,533	1,899
Total .....	¥1,343,868	¥1,444,731	\$14,442

(iii) Non-transfer ownership finance leases, which commenced in fiscal years beginning before April 1, 2008, are valued at their appropriate book value, net of accumulated depreciation, as of March 31, 2008, and recorded as the beginning balance of fiscal 2008 of "Lease receivables and investment assets." Moreover, interest on such non-transfer ownership finance leases during the remaining term of the leases is allocated over the lease term using the straight-line method. As a result of this accounting treatment, "Income before income taxes and minority interests" for the fiscal year ended March 31, 2010 was ¥13,282 million (\$143 million) more than it would have been if such transactions had been treated in a similar way to sales of the underlying assets.

## (2) Operating leases

## (a) Lessee side

Future minimum lease payments on operating leases which were not cancelable at March 31, 2010 and 2009 were as follows:

March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Due within 1 year .....	¥17,153	¥13,122	\$184
Due after 1 year .....	69,742	52,925	750
Total .....	¥86,895	¥66,047	\$934

## (b) Lessor side

Future minimum lease payments on operating leases which were not cancelable at March 31, 2010 and 2009 were as follows:

March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Due within 1 year .....	¥ 23,585	¥18,435	\$ 253
Due after 1 year .....	122,599	79,007	1,318
Total .....	¥146,185	¥97,442	\$1,571

Future lease payments receivable on operating leases which were not cancelable amounting to ¥0 million (\$0 million) on the lessor side were pledged as collateral for borrowings.

## 28. Financial Instruments

### (1) Status of financial instruments

#### (a) Policies on financial instruments

SMFG conducts banking and other financial services such as leasing, securities, credit card, asset management and venture capital. Its banking business includes deposit taking, lending, securities trading and investment, remittance, foreign exchange, custody of funds and other assets related to financial futures transactions, bond subscription agent, trust business, over-the-counter sales of securities investment trusts and insurance products, and securities intermediation.

These services entail holding of financial assets such as loans and bills discounted, bonds, and stocks. Meanwhile, SMFG raises funds through deposit taking, borrowing, bond offering, etc. Furthermore, it undertakes derivative transactions to meet customers' hedging needs, to control market risk associated with deposit taking and lending ("ALM purposes"), and to make profit on short-term fluctuations in interest rates, foreign exchange rates, etc. ("trading purposes").

#### (b) Details of financial instruments and associated risks

##### i) Financial assets

The main financial assets held by SMFG include loans to foreign and domestic companies and domestic individuals, and securities such as bonds (government and corporate bonds) and stocks (foreign and domestic stocks), etc. Bonds such as government bonds are held for both trading and ALM purposes, and certain bonds are held as held-to-maturity securities. Stocks are held mainly for strategic purposes. These assets expose SMFG to credit risk, market risk and liquidity risk. Credit risk is the risk of loss arising from nonperformance of obligations by the borrower or issuer due to factors such as deterioration in the borrower's/issuer's financial conditions. Market risk is the risk stemming from fluctuations in interest rates, exchange rates, or share prices. Liquidity risk is the risk arising from difficulty executing transactions in desired quantities at appropriate prices due to low market liquidity. These risks are properly monitored and managed based on "(c) Risk management framework for financial instruments" below.

##### ii) Financial liabilities

Financial liabilities of SMFG include borrowed money and bonds, etc. in addition to deposits. Deposits mainly comprise deposits of domestic and foreign companies and domestic individuals. Borrowed money and bonds include subordinated borrowings and subordinated bonds. Also, financial liabilities, like financial assets, expose SMFG to not only market risk but also funding liquidity risk: the risk of SMFG not being able to raise funds due to market turmoil, deterioration in its creditworthiness or other factors. These risks are properly monitored and managed based on "(c) Risk management framework for financial instruments" below.

### iii) Derivative transactions

Derivatives handled by SMFG include foreign exchange futures; futures, forwards, swaps and options related to interest rates, currencies, equities, bonds and commodities; and credit and weather derivatives.

Major risks associated with derivatives include market risk, liquidity risk, and credit risk arising from nonperformance of contractual obligations due to deterioration in the counterparty's financial conditions. These risks are properly monitored and managed based on "(c) Risk management framework for financial instruments" below.

Hedge accounting is applied to derivative transactions executed for ALM purposes, as necessary. Hedging instruments, hedged items, hedging policy and the method to assess the effectiveness of hedging are described in "2. Significant Accounting Policies, (15) Hedge accounting."

#### (c) Risk management framework for financial instruments

The fundamental matters on risk management for SMFG are set forth in "Risk Management Regulations." SMFG's Management Committee establishes the basic risk management policy, based on the Regulations, which is then approved by the Board of Directors. SMFG has a risk management system based on the basic policy. The Corporate Risk Management Department, which, together with the Corporate Planning Department, controls risk management across SMFG by monitoring the development and implementation of SMFG's risk management system, and gives appropriate guidance as needed. Under this framework, SMFG comprehensively and systematically manages risks.

##### i) Management of credit risk

SMFG conducts integrated management of credit risk according to its operational characteristics, and the credit risk inherent in its entire portfolio as well as the risk in individual credits are managed quantitatively and continuously.

##### i. Credit risk management system

At SMBC, basic policies on credit risk management and other significant matters require the resolution of the Management Committee and the approval of the Board of Directors.

The Credit & Investment Planning Department of the Risk Management Unit is responsible for the comprehensive management of credit risk. This department establishes, revises or abolishes credit policies, the internal rating system, credit authority regulations, credit application regulations, and manages non-performing loans and other aspects of credit portfolio management. The department also controls SMBC's total credit risk by quantifying credit risk (i.e. calculating risk capital and risk-weighted assets) in cooperation with the Corporate Risk Management Department. The department also monitors risk situations and regularly reports to the Management Committee and the Board of Directors.

Moreover, the Credit Portfolio Management Department within the Credit & Investment Planning Department works to stabilize SMBC's overall credit portfolio through market transactions such as loan securitization. In the Corporate Services Unit, the Corporate Research Department analyzes industries as well as investigates the borrower's business situation to detect early signs of problems. The Credit Administration Department is responsible for formulating and implementing measures to reduce SMBC's exposures mainly to borrowers classified as potentially bankrupt or lower.

The Credit Departments of Consumer Banking Unit, Middle Market Banking Unit and other business units play a central role in credit screening and managing their units' credit portfolios. Each business unit establishes its credit limits based on the baseline amounts for each borrower grading category. Borrowers or loans perceived to have high credit risk undergo intensive evaluation and administration by the unit's Credit Department.

Moreover, the Credit Risk Committee, a consultative body straddling the business units, rounds out SMBC's oversight system for undertaking flexible and efficient control of credit risk and ensuring the overall soundness of the bank's loan operations.

In addition to these, the Internal Audit Unit, operating independently from the business units, audits asset quality, grading accuracy, self-assessment, and appropriateness of credit risk management system, and reports the results directly to the Board of Directors and the Management Committee.

#### ii. Method of credit risk management

SMBC properly manages the credit risk inherent in individual loans and the entire portfolio by assessing and quantifying the credit risk of each borrower/loan using the internal rating system. In addition to management of individual loans through credit screening and monitoring, it manages the credit portfolio as described below in order to secure and improve the credit portfolio's soundness and medium-term profitability.

— Appropriate risk-taking within the scope of capital  
To limit credit risks to a permissible level relative to capital, "credit risk capital limit" has been established for internal control purposes. Under this limit, a general guideline and designated guidelines for real estate finance, investment in funds and securitization products, etc. are set for each business unit. Regular monitoring is conducted to ensure that these guidelines are being followed.

#### — Controlling concentration risk

Concentration of risk in specific borrowers/industries/countries could severely reduce a bank's capital should it materialize. SMBC therefore implements measures to prevent concentration of credit risk in specific industries, and control large exposures to individual borrowers by setting guidelines for maximum loan amounts and conducting thorough loan reviews. To

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

— Greater understanding of actual corporate conditions and balancing returns and risks

SMBC runs credit operations on the basic principle of thoroughly understanding actual corporate conditions and gaining profit commensurate with the level of credit risk entailed, and makes every effort to improve profit at after-cost (credit cost, capital cost and overhead) level.

— Reduction and prevention of non-performing loans  
On non-performing loans and potential non-performing loans, SMBC carries out loan reviews to clarify credit policies and action plans, enabling it to swiftly implement measures to prevent deterioration of borrowers' business situations, support business recoveries, collect on loans, and enhance loan security.

— Approaches to active portfolio management  
SMBC is committed to agile portfolio management, such as using credit derivatives and selling loan claims, to stabilize its credit portfolio.

In regards to financial instruments such as investments in certain funds, securitized products and credit derivatives that indirectly retain risks related to assets such as corporate bonds and loan claims (underlying assets), such instruments entail market and liquidity risks in addition to credit risk, since such instruments are traded on the market. Credit risk management for these instruments involving detailed analysis and evaluation of characteristics of underlying assets is performed while market risk is comprehensively managed within the framework for managing market and liquidity risks. Moreover, guidelines have been established based on the characteristics of each type of risk.

In regards to credit risk of derivative transactions, the potential exposure based on the market price is regularly calculated and properly managed. When the counterparty is a financial institution with whom SMBC frequently conducts derivative transactions, measures such as a close-out netting provision, which provide that offsetting credit exposures between the 2 parties will be combined into a single net payment from 1 party to the other in case of bankruptcy or other default event, are implemented to reduce credit risk.

#### ii) Management of market and liquidity risks

SMFG manages market and liquidity risks by setting allowable risk limits; ensuring the transparency of the risk management process; and clearly separating front-office, middle-office, and back-office operations for a highly efficient system of mutual checks and balances.

##### i. Market and liquidity risk management systems

At SMBC, important matters such as basic policies for managing market and liquidity risks and risk management framework are determined by the Management Committee and then approved by the Board of Directors.

The aforementioned Corporate Risk Management Department, which is independent from the business

units that directly handle business transactions, manages market and liquidity risks in an integrated manner. The department also monitors market and liquidity risk situations and regularly reports to the Management Committee and the Board of Directors.

Furthermore, SMBC's cross-departmental "ALM Committee" reports on the state of observance of market risk capital and liquidity risk capital limits, and deliberates on administration of ALM policies. SMBC also has a system whereby front-office departments, middle-office departments and back-office departments check each other's work in order to prevent clerical errors, unauthorized transactions, etc.

In addition, SMBC's Internal Audit Unit, which is independent from other departments, periodically performs comprehensive internal audits to verify that the risk management framework is properly functioning and reports the audit results to the Management Committee, the Board of Directors and other concerned committees and departments.

ii. Market and liquidity risk management methodology  
— Market risk management

SMBC manages market risk by setting maximum loss and VaR (value at risk: maximum potential loss for a given probability) within the market risk capital limit that is set taking into account stockholders' equity and other factors and in accordance with the market transaction policies.

SMBC uses the historical simulation method (a method for estimating the maximum loss by running simulations of changes in profit and loss on market fluctuation scenarios based on historical data) to measure VaR.

Regarding risks associated with foreign exchange rates, interest rates, equity risk, option prices and

other market risk factors, SMBC manages such risks by setting a maximum limit on the indicator suited for each market risk factor such as BPV (basis point value: denotes the change in value of a financial instrument resulting from a 0.01 percentage-point change in the yield).

— Liquidity risk management

At SMBC, funding liquidity risk is managed based on a framework consisting of setting funding gap limits and guidelines, maintaining a system of highly liquid supplementary funding sources, and establishing contingency plans. SMBC tries to avoid excessive reliance on short-term funds by managing funding gap limits and guidelines and has established a contingency plan covering emergency action plans such as reducing funding gap limits and guidelines. In addition, to ensure smooth fulfillment of transactions in face of market turmoil, SMBC holds assets such as U.S. treasuries that can be sold immediately and emergency committed lines as supplemental liquidity.

Moreover, to manage the liquidity risk of marketable instruments, derivative transactions, etc., SMBC has trading limits for each business office classified by currency, instrument, transaction period, etc. As for financial futures, etc., risks are managed by restricting positions within a certain percentage of open interest in the entire market.

(d) Supplementary explanations about matters concerning fair value of financial instruments

Fair values of financial instruments are based on their market prices and, in cases where market prices are not available, reasonably calculated prices. Such prices have been calculated using certain assumptions, and may differ if calculated based on different assumptions.

## (2) Fair value of financial instruments

(a) Consolidated balance sheet amounts, fair values 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 whose fair values are extremely difficult to determine, such as unlisted stocks classified as "other securities," and stocks of subsidiaries and affiliates.

March 31	Millions of yen		
	2010		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Cash and due from banks and Deposits with 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			
Bond 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	¥ —



March 31	Millions of U.S. dollars		
	2010		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
1) Cash and due from banks and Deposits with banks*1.....	\$ 62,749	\$ 62,760	\$ 11
2) Call loans and bills bought*1.....	12,033	12,051	18
3) Receivables under resale agreements.....	271	271	—
4) Receivables under securities borrowing transactions.....	58,470	58,470	—
5) Monetary claims bought*1.....	10,718	10,860	142
6) Trading assets			
Securities classified as trading purposes.....	32,864	32,864	—
7) Money held in trust.....	201	201	—
8) Securities			
Bond classified as held-to-maturity.....	35,164	35,794	630
Other securities.....	262,050	262,050	—
9) Loans and bills discounted.....	673,842		
Reserve for possible loan losses*1.....	(8,610)		
	665,232	675,891	10,659
10) Foreign exchanges*1.....	11,840	11,882	42
11) Lease receivables and investment assets*1.....	19,613	20,775	1,162
Total assets.....	\$1,171,205	\$1,183,869	\$12,664
1) Deposits.....	\$ 845,229	\$ 845,511	\$ 282
2) Negotiable certificates of deposit.....	75,181	75,181	(0)
3) Call money and bills sold.....	22,779	22,779	(0)
4) Payables under repurchase agreements.....	12,046	12,046	—
5) Payables under securities lending transactions.....	46,381	46,381	—
6) Commercial paper.....	3,340	3,340	—
7) Trading liabilities			
Trading securities sold for short sales.....	17,010	17,010	—
8) Borrowed money.....	58,792	58,994	202
9) Foreign exchanges.....	2,067	2,067	—
10) Short-term bonds.....	13,027	13,027	—
11) Bonds.....	36,783	37,775	992
12) Due to trust account.....	1,715	1,715	—
Total liabilities.....	\$1,134,350	\$1,135,825	\$ 1,475
Derivative transactions*2			
Hedge accounting not applied.....	\$ 2,634	\$ 2,634	\$ —
Hedge accounting applied.....	1,969	1,969	—
Total.....	\$ 4,603	\$ 4,603	\$ —

\*1 Loans and bills discounted 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.

(b) Fair value calculation methodology for financial instruments

Assets

1) Cash and due from banks, 2) Call loans and bills bought, 3) Receivables under resale agreements, 4) Receivables under securities borrowing transactions, 9) Loans and bills discounted, 10) Foreign exchanges, and 11) Lease receivables and investment assets:

Of these transactions, the book values of dues from banks without maturity and overdrafts with no specified repayment dates are regarded to approximate their fair values; thus, their fair values are their book values.

For short-term transactions with remaining life as of the end of the fiscal year not exceeding 6 months, their fair

values are, in principle, their book value as book values are regarded to approximate fair values.

The fair value of those with a remaining life of more than 6 months is, in principle, the present value of future cash flows (calculated by discounting estimated future cash flows, taking into account factors such as the borrower's internal rating and pledged collateral, using a rate comprising of a risk-free interest rate and an overhead ratio). Certain consolidated subsidiaries of SMFG calculate the present value by discounting the estimated future cash flows computed based on the contractual interest rate, using a rate comprising a risk-free rate and a credit risk premium.

Regarding claims on bankrupt borrowers, effectively

bankrupt borrowers and potentially bankrupt borrowers, expected losses on such claims are calculated based on either the present value of expected future cash flows or the expected recoverable amount from collateral or guarantees. Since the claims' balance sheet amounts at the closing date minus the current expected amount of loan losses approximate their fair values, such amounts are regarded as their fair values.

5) Monetary claims bought:

The fair values of monetary claims bought with market prices, such as beneficial interests in commodities investment trusts, are based on their market prices as of the end of the fiscal year. The fair values of subordinated trust beneficiary interests related to securitized housing loans are based on the assessed value of underlying assets minus the assessed value of senior beneficial interests, etc. The fair values of other transactions are, in principle, based on prices calculated using methods similar to the methods applied to 9) Loans and bills discounted.

6) Trading assets:

The fair values of bonds and other securities held for trading purposes are, in principle, based on their market price at the final date of the fiscal year.

7) Money held in trust:

The fair values of money held in trust are, in principle, based on the market prices of securities held in trust calculated using methods similar to the methods applied to 8) Securities.

8) Securities:

In principle, the fair values of stocks (including foreign stocks) are based on the average market price during 1 month before the end of the fiscal year. The fair values of bonds and securities with market prices other than stocks are prices calculated based on their market prices on the final date of the fiscal year.

In light of the "Practical Solution on Measurement of Fair Value for Financial Assets" (ASBJ Practical Issue Task Force No. 25), the fair values of floating-rate Japanese government bonds are based on the present value of future cash flows (the government bond yield is used to discount and estimate future cash flows). Bond yield and yield volatility are the main price parameters. The fair values of those without market prices, such as private-placement bonds, are based on the present value of future cash flows calculated by discounting estimated future cash flows taking into account the borrower's internal rating and pledged collateral by a rate comprising a risk-free interest rate and an overhead ratio. However, the fair values of bonds issued by bankrupt borrowers, effectively bankrupt borrowers and potentially bankrupt borrowers are based on the bond's face value after the deduction of the expected amount of a loss on the bond computed by using the same method applied to the estimation of a loan loss. Meanwhile, the fair values of publicly offered investment trusts are calculated based on the published net asset value (NAV) per share, while those of private placement investment trusts are calculated based on the NAV published by securities firms and other financial institutions.

Liabilities

1) Deposits, 2) Negotiable certificates of deposit and

12) Due to trust account:

The fair values of demand deposits and deposits without maturity are based on their book values as at the end of the fiscal year. The fair values of short-term transactions with remaining life as of the end of the fiscal year not exceeding 6 months are also based on their book values, as their book values are regarded to approximate their market values.

The fair values of transactions with a remaining life of more than 6 months are, in principle, based on the present value of future cash flows calculated using the rate applied to the same type of deposits that are newly accepted until the end of the remaining life.

3) Call money and bills sold, 4) Payables under repurchase agreements, 5) Payables under securities lending transactions, 6) Commercial paper, 8) Borrowed money, 10) Short-term bonds and 11) Bonds:

The fair values of short-term transactions with remaining life as of the end of the fiscal year not exceeding 6 months are based on their book values, as their book values are regarded to approximate their fair values. For transactions with a remaining life of more than 6 months, their fair values are, in principle, based on the present value of future cash flows calculated using the refinancing rate applied to the same type of instruments for the remaining life. The fair values of bonds are based on the present value of future cash flows calculated using the rate derived from the data on the yields of benchmark bonds and publicly-offered subordinated bonds published by securities firms.

7) Trading liabilities:

The fair values of bonds sold for short sales and other securities for trading purposes are, in principle, based on their market prices on the final date of the fiscal year.

9) Foreign exchanges:

The fair values of foreign currency-denominated deposits without maturity received from other banks are based on their book values as at the end of the fiscal year.

The fair values of foreign exchange related short-term borrowings are based on their book values, as their book values are regarded to approximate their fair values.

Derivatives transactions

The fair values of exchange-traded derivatives are based on their closing prices. With regard to OTC transactions, the fair values of interest rate, currency, stock, bond and credit derivatives are based on their settlement prices as at the end of the fiscal year calculated based on the present value of the expected future cash flows or using valuation techniques such as the option pricing model. The fair values of commodity derivatives transactions are based on their settlement prices as at the end of the fiscal year, calculated based on the derivative instrument's components, including price and contract term.

(3) Consolidated balance sheet amounts of financial instruments whose fair values are extremely difficult to determine are as follows:

March 31	Millions of yen		Millions of U.S. dollars	
	2010		2010	
Monetary claims bought:				
Monetary claims bought without market prices*1 .....	¥	7,889	\$	85
Securities:				
Unlisted stocks, etc.*2, 4 .....		291,922		3,137
Investments in partnership, etc.*3, 4 .....		354,422		3,809
Total .....		¥654,234		\$7,031

\*1 Beneficiary claims that (a) behave more like equity than debt, (b) do not have market prices, and (c) for which it is difficult to rationally estimate fair values. They include commodity investments and beneficiary claims on loan trusts.

\*2 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 Capital contributions with no market prices. The above-stated amount includes the book value amount of investments in the partnership of which the SMFG records net changes in their balance sheets and statements of income.

\*4 Unlisted stocks and investments in partnership totaling ¥26,770 million (\$288 million) was written-off in the fiscal year ended March 31, 2010.

(4) Redemption schedule of monetary claims bought and securities with maturities

March 31	Millions of yen			
	2010			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits with banks .....	¥ 4,728,741	¥ 2,685	¥ —	¥ —
Call loans and bills bought .....	1,120,590	555	—	—
Receivables under resale agreements .....	25,226	—	—	—
Receivables under securities borrowing transactions .....	5,440,622	—	—	—
Monetary claims bought*1 .....	649,799	93,698	62,313	189,786
Securities*1 .....	9,638,321	11,344,537	3,138,161	717,074
Bonds classified as held-to-maturity .....	69,571	2,713,680	483,955	—
Japanese government bonds .....	65,000	2,410,000	390,000	—
Japanese local government bonds .....	1,595	113,592	38,972	—
Japanese corporate bonds .....	2,976	188,087	50,283	—
Other .....	—	2,000	4,700	—
Other securities with maturity .....	9,568,749	8,630,856	2,654,206	717,074
Japanese government bonds .....	8,226,690	3,456,218	1,712,053	364,500
Japanese local government bonds .....	25,723	216,764	20,276	46
Japanese corporate bonds .....	675,629	2,130,381	363,670	60,592
Other .....	640,706	2,827,491	558,206	291,934
Loans and bills discounted*1, 2 .....	13,552,411	22,297,810	7,923,621	10,884,978
Foreign exchanges*1 .....	1,101,482	2,520	—	—
Lease receivables and investment assets*1 .....	565,311	1,000,911	114,874	40,375
Total .....	¥36,822,506	¥34,742,718	¥11,238,970	¥11,832,214

March 31	Millions of U.S. dollars			
	2010			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits with banks .....	\$ 50,819	\$ 29	\$ —	\$ —
Call loans and bills bought .....	12,043	6	—	—
Receivables under resale agreements .....	271	—	—	—
Receivables under securities borrowing transactions .....	58,470	—	—	—
Monetary claims bought* <sup>1</sup> .....	6,983	1,007	670	2,040
Securities* <sup>1</sup> .....	103,582	121,919	33,725	7,706
Bonds classified as held-to-maturity .....	748	29,164	5,201	—
Japanese government bonds .....	699	25,900	4,191	—
Japanese local government bonds .....	17	1,221	419	—
Japanese corporate bonds .....	32	2,021	540	—
Other .....	—	22	51	—
Other securities with maturity .....	102,834	92,755	28,525	7,706
Japanese government bonds .....	88,411	37,144	18,399	3,917
Japanese local government bonds .....	276	2,329	219	1
Japanese corporate bonds .....	7,261	22,895	3,908	651
Other .....	6,886	30,387	5,999	3,137
Loans and bills discounted* <sup>1, 2</sup> .....	145,647	239,632	85,154	116,980
Foreign exchanges* <sup>1</sup> .....	11,838	27	—	—
Lease receivables and investment assets* <sup>1</sup> .....	6,075	10,757	1,235	434
<b>Total .....</b>	<b>\$395,728</b>	<b>\$373,377</b>	<b>\$120,784</b>	<b>\$127,160</b>

\*<sup>1</sup> The amounts shown in the table above do not include amounts for claims on bankrupt borrowers, effectively bankrupt borrowers and potentially bankrupt borrowers and other claims for which redemption is unlikely. The amounts for such claims are as follows:

March 31	Millions of yen	Millions of U.S. dollars
	2010	2010
Monetary claims bought .....	¥ 3,196	\$ 34
Securities .....	16,989	183
Loans and bills discounted .....	1,213,627	13,043
Foreign exchanges .....	3,286	35
Lease receivables and investment assets .....	10,048	108

\*<sup>2</sup> Does not include loans without tenure totaling ¥6,829,836 million (\$73,400 million).

#### (5) Redemption schedule of bonds, borrowed money and other interest-bearing debts

March 31	Millions of yen			
	2010			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits* .....	¥73,936,151	¥4,093,970	¥ 365,131	¥251,172
Negotiable certificates of deposit .....	6,959,781	35,838	—	—
Call money and bills sold .....	2,119,557	—	—	—
Payables under repurchase agreements .....	1,120,860	—	—	—
Payables under securities lending transactions .....	4,315,774	—	—	—
Commercial paper .....	310,787	—	—	—
Borrowed money .....	4,156,807	993,051	172,326	148,392
Foreign exchanges .....	192,299	—	—	—
Short-term bonds .....	1,212,200	—	—	—
Bonds .....	362,002	1,181,035	1,471,394	408,790
Due to trust account .....	159,554	—	—	—
<b>Total .....</b>	<b>¥94,845,775</b>	<b>¥6,303,896</b>	<b>¥2,008,852</b>	<b>¥808,356</b>

March 31	Millions of U.S. dollars			
	2010			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Deposits*	\$ 794,585	\$43,998	\$ 3,924	\$2,699
Negotiable certificates of deposit	74,796	385	—	—
Call money and bills sold	22,779	—	—	—
Payables under repurchase agreements	12,046	—	—	—
Payables under securities lending transactions	46,381	—	—	—
Commercial paper	3,340	—	—	—
Borrowed money	44,673	10,672	1,852	1,595
Foreign exchanges	2,067	—	—	—
Short-term bonds	13,027	—	—	—
Bonds	3,890	12,692	15,813	4,393
Due to trust account	1,715	—	—	—
Total	\$1,019,299	\$67,747	\$21,589	\$8,687

\* Demand deposits are included in "Within 1 year." Deposits include current deposits.

## 29. Fair Value Information

### (1) Securities

The amounts shown in the following tables include trading securities and short-term bonds classified as "Trading assets," negotiable certificates of deposit bought classified as "Deposits with banks," and beneficiary claims on loan trusts classified as "Monetary claims bought," in addition to "Securities" stated in the consolidated balance sheets.

Fiscal year ended March 31, 2010

#### (a) Securities classified as trading purposes

March 31	Millions of yen	Millions of U.S. dollars
	2010	2010
Valuation gains included in the earnings for the fiscal year	¥(2,583)	\$(28)

#### (b) Bonds classified as held-to-maturity

March 31	Millions of yen		
	2010		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
Bonds with unrealized gains:			
Japanese government bonds	¥2,551,114	¥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

March 31	Millions of U.S. dollars		
	2010		
	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
Bonds with unrealized gains:			
Japanese government bonds .....	\$27,417	\$27,946	\$529
Japanese local government bonds .....	1,629	1,662	33
Japanese corporate bonds .....	2,573	2,649	76
Other .....	23	23	0
Subtotal .....	\$31,642	\$32,280	\$638
Bonds with unrealized losses:			
Japanese government bonds .....	\$ 3,440	\$ 3,433	\$ (7)
Japanese local government bonds .....	29	29	(0)
Japanese corporate bonds .....	4	4	(0)
Other .....	163	162	(1)
Subtotal .....	\$ 3,636	\$ 3,628	\$ (8)
Total .....	\$35,278	\$35,908	\$630

## (c) Other securities

March 31	Millions of yen		
	2010		
	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 .....	3,580,276	3,588,439	(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

March 31	Millions of U.S. dollars		
	2010		
	Consolidated balance sheet amount	Acquisition cost	Net unrealized gains (losses)
Other securities with unrealized gains:			
Stocks .....	\$ 17,240	\$ 11,396	\$ 5,844
Bonds .....	148,992	147,575	1,417
Japanese government bonds .....	115,744	115,075	669
Japanese local government bonds .....	2,108	2,085	23
Japanese corporate bonds .....	31,140	30,415	725
Other .....	26,811	25,481	1,330
Subtotal .....	\$193,043	\$184,452	\$ 8,591
Other securities with unrealized losses:			
Stocks .....	\$ 8,450	\$ 9,877	\$(1,427)
Bonds .....	38,477	38,565	(88)
Japanese government bonds .....	33,285	33,314	(29)
Japanese local government bonds .....	776	777	(1)
Japanese corporate bonds .....	4,416	4,474	(58)
Other .....	27,324	28,098	(774)
Subtotal .....	\$ 74,251	\$ 76,540	\$(2,289)
Total .....	\$267,294	\$260,992	\$ 6,302

Notes: 1. Net unrealized gains (losses) on other securities shown above include gains of ¥105 million (\$1 million) that are recognized in the fiscal year's earnings by applying fair value hedge accounting.

2. Consolidated balance sheet amounts of other securities whose fair values are extremely difficult to determine are as follows:

March 31	Millions of yen	Millions of U.S. dollars
	2010	2010
Stocks.....	¥285,123	\$3,064
Other.....	369,111	3,967
Total.....	¥654,234	\$7,031

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

(d) Held-to-maturity bonds sold during the year ended March 31, 2010

There are no corresponding transactions.

(e) Other securities sold during the year ended March 31, 2010

Year ended March 31	Millions of yen		
	2010		
	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)

Year ended March 31	Millions of U.S. dollars		
	2010		
	Sales amount	Gains on sales	Losses on sales
Stocks.....	\$ 1,156	\$ 547	\$ (38)
Bonds.....	215,595	380	(66)
Japanese government bonds.....	208,735	354	(64)
Japanese local government bonds.....	2,111	7	(1)
Japanese corporate bonds.....	4,749	19	(1)
Other.....	131,040	665	(262)
Total.....	\$347,791	\$1,592	\$(366)

(f) Change of classification of securities

There are no corresponding transactions.

(g) Write-down of securities

Securities (excluding stocks of subsidiaries and affiliates) with fair value are considered as impaired if the fair value declines materially below the acquisition cost and such decline is not considered as recoverable. In such a case, the fair value is recognized as the consolidated balance sheet amount and the amount of write-down is accounted for as valuation loss for the fiscal year. Valuation loss for the fiscal year was ¥19,519 million (\$210 million). The rule for determining "material decline" is as follows and is based on the classification of issuers under self-assessment of assets.

Bankrupt/Effectively bankrupt/Potentially bankrupt issuers:	Fair value is lower than acquisition cost.
Issuers requiring caution:	Fair value is 30% or more lower than acquisition cost.
Normal issuers:	Fair value is 50% or more lower than acquisition cost.
Bankrupt issuers:	Issuers that are legally bankrupt or formally declared bankrupt.
Effectively bankrupt issuers:	Issuers that are not legally bankrupt but regarded as substantially bankrupt.
Potentially bankrupt issuers:	Issuers that are not bankrupt now, but are perceived to have a high risk of falling into bankruptcy.
Issuers requiring caution:	Issuers that are identified for close monitoring.
Normal issuers:	Issuers other than the above 4 categories of issuers.

Fiscal year ended March 31, 2009

(a) Securities classified as trading purposes

March 31	Millions of yen
	2009
Consolidated balance sheet amount.....	¥858,134
Valuation gains included in the earnings for the fiscal year.....	502

## (b) Bonds classified as held-to-maturity with fair value

	Millions of yen				
	2009				
March 31	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Japanese government bonds .....	¥1,574,004	¥1,596,291	¥22,286	¥22,582	¥ 295
Japanese local government bonds .....	96,312	97,265	953	962	9
Japanese corporate bonds .....	392,209	396,215	4,006	4,611	605
Other .....	9,181	8,676	(504)	—	504
Total .....	¥2,071,708	¥2,098,449	¥26,741	¥28,155	¥1,414

Note: Fair value is calculated using market prices at the fiscal year-end.

## (c) Other securities with fair value

	Millions of yen				
	2009				
March 31	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Unrealized gains	Unrealized losses
Stocks .....	¥ 1,978,015	¥ 1,985,078	¥ 7,062	¥287,380	¥280,317
Bonds .....	14,010,902	14,008,076	(2,826)	21,534	24,360
Japanese government bonds .....	13,158,932	13,160,414	1,482	20,029	18,547
Japanese local government bonds .....	242,419	242,376	(43)	499	542
Japanese corporate bonds .....	609,550	605,286	(4,264)	1,005	5,270
Other .....	6,048,145	6,010,732	(37,412)	47,920	85,332
Total .....	¥22,037,063	¥22,003,887	¥(33,176)	¥356,834	¥390,011

Notes: 1. Consolidated balance sheet amount is calculated as follows:

Stocks (including foreign stocks): Average market prices during 1 month before the fiscal year-end

Bonds and other: Market prices at the fiscal year-end or fair value based on the DCF method on certain Japanese government bonds

2. Other securities with fair value are considered as impaired if the fair value declines materially below the acquisition cost and such decline is not considered as recoverable. In such a case, the fair value is recognized as the consolidated balance sheet amount and the amount of write-down is accounted for as valuation loss for the fiscal year. Valuation loss for the fiscal year ended March 31, 2009 was ¥156,721 million. The rule for determining "material decline" is as follows and is based on the classification of issuers under self-assessment of assets.

Bankrupt/Effectively bankrupt/Potentially bankrupt issuers: Fair value is lower than acquisition cost.

Issuers requiring caution: Fair value is 30% or more lower than acquisition cost.

Normal issuers: Fair value is 50% or more lower than acquisition cost.

Bankrupt issuers: Issuers that are legally bankrupt or formally declared bankrupt.

Effectively bankrupt issuers: Issuers that are not legally bankrupt but regarded as substantially bankrupt.

Potentially bankrupt issuers: Issuers that are not bankrupt now, but are perceived to have a high risk of falling into bankruptcy.

Issuers requiring caution: Issuers that are identified for close monitoring.

Normal issuers: Issuers other than the above 4 categories of issuers.

## (d) Held-to-maturity bonds sold during the year ended March 31, 2009

There are no corresponding transactions.

## (e) Other securities sold during the year ended March 31, 2009

	Millions of yen
Year ended March 31	2009
Sales amount .....	¥34,610,449
Gains on sales .....	158,285
Losses on sales .....	75,997

## (f) Securities with no available market value

	Millions of yen
	Consolidated balance sheet amount
March 31	2009
Bonds classified as held-to-maturity:	
Beneficiary claims on accounts receivable, etc. ....	¥ 9,996
Other securities:	
Unlisted stocks (excluding OTC stocks) .....	332,450
Unlisted bonds .....	2,901,693
Unlisted foreign securities .....	800,543
Other .....	564,348



## (g) Change of classification of securities

There are no corresponding transactions.

## (h) Redemption schedule of other securities with maturities and held-to-maturity bonds

March 31	Millions of yen			
	2009			
	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years
Bonds .....	¥3,416,761	¥11,895,495	¥1,987,483	¥1,659,495
Japanese government bonds .....	2,802,254	9,376,045	1,133,529	1,422,588
Japanese local government bonds .....	32,001	232,744	73,889	52
Japanese corporate bonds .....	582,504	2,286,704	780,064	236,853
Other .....	1,077,576	4,272,647	788,691	609,101
Total .....	¥4,494,337	¥16,168,143	¥2,776,174	¥2,268,597

## (2) Money held in trust

## (a) Money held in trust classified as trading purposes

March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Consolidated balance sheet amount .....	¥1,483	¥1,416	\$16
Valuation gains (losses) included in the earnings for the fiscal year .....	13	(3)	0

## (b) Money held in trust classified as held-to-maturity

There are no corresponding transactions.

## (c) Other money held in trust

March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Acquisition cost .....	¥17,188	¥7,830	\$184
Consolidated balance sheet amount .....	17,250	7,568	185
Net unrealized gains (losses) .....	62	(262)	1
Unrealized gains .....	157	—	2
Unrealized losses .....	(95)	(262)	(1)

Note: Consolidated balance sheet amount is calculated using market prices at the fiscal year-end.

## (3) Net unrealized gains (losses) on other securities and other money held in trust

March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Net unrealized gains (losses) .....	¥586,154	¥(34,044)	\$6,299
Other securities .....	586,091	(33,781)	6,299
Other money held in trust .....	62	(262)	0
(-) Deferred tax liabilities .....	168,758	14,428	1,813
Net unrealized gains (losses) on other securities (before following adjustment) .....	417,396	(48,472)	4,486
(-) Minority interests .....	7,991	(5,400)	86
(+) SMFG's interest in net unrealized gains (losses) on valuation of other securities held by affiliates accounted for by the equity method .....	3,304	28,422	35
Net unrealized gains (losses) on other securities .....	¥412,708	¥(14,649)	\$4,435

Notes: 1. Net unrealized gains (losses) on other securities as of March 31, 2010 included gains of ¥105 million (\$1 million) that are 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.

## 30. Derivative Transactions

Fiscal year ended March 31, 2010

## (1) Derivative transactions to which the hedge accounting method is not applied

The following tables set forth the contract amount or the amount equivalent to the principal, fair value, valuation gains (losses) and calculation method of the relevant commodities by category with respect to derivative transactions to which the hedge accounting method is not applied at the end of the fiscal year. Contract amount does not indicate the market risk relating to derivative transactions.

## (a) Interest rate derivatives

March 31	Millions of yen			
	2010			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Listed</b>				
Interest rate futures:				
Sold.....	¥ 27,455,094	¥ 1,429,658	¥ (26,886)	¥ (26,886)
Bought.....	32,231,909	1,234,295	30,344	30,344
<b>Over-the-counter</b>				
Forward rate agreements:				
Sold.....	—	—	—	—
Bought.....	25,246,604	907,098	(340)	(340)
Interest rate swaps:				
Receivable fixed rate/payable floating rate.....	364,973,058	264,226,831	125,966	125,966
Receivable floating rate/payable fixed rate.....	168,753,817	124,132,310	4,254,072	4,254,072
Receivable floating rate/payable floating rate.....	170,326,998	122,682,985	(4,118,551)	(4,118,551)
Receivable floating rate/payable floating rate.....	25,798,196	17,317,488	(6,016)	(6,016)
Interest rate swaptions:				
Sold.....	2,691,761	1,954,642	(59,016)	(59,016)
Bought.....	2,467,679	2,051,889	64,750	64,750
Caps:				
Sold.....	24,121,287	7,413,055	(13,228)	(13,228)
Bought.....	11,007,401	3,766,465	7,726	7,726
Floors:				
Sold.....	1,761,137	659,758	(18,523)	(18,523)
Bought.....	10,689,965	2,103,435	11,058	11,058
Other:				
Sold.....	732,102	342,078	(23,327)	(23,327)
Bought.....	2,526,134	1,235,256	81,184	81,184
Total.....	/	/	¥ 179,707	¥ 179,707

March 31	Millions of U.S. dollars			
	2010			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Listed</b>				
Interest rate futures:				
Sold.....	\$ 295,057	\$ 15,364	\$ (289)	\$ (289)
Bought.....	346,393	13,265	326	326
<b>Over-the-counter</b>				
Forward rate agreements:				
Sold.....	—	—	—	—
Bought.....	271,323	9,749	(4)	(4)
Interest rate swaps:				
Receivable fixed rate/payable floating rate.....	3,922,333	2,839,622	1,354	1,354
Receivable floating rate/payable fixed rate.....	1,813,582	1,334,039	45,718	45,718
Receivable floating rate/payable fixed rate.....	1,830,489	1,318,463	(44,262)	(44,262)
Receivable floating rate/payable floating rate.....	277,251	186,109	(65)	(65)
Interest rate swaptions:				
Sold.....	28,928	21,006	(634)	(634)
Bought.....	26,520	22,051	696	696
Caps:				
Sold.....	259,229	79,667	(142)	(142)
Bought.....	118,296	40,478	83	83
Floors:				
Sold.....	18,927	7,090	(199)	(199)
Bought.....	114,884	22,605	119	119
Other:				
Sold.....	7,868	3,676	(251)	(251)
Bought.....	27,148	13,275	872	872
Total.....	/	/	\$ 1,931	\$ 1,931

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of operations.

2. Fair value of transactions listed on exchange is calculated using the closing prices on the Tokyo Financial Exchange and others.

Fair value of OTC transactions is calculated using discounted present value and option pricing models.

## (b) Currency derivatives

March 31	Millions of yen			
	2010			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Over-the-counter</b>				
Currency swaps.....	¥22,944,557	¥15,000,880	¥(197,861)	¥ (37,404)
Currency swaptions:				
Sold.....	812,380	787,350	(14,820)	(14,820)
Bought.....	962,113	861,923	30,552	30,552
Forward foreign exchange.....	34,515,123	3,923,138	116,047	116,047
Currency options:				
Sold.....	3,855,995	2,479,933	(313,707)	(313,707)
Bought.....	3,850,518	2,378,255	388,407	388,407
Other:				
Sold.....	51	—	1	1
Bought.....	42	—	0	0
<b>Total</b> .....	<b>/</b>	<b>/</b>	<b>¥ 8,620</b>	<b>¥169,077</b>

March 31	Millions of U.S. dollars			
	2010			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Over-the-counter</b>				
Currency swaps.....	\$246,583	\$161,213	\$(2,126)	\$ (402)
Currency swaptions:				
Sold.....	8,731	8,462	(159)	(159)
Bought.....	10,340	9,263	328	328
Forward foreign exchange.....	370,931	42,162	1,247	1,247
Currency options:				
Sold.....	41,440	26,652	(3,371)	(3,371)
Bought.....	41,381	25,559	4,174	4,174
Other:				
Sold.....	1	—	0	0
Bought.....	0	—	0	0
<b>Total</b> .....	<b>/</b>	<b>/</b>	<b>\$ 93</b>	<b>\$1,817</b>

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of operations.

2. Fair value is calculated using discounted present value and option pricing models.

## (c) Equity derivatives

March 31	Millions of yen			
	2010			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Listed</b>				
Equity price index futures:				
Sold.....	¥ 57,478	¥ —	¥ (1,416)	¥ (1,416)
Bought.....	35,779	—	955	955
Equity price index options:				
Sold.....	1,825	—	(1)	(1)
Bought.....	225	—	1	1
<b>Over-the-counter</b>				
Equity options:				
Sold.....	226,398	152,641	(45,488)	(45,488)
Bought.....	233,424	225,474	45,680	45,680
Other:				
Sold.....	114	—	(0)	(0)
Bought.....	294	—	16	16
<b>Total</b> .....	<b>/</b>	<b>/</b>	<b>¥ (253)</b>	<b>¥ (253)</b>

March 31	Millions of U.S. dollars			
	2010			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Listed</b>				
Equity price index futures:				
Sold.....	\$ 618	\$ —	\$ (15)	\$ (15)
Bought.....	385	—	10	10
Equity price index options:				
Sold.....	20	—	(0)	(0)
Bought.....	2	—	0	0
<b>Over-the-counter</b>				
Equity options:				
Sold.....	2,433	1,640	(489)	(489)
Bought.....	2,509	2,423	491	491
Other:				
Sold.....	1	—	(0)	(0)
Bought.....	3	—	0	0
Total.....	/	/	\$ (3)	\$ (3)

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of operations.

2. Fair value of transactions listed on exchange is calculated using the closing prices on the Tokyo Stock Exchange and others.

Fair value of OTC transactions is calculated using option pricing models.

(d) Bond derivatives

March 31	Millions of yen			
	2010			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Listed</b>				
Bond futures:				
Sold.....	¥1,320,583	¥ —	¥5,799	¥5,799
Bought.....	1,232,748	—	(6,710)	(6,710)
Bond futures options:				
Sold.....	8,652	—	5	5
Bought.....	209,652	—	256	256
<b>Over-the-counter</b>				
Forward bond agreements:				
Sold.....	—	—	—	—
Bought.....	42,092	39,082	919	919
Bond options:				
Sold.....	270,000	—	(247)	(247)
Bought.....	270,000	—	262	262
Total.....	/	/	¥ 285	¥ 285

March 31	Millions of U.S. dollars			
	2010			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Listed</b>				
Bond futures:				
Sold.....	\$14,192	\$ —	\$62	\$62
Bought.....	13,248	—	(72)	(72)
Bond futures options:				
Sold.....	93	—	0	0
Bought.....	2,253	—	3	3
<b>Over-the-counter</b>				
Forward bond agreements:				
Sold.....	—	—	—	—
Bought.....	452	420	10	10
Bond options:				
Sold.....	2,902	—	(3)	(3)
Bought.....	2,902	—	3	3
Total.....	/	/	\$ 3	\$ 3

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of operations.

2. Fair value of transactions listed on exchange is calculated using the closing prices on the Tokyo Stock Exchange and others.

Fair value of OTC transactions is calculated using discounted present value and option pricing models.

## (e) Commodity derivatives

March 31	Millions of yen			
	2010			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Listed</b>				
Commodity futures:				
Sold.....	¥ 11,998	¥ —	¥ (160)	¥ (160)
Bought.....	12,235	—	154	154
<b>Over-the-counter</b>				
Commodity swaps:				
Receivable fixed price/payable floating price.....	213,634	199,442	(48,721)	(48,721)
Receivable floating price/payable fixed price.....	172,127	159,140	101,006	101,006
Receivable floating price/payable floating price.....	7	7	0	0
Commodity options:				
Sold.....	22,674	16,019	(198)	(198)
Bought.....	25,623	16,355	1,821	1,821
Total.....	/	/	¥ 53,902	¥ 53,902

March 31	Millions of U.S. dollars			
	2010			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Listed</b>				
Commodity futures:				
Sold.....	\$ 129	\$ —	\$ (2)	\$ (2)
Bought.....	131	—	2	2
<b>Over-the-counter</b>				
Commodity swaps:				
Receivable fixed price/payable floating price.....	2,296	2,143	(524)	(524)
Receivable floating price/payable fixed price.....	1,850	1,710	1,086	1,086
Receivable floating price/payable floating price.....	0	0	0	0
Commodity options:				
Sold.....	244	172	(2)	(2)
Bought.....	275	176	19	19
Total.....	/	/	\$ 579	\$ 579

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of operations.

2. Fair value of transactions listed on exchange is calculated using the closing prices on the New York Mercantile Exchange and others.

Fair value of OTC transactions is calculated based on factors such as price of the relevant commodity and contract term.

3. Commodity derivatives are transactions on fuel and metal.

## (f) Credit derivative transactions

March 31	Millions of yen			
	2010			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Over-the-counter</b>				
Credit default options:				
Sold.....	¥1,174,089	¥1,079,228	¥(73,555)	¥(73,555)
Bought.....	1,362,339	1,078,463	76,421	76,421
Total.....	/	/	¥ 2,865	¥ 2,865

March 31	Millions of U.S. dollars			
	2010			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Over-the-counter</b>				
Credit default options:				
Sold.....	\$12,618	\$11,598	\$(790)	\$(790)
Bought.....	14,641	11,590	821	821
Total.....	/	/	\$ 31	\$ 31

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of operations.

2. Fair value is calculated using discounted present value and option pricing models.

3. "Sold" represents transactions in which the credit risk is accepted; "Bought" represents transactions in which the credit risk is transferred.

## (2) Derivative transactions to which the hedge accounting method is applied

The following tables set forth the contract amount or the amount equivalent to the principal, fair value and calculation method of the relevant commodities by category with respect to derivative transactions to which the hedge accounting method is applied at the end of the fiscal year. Contract amount does not indicate the market risk relating to derivative transactions.

## (a) Interest rate derivatives

			Millions of yen		
			2010		
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount		Fair value
			Total	Over 1 year	
March 31					
Deferral hedge method	Interest rate futures:	Interest-earning/bearing financial assets/liabilities such as loans and bills	¥ 687,343	¥ 372,196	¥ (126)
	Sold.....				
	Bought.....		15,799,182	—	1,862
	Interest rate swaps:	discounted, other securities (bonds), deposits and negotiable certificates of deposits	33,670,699	27,749,612	23,415
	Receivable fixed rate/payable floating rate .....		22,949,812	18,482,089	321,049
	Receivable floating rate/payable fixed rate .....		10,661,052	9,237,689	(298,913)
	Receivable floating rate/payable floating rate...		59,833	29,833	1,278
	Interest rate swaptions:				
	Sold.....		470,930	460,558	(605)
	Bought.....		751	—	(1)
	Caps:				
	Sold.....		—	—	—
	Bought.....		600	—	0
	Floors:				
	Sold.....		171	—	(0)
	Bought.....		7,850	7,850	0
Recognition of gain or loss on the hedging instrument	Interest rate swaps: .....	Loans and bills discounted; other securities (bonds)	72,655	69,368	(4,662)
	Receivable floating rate/payable fixed rate .....		72,655	69,368	(4,662)
Special treatment for interest rate swaps	Interest rate swaps: .....	Loans and bills discounted; borrowed money; Bonds	9,135,218	9,105,823	
	Receivable fixed rate/payable floating rate .....		25,500	14,500	
	Receivable floating rate/payable fixed rate .....		9,077,718	9,063,623	(Note 3)
	Receivable floating rate/payable floating rate...		32,000	27,700	
	Total.....		/	/	¥ 19,880

			Millions of U.S. dollars		
			2010		
Hedge accounting method	Type of derivative	Principal items hedged	Contract amount		Fair value
			Total	Over 1 year	
March 31					
Deferral hedge method	Interest rate futures:	Interest-earning/bearing financial assets/liabilities such as loans and bills	\$ 7,387	\$ 4,000	\$ (1)
	Sold.....				
	Bought.....		169,792	—	20
	Interest rate swaps:	discounted, other securities (bonds), deposits and negotiable certificates of deposits	361,856	298,223	252
	Receivable fixed rate/payable floating rate .....		246,640	198,625	3,450
	Receivable floating rate/payable fixed rate .....		114,573	99,277	(3,212)
	Receivable floating rate/payable floating rate...		643	321	14
	Interest rate swaptions:				
	Sold.....		5,061	4,950	(7)
	Bought.....		8	—	(0)
	Caps:				
	Sold.....		—	—	—
	Bought.....		6	—	0
	Floors:				
	Sold.....		2	—	(0)
	Bought.....		84	84	0
Recognition of gain or loss on the hedging instrument	Interest rate swaps: .....	Loans and bills discounted; other securities (bonds)	781	745	(50)
	Receivable floating rate/payable fixed rate .....		781	745	(50)
Special treatment for interest rate swaps	Interest rate swaps: .....	Loans and bills discounted; borrowed money; Bonds	98,175	97,859	
	Receivable fixed rate/payable floating rate .....		274	156	
	Receivable floating rate/payable fixed rate .....		97,557	97,406	(Note 3)
	Receivable floating rate/payable floating rate...		344	297	
	Total.....		/	/	\$ 214

Notes: 1. SMFG 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).

2. Fair value of transactions listed on exchange is calculated using the closing prices on the Tokyo Financial Exchange and others.  
Fair value of OTC transactions is calculated using discounted present value and option pricing models.
3. Interest rate swap amounts measured by the special treatment for interest rate swaps are treated with the borrowed money or other transaction that is subject to the hedge. Therefore such fair value is included in the fair value of the relevant transaction subject to the hedge in "28. Financial Instruments."

## (b) Currency derivatives

			Millions of yen		
			2010		
			Contract amount		Fair value
Hedge accounting method	Type of derivative	Principal items hedged	Total	Over 1 year	
Deferral hedge method	Currency swaps.....	Foreign currency denominated loans and bills discounted; other securities (bonds); deposits; foreign currency exchange, etc.	¥2,058,317	¥1,849,783	¥163,796
	Forward foreign exchange.....		10,152	—	111
Recognition of gain or loss on the hedging instrument	Currency swaps.....	Deposits	19,785	—	(301)
Allocation method	Currency swaps.....	Deposits; borrowed money	7,866	6,635	(Note 3)
	Forward foreign exchange.....		124,361	—	
Total.....			/	/	¥163,607

			Millions of U.S. dollars		
			2010		
			Contract amount		Fair value
Hedge accounting method	Type of derivative	Principal items hedged	Total	Over 1 year	
Deferral hedge method	Currency swaps.....	Foreign currency denominated loans and bills discounted; other securities (bonds); deposits; foreign currency exchange, etc.	\$22,121	\$19,879	\$1,760
	Forward foreign exchange.....		109	—	1
Recognition of gain or loss on the hedging instrument	Currency swaps.....	Deposits	213	—	(3)
Allocation method	Currency swaps.....	Deposits; borrowed money	85	71	(Note 3)
	Forward foreign exchange.....		1,336	—	
Total.....			/	/	\$1,758

Notes: 1. SMFG applies deferred hedge accounting stipulated in "Treatment for Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Report No. 25).

2. Fair value is calculated using discounted present value.

3. Foreign forward exchange amounts treated by the allocation method are treated with the deposit or other transaction that is subject to the hedge. Therefore such fair value is included in the fair value of the relevant transaction subject to the hedge in "28. Financial Instruments."

## (c) Equity derivatives

			Millions of yen		
			2010		
			Contract amount		Fair value
Hedge accounting method	Type of derivative	Principal items hedged	Total	Over 1 year	
Recognition of gain or loss on the hedging instrument	Equity price index swaps:				
	Receivable equity index/payable floating rate...	Other securities (equity)	¥ —	¥ —	¥ —
	Receivable floating rate/payable equity index...		9,534	9,534	(276)
Total.....			/	/	¥(276)

			Millions of U.S. dollars		
			2010		
			Contract amount		Fair value
Hedge accounting method	Type of derivative	Principal items hedged	Total	Over 1 year	
Recognition of gain or loss on the hedging instrument	Equity price index swaps:				
	Receivable equity index/payable floating rate...	Other securities (equity)	\$ —	\$ —	\$—
	Receivable floating rate/payable equity index...		102	102	(3)
Total.....			/	/	\$ (3)

Note: Fair value is calculated using discounted present value.

Fiscal year ended March 31, 2009

## (1) Interest rate derivatives

March 31	Millions of yen			
	2009			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Listed</b>				
Interest rate futures:				
Sold.....	¥ 17,636,094	¥ 1,254,229	¥ (41,578)	¥ (41,578)
Bought.....	19,571,966	1,557,621	51,493	51,493
<b>Over-the-counter</b>				
Forward rate agreements:				
Sold.....	—	—	—	—
Bought.....	15,742,690	97,966	114	114
Interest rate swaps:				
Receivable fixed rate/payable floating rate.....	395,948,961	283,809,494	207,729	207,729
Receivable floating rate/payable fixed rate.....	186,295,438	135,517,151	4,508,393	4,508,393
Receivable floating rate/payable fixed rate.....	186,981,391	132,487,292	(4,300,450)	(4,300,450)
Receivable floating rate/payable floating rate.....	22,579,384	15,712,303	4,399	4,399
Interest rate swaptions:				
Sold.....	2,690,323	1,789,900	(65,983)	(65,983)
Bought.....	2,802,501	2,143,328	65,627	65,627
Caps:				
Sold.....	27,834,072	12,451,630	(5,342)	(5,342)
Bought.....	13,867,378	6,122,525	3,263	3,263
Floors:				
Sold.....	3,351,169	1,816,123	(21,272)	(21,272)
Bought.....	5,116,400	2,810,008	8,036	8,036
Other:				
Sold.....	1,177,521	575,022	(32,707)	(32,707)
Bought.....	3,454,028	2,000,040	100,656	100,656
Total.....	/	/	¥ 270,036	¥ 270,036

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of operations.

Derivative transactions to which the deferred hedge accounting method is applied are not included in the amounts above.

2. Fair value of transactions listed on exchange is calculated using the closing prices on the Tokyo Financial Exchange and others.

Fair value of OTC transactions is calculated using discounted present value and option pricing models.

## (2) Currency derivatives

March 31	Millions of yen			
	2009			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Over-the-counter</b>				
Currency swaps.....	¥22,343,204	¥14,918,715	¥(138,309)	¥(107,046)
Currency swaptions:				
Sold.....	863,862	863,862	(13,907)	(13,907)
Bought.....	964,627	955,373	30,040	30,040
Forward foreign exchange.....	44,250,845	4,431,723	108,517	108,517
Currency options:				
Sold.....	4,448,659	2,475,706	(269,220)	(269,220)
Bought.....	4,356,557	2,411,169	303,847	303,847
Total.....	/	/	¥ 20,967	¥ 52,231

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of operations. The amounts above do not include the following:

(a) Derivative transactions to which the deferred hedge accounting method is applied;

(b) Those that are allotted to financial assets/liabilities denominated in foreign currencies and whose fair values are already reflected in the consolidated balance sheets; and

(c) Those that are allotted to financial assets/liabilities denominated in foreign currencies, and the financial assets/liabilities are eliminated in the process of consolidation.

2. Fair value is calculated using discounted present value and option pricing models.



## (3) Equity derivatives

March 31	Millions of yen			
	2009			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Listed</b>				
Equity price index futures:				
Sold.....	¥ 14,239	¥ —	¥ (632)	¥ (632)
Bought.....	14,533	—	636	636
Equity price index options:				
Sold.....	2,218	—	(17)	(17)
Bought.....	144	—	3	3
<b>Over-the-counter</b>				
Equity options:				
Sold.....	219,238	145,209	(63,785)	(63,785)
Bought.....	219,238	145,209	63,785	63,785
<b>Total.....</b>	<b>/</b>	<b>/</b>	<b>¥ (9)</b>	<b>¥ (9)</b>

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of operations.

Derivative transactions to which the deferred hedge accounting method is applied are not included in the amounts above.

2. Fair value of transactions listed on exchange is calculated using the closing prices on the Tokyo Stock Exchange and others.

Fair value of OTC transactions is calculated using option pricing models.

## (4) Bond derivatives

March 31	Millions of yen			
	2009			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Listed</b>				
Bond futures:				
Sold.....	¥976,285	¥ —	¥(9,158)	¥(9,158)
Bought.....	964,958	—	8,638	8,638
Bond futures options:				
Sold.....	15,000	—	1	1
Bought.....	—	—	—	—
<b>Over-the-counter</b>				
Forward bond agreements:				
Sold.....	—	—	—	—
Bought.....	44,076	44,059	561	561
Bond options:				
Sold.....	450,000	—	—	—
Bought.....	450,000	—	1	1
<b>Total.....</b>	<b>/</b>	<b>/</b>	<b>¥ 44</b>	<b>¥ 44</b>

Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of operations.

Derivative transactions to which the deferred hedge accounting method is applied are not included in the amounts above.

2. Fair value of transactions listed on exchange is calculated using the closing prices on the Tokyo Stock Exchange and others.

Fair value of OTC transactions is calculated using discounted present value and option pricing models.

## (5) Commodity derivatives

March 31	Millions of yen			
	2009			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Listed</b>				
Commodity futures:				
Sold.....	¥ —	¥ —	¥ —	¥ —
Bought.....	156	—	25	25
<b>Over-the-counter</b>				
Commodity swaps:				
Receivable fixed price/payable floating price.....	295,434	246,531	37,408	37,408
Receivable floating price/payable fixed price.....	243,608	194,760	27,707	27,707
Commodity options:				
Sold.....	14,335	11,786	(779)	(779)
Bought.....	39,276	33,637	2,015	2,015
<b>Total.....</b>	<b>/</b>	<b>/</b>	<b>¥66,376</b>	<b>¥66,376</b>

- Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of operations.  
Derivative transactions to which the deferred hedge accounting method is applied are not included in the amounts above.
2. Fair value of transactions listed on exchange is calculated using the closing prices on the New York Mercantile Exchange and others.  
Fair value of OTC transactions is calculated based on factors such as price of the relevant commodity and contract term.
3. Commodity derivatives are transactions on fuel and metal.

## (6) Credit derivative transactions

March 31	Millions of yen			
	2009			
	Contract amount		Fair value	Valuation gains (losses)
Total	Over 1 year			
<b>Over-the-counter</b>				
Credit default options:				
Sold.....	¥1,179,621	¥1,167,801	¥(209,630)	¥(209,630)
Bought.....	1,325,430	1,308,288	229,275	229,275
<b>Total.....</b>	<b>/</b>	<b>/</b>	<b>¥ 19,644</b>	<b>¥ 19,644</b>

- Notes: 1. The above transactions are valued at fair value and the valuation gains (losses) are accounted for in the consolidated statements of operations.  
Derivative transactions to which the deferred hedge accounting method is applied are not included in the amounts above.
2. Fair value is calculated using discounted present value and option pricing models.
3. "Sold" represents transactions in which the credit risk is accepted; "Bought" represents transactions in which the credit risk is transferred.

## 31. Stock Options

1. Share-based compensation expenses which were accounted for as general and administrative expenses in the fiscal years ended March 31, 2010 and 2009 are as follows:

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Share-based compensation expenses .....	¥15	¥22	¥0

2. Outline of stock options and changes is as follows:

## (1) SMFG

## (a) Outline of stock options

Date of resolution	June 27, 2002
Title and number of grantees .....	Directors and employees of SMFG and SMBC: 677
Number of stock options* .....	Common shares: 162,000
Grant date .....	August 30, 2002
Condition for vesting.....	N.A.
Requisite service period.....	N.A.
Exercise period .....	June 28, 2004 to June 27, 2012

\* "Number of stock options" is reported in consideration of the 100-for-1 stock split implemented on January 4, 2009.

## (b) Stock options granted and changes

## Number of stock options

Date of resolution	June 27, 2002
Before vested	
Previous fiscal year-end .....	—
Granted .....	—
Forfeited .....	—
Vested .....	—
Outstanding .....	—
After vested .....	
Previous fiscal year-end* .....	108,100
Vested .....	—
Exercised .....	—
Forfeited .....	—
Exercisable .....	108,100

\* Number of stock as of the previous fiscal year-end is reported in consideration of the 100-for-1 stock split implemented on January 4, 2009.

## Price information (Yen)

Date of resolution	June 27, 2002
Exercise price .....	¥6,649
Average exercise price .....	—
Fair value at the grant date .....	—

## (2) Kansai Urban Banking Corporation

## (a) Outline of stock options

Date of resolution	June 28, 2001	June 27, 2002	June 27, 2003	June 29, 2004	June 29, 2005	June 29, 2006
Title and number of grantees .....	Directors and employees 45	Directors and employees 44	Directors and employees 65	Directors and employees 174	Directors and employees 183	Directors 9
Number of stock options .....	Common shares 238,000	Common shares 234,000	Common shares 306,000	Common shares 399,000	Common shares 464,000	Common shares 162,000
Grant date .....	July 31, 2001	July 31, 2002	July 31, 2003	July 30, 2004	July 29, 2005	July 31, 2006
Condition for vesting .....	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Requisite service period .....	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Exercise period .....	June 29, 2003 to June 28, 2011	June 28, 2004 to June 27, 2012	June 28, 2005 to June 27, 2013	June 30, 2006 to June 29, 2014	June 30, 2007 to June 29, 2015	June 30, 2008 to June 29, 2016

Date of resolution	June 29, 2006	June 28, 2007	June 28, 2007	June 27, 2008	June 26, 2009
Title and number of grantees .....	Officers not doubling as directors 14 Employees 46	Directors 10	Officers not doubling as directors 14 Employees 48	Directors 9 Officers not doubling as directors 16 Employees 45	Directors 11 Officers not doubling as directors 14 Employees 57
Number of stock options .....	Common shares 115,000	Common shares 174,000	Common shares 112,000	Common shares 289,000	Common shares 350,000
Grant date .....	July 31, 2006	July 31, 2007	July 31, 2007	July 31, 2008	July 31, 2009
Condition for vesting .....	N.A.	N.A.	N.A.	N.A.	N.A.
Requisite service period .....	N.A.	N.A.	N.A.	N.A.	N.A.
Exercise period .....	June 30, 2008 to June 29, 2016	June 29, 2009 to June 28, 2017	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	June 29, 2005	June 29, 2006
Before vested						
Previous fiscal year-end	—	—	—	—	—	—
Granted	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—
Vested	—	—	—	—	—	—
Outstanding	—	—	—	—	—	—
After vested						
Previous fiscal year-end	112,000	158,000	228,000	329,000	451,000	162,000
Vested	—	—	—	—	—	—
Exercised	8,000	20,000	6,000	—	—	—
Forfeited	—	—	—	4,000	—	—
Exercisable	104,000	138,000	222,000	325,000	451,000	162,000

Date of resolution	June 29, 2006	June 28, 2007	June 28, 2007	June 27, 2008	June 26, 2009
Before vested					
Previous fiscal year-end	—	174,000	112,000	289,000	—
Granted	—	—	—	—	350,000
Forfeited	—	—	—	—	—
Vested	—	174,000	112,000	—	—
Outstanding	—	—	—	289,000	350,000
After vested					
Previous fiscal year-end	115,000	—	—	—	—
Vested	—	174,000	112,000	—	—
Exercised	—	—	—	—	—
Forfeited	—	—	—	—	—
Exercisable	115,000	174,000	112,000	—	—

## Price information (Yen)

Date of resolution	June 28, 2001	June 27, 2002	June 27, 2003	June 29, 2004	June 29, 2005	June 29, 2006
Exercise price	¥155	¥131	¥179	¥202	¥313	¥490
Average exercise price	200	163	200	—	—	—
Fair value at the grant date	—	—	—	—	—	138

Date of resolution	June 29, 2006	June 28, 2007	June 28, 2007	June 27, 2008	June 26, 2009
Exercise price	¥490	¥461	¥461	¥302	¥193
Average exercise price	—	—	—	—	—
Fair value at the grant date	138	96	96	37	51

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

Stock options granted in the fiscal year ended March 31, 2010 were valued using the Black-Scholes option pricing model and the principal parameters were as follows:

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

<sup>\*1</sup> Calculated based on the actual stock prices during the 5 years from June 2004 to June 2009

<sup>\*2</sup> The average expected life could not be estimated rationally due to an insufficient amount of data. Therefore, it was estimated assuming that the options were exercised at the midpoint of the exercise period.

<sup>\*3</sup> The actual dividends on common stock for the fiscal year ended March 31, 2009

<sup>\*4</sup> Japanese government bond yield corresponding to the average expected life

## (d) Method of estimating number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

## 32. Segment Information

## (1) Business segment information

Year ended March 31	Millions of yen					
	2010					
	Banking business	Leasing business	Other business	Total	Elimination	Consolidated
<b>I. Ordinary income</b>						
(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
<b>II. Assets, depreciation, losses on impairment of fixed assets and capital expenditure</b>						
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

Year ended March 31	Millions of yen					
	2009					
	Banking business	Leasing business	Other business	Total	Elimination	Consolidated
<b>I. Ordinary income</b>						
(1) External customers.....	¥ 2,773,183	¥ 332,465	¥ 447,194	¥ 3,552,843	¥ —	¥ 3,552,843
(2) Intersegment .....	65,756	5,511	306,084	377,352	(377,352)	—
Total .....	2,838,940	337,976	753,279	3,930,196	(377,352)	3,552,843
Ordinary expenses .....	2,800,453	306,585	681,077	3,788,116	(280,583)	3,507,532
Ordinary profit.....	¥ 38,486	¥ 31,391	¥ 72,201	¥ 142,080	¥ (96,769)	¥ 45,311
<b>II. Assets, depreciation, losses on impairment of fixed assets and capital expenditure</b>						
Assets .....	¥114,704,051	¥2,918,254	¥8,222,027	¥125,844,333	¥(6,207,109)	¥119,637,224
Depreciation .....	70,803	25,491	26,722	123,017	7	123,025
Losses on impairment of fixed assets...	6,541	—	821	7,363	—	7,363
Capital expenditure.....	124,546	102,240	23,326	250,113	7	250,121

Year ended March 31	Millions of U.S. dollars					
	2010					
	Banking business	Leasing business	Other business	Total	Elimination	Consolidated
<b>I. Ordinary income</b>						
(1) External customers.....	\$ 24,522	\$ 3,468	\$ 6,040	\$ 34,030	\$ —	\$ 34,030
(2) Intersegment .....	503	59	2,604	3,166	(3,166)	—
Total .....	25,025	3,527	8,644	37,196	(3,166)	34,030
Ordinary expenses .....	20,205	3,063	7,344	30,612	(2,587)	28,025
Ordinary profit.....	\$ 4,820	\$ 464	\$ 1,300	\$ 6,584	\$ (579)	\$ 6,005
<b>II. Assets, depreciation, losses on impairment of fixed assets and capital expenditure</b>						
Assets .....	\$1,201,840	\$29,397	\$145,843	\$1,377,080	\$(53,496)	\$1,323,584
Depreciation .....	845	306	320	1,471	0	1,471
Losses on impairment of fixed assets...	122	11	5	138	—	138
Capital expenditure.....	1,165	952	445	2,562	0	2,562

- Notes: 1. The business segmentation is classified based on SMFG's internal management purpose. Ordinary income and ordinary profit are presented as counterparts of sales and operating profit of companies in other industries.
2. "Other business" includes securities, credit card, investment banking, loans, venture capital, system development and information processing.
3. Assets in Elimination include unallocated corporate assets of ¥6,214,065 million (\$66,782 million) and ¥4,117,977 million at March 31, 2010 and 2009, respectively, which mainly consist of investments in subsidiaries and affiliates.
4. Ordinary income represents total income excluding gains on disposal of fixed assets, recoveries of written-off claims and other extraordinary gains. Ordinary expenses represent total expenses excluding losses on disposal of fixed assets, losses on impairment of fixed assets and other extraordinary expenses.
5. As mentioned in Note 2. (20) (a), "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, and SMFG has applied them from the fiscal year ended March 31, 2010. As a result of the accounting change, Ordinary expenses of "Banking business" for the year ended March 31, 2010 decreased by ¥19,251 million (\$207 million) and Ordinary profit of "Banking business" increased by ¥19,251 million (\$207 million) as compared with the former method. Assets of "Banking business" increased by ¥59,270 million (\$637 million) and Assets of "Other business" decreased by ¥703 million (\$8 million).

6. As mentioned in Note 2. (20) (c), non-transfer ownership finance leases were formerly accounted for using the same method as for operating leases. "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, issued on March 30, 2007) and "Implementation Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, issued on March 30, 2007) became effective from the fiscal year beginning on and after April 1, 2008, and SMFG has applied them from the fiscal year ended March 31, 2009. As a result of the accounting change, Ordinary income of "Leasing business" for the year ended March 31, 2009 decreased by ¥691,719 million as compared with the former method. Ordinary expenses of "Banking business" and "Other business" increased by ¥22 million and ¥1 million, respectively, and Ordinary expenses of "Leasing business" decreased by ¥694,173 million. In terms of Ordinary profit, "Banking business" decreased by ¥22 million and "Other business" decreased by ¥1 million, while "Leasing business" increased by ¥2,453 million. Assets of "Banking business" and "Other business" increased by ¥7,447 million and ¥27,348 million, respectively, while Assets of "Leasing business" decreased by ¥36,473 million.

## (2) Geographic segment information

Year ended March 31	Millions of yen						
	2010						
	Japan	The Americas	Europe and Middle East	Asia and Oceania	Total	Elimination	Consolidated
I. 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
II. Assets.....	¥107,412,125	¥8,255,658	¥4,931,900	¥5,638,760	¥126,238,444	¥(3,078,930)	¥123,159,513

Year ended March 31	Millions of yen						
	2009						
	Japan	The Americas	Europe and Middle East	Asia and Oceania	Total	Elimination	Consolidated
I. Ordinary income							
(1) External customers.....	¥ 2,886,164	¥ 230,755	¥ 245,279	¥ 190,644	¥ 3,552,843	¥ —	¥ 3,552,843
(2) Intersegment .....	125,334	95,462	6,959	22,639	250,396	(250,396)	—
Total .....	3,011,499	326,218	252,238	213,284	3,803,239	(250,396)	3,552,843
Ordinary expenses .....	3,026,816	282,617	255,544	172,847	3,737,825	(230,293)	3,507,532
Ordinary profit (loss).....	¥ (15,317)	¥ 43,600	¥ (3,305)	¥ 40,436	¥ 65,414	¥ (20,102)	¥ 45,311
II. Assets.....	¥102,162,307	¥10,054,434	¥5,537,019	¥5,157,482	¥122,911,244	¥(3,274,020)	¥119,637,224

Year ended March 31	Millions of U.S. dollars						
	2010						
	Japan	The Americas	Europe and Middle East	Asia and Oceania	Total	Elimination	Consolidated
I. Ordinary income							
(1) External customers.....	\$ 29,093	\$ 2,203	\$ 1,356	\$ 1,378	\$ 34,030	\$ —	\$ 34,030
(2) Intersegment .....	234	1,142	28	41	1,445	(1,445)	—
Total .....	29,327	3,345	1,384	1,419	35,475	(1,445)	34,030
Ordinary expenses .....	25,194	1,843	1,237	751	29,025	(1,000)	28,025
Ordinary profit.....	\$ 4,133	\$ 1,502	\$ 147	\$ 668	\$ 6,450	\$ (445)	\$ 6,005
II. Assets.....	\$1,154,348	\$88,723	\$53,003	\$60,599	\$1,356,673	\$(33,089)	\$1,323,584

Notes: 1. The geographic segmentation is classified based on the degrees of the following factors: geographic proximity, similarity of economic activities and relationship of business activities among regions. Ordinary income and ordinary profit are presented as counterparts of sales and operating profit of companies in other industries.

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

3. Assets in Elimination include unallocated corporate assets of ¥6,214,065 million (\$66,782 million) and ¥4,117,977 million at March 31, 2010 and 2009, respectively, which mainly consist of investments in subsidiaries and affiliates.

4. Ordinary income represents total income excluding gains on disposal of fixed assets, recoveries of written-off claims and other extraordinary gains. Ordinary expenses represent total expenses excluding losses on disposal of fixed assets, losses on impairment of fixed assets and other extraordinary expenses.

5. As mentioned in Note 2. (20) (a), "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, and SMFG has applied them from the fiscal year ended March 31, 2010. As a result of the accounting change, Ordinary expenses of "Japan" for the year ended March 31, 2010 decreased by ¥19,251 million (\$207 million) and Ordinary profit of "Japan" increased by ¥19,251 million (\$207 million) as compared with the former method. Assets of "Japan," "Europe and Middle East" and "Asia and Oceania" increased by ¥58,612 million (\$630 million), ¥341 million (\$4 million) and ¥181 million (\$2 million), respectively. Assets of "The Americas" decreased by ¥567 million (\$6 million).

6. As mentioned in Note 2. (20) (c), non-transfer ownership finance leases were formerly accounted for using the same method as for operating leases. "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, issued on March 30, 2007) and "Implementation Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, issued on March 30, 2007) became effective from the fiscal year beginning on and after April 1, 2008, and SMFG has applied them from the fiscal year ended March 31, 2009. As a result of the accounting change, Ordinary income of "Japan" and Ordinary expenses of "Japan" for the year ended March 31, 2009 decreased by ¥676,849 million and ¥679,279 million as compared with the former method; Ordinary profit of "Japan" increased by ¥2,430 million. Assets of "Japan" decreased by ¥29,782 million.

## (3) Ordinary income from overseas operations

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
Consolidated ordinary income from overseas operations (A) .....	¥ 459,354	¥ 666,679	¥ 4,937
Consolidated ordinary income (B) .....	3,166,465	3,552,843	34,030
(A) / (B) .....	14.5%	18.8%	14.5%

Notes: 1. Consolidated ordinary income from overseas operations is presented as a counterpart of overseas sales of companies in other industries.

2. The table above shows ordinary income from transactions of overseas branches of SMBC and transactions of overseas consolidated subsidiaries, excluding internal income. These extensive transactions are not categorized by transaction party and the geographic segment information is not presented because such information is not available.

## 33. Business Combinations

Fiscal year ended March 31, 2010

<Purchase method>

A 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. The outline of the merger is as follows:

## 1. Outline of the business combination

- (1) Name of the acquired company and its business  
Biwako Bank (Banking business)
- (2) 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.
- (3) Date of the business combination  
March 1, 2010
- (4) Legal form of business combination  
The merger was a merger by absorption with KUBC as the surviving company. (Name of the new company: Kansai Urban Banking Corporation)
- (5) Name of the controlling entity after the business combination  
Sumitomo Mitsui Financial Group, Inc.
- (6) 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

	Millions of yen	Millions of U.S. dollars
SMFG's interest in KUBC's common stock .....	¥ 7,182	\$ 77
SMFG's interest in KUBC's preferred stock .....	40,000	430
Acquisition cost .....	¥47,182	\$507

## 4. Merger ratio, calculation method, number of shares delivered and valuation

- (1) 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

## (2) Basis for calculation of the merger ratio

## (a) 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 2 banks agreed and decided on the above merger ratio of common stock as being appropriate.

## (b) 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.

## (3) Number of shares delivered and value

## Number of shares delivered

Common stock of KUBC	103,532,913 shares
Preferred stock of KUBC (Type 1)	27,500,000 shares
Preferred stock of KUBC (Type 2)	23,125,000 shares

## Value

Common stock of KUBC	¥12,803 million (\$138 million)
Preferred stock (Type 1) of KUBC	¥19,025 million (\$204 million)
Preferred stock (Type 2) of KUBC	¥16,500 million (\$177 million)

## 5. Goodwill, reason for recognizing goodwill, amortization method and amortization period

- (1) Amount of goodwill  
¥11,056 million (\$119 million)
- (2) Reason for recognizing goodwill  
SMFG accounted for the difference between the acquisition cost and the equivalent amount of SMFG's interests in Biwako Bank as goodwill.
- (3) Method and term to amortize goodwill  
Straight-line method over 20 years

6. Amounts of assets and liabilities acquired on the day of the business combination

(1) Assets

	Millions of yen	Millions of U.S. dollars
Total assets .....	¥1,113,801	\$11,970
Loans and bills discounted .....	795,445	8,549
Securities .....	89,968	967

(2) Liabilities

	Millions of yen	Millions of U.S. dollars
Total liabilities .....	¥1,078,769	\$11,593
Deposits .....	1,033,256	11,104

7. Approximate amounts of impact on the consolidated statement of operations for the fiscal year ended March 31, 2010, assuming that the business combinations had been completed on the commencement date of the fiscal year

- (1) The difference between the ordinary income and other income data estimated, assuming that the business combinations 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 is as follows:

	Millions of yen	Millions of U.S. dollars
Ordinary income .....	¥25,832	\$278
Ordinary profit .....	705	8
Net income .....	183	2

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

- (2) 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>

A merger of credit card companies

A consolidated subsidiary, QUOQ Inc. ("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. The outline of the merger is as follows:

1. Outline of the business combination

(1) 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)

(2) Reasons 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.

- (3) Date of business combination

April 1, 2009

- (4) 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 for the fiscal year 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.

Fiscal year ended March 31, 2009

There is no material information to be reported.



## 34. Per Share Data

March 31	Yen		U.S. dollars
	2010	2009	2010
Net assets per share .....	¥3,391.75	¥2,790.27	\$36.45

Year ended March 31	Yen		U.S. dollars
	2010	2009	2010
Net income (loss) per share .....	¥248.40	¥(497.39)	\$2.67
Net income per share (diluted) .....	244.18	—	2.62

Notes: 1. Net income (loss) per share and Net income per share (diluted) are calculated based on the following. Net income per share (diluted) for the fiscal year ended March 31, 2009 is not reported due to a net loss.

Year ended March 31	Millions of yen, except number of shares		Millions of U.S. dollars
	2010	2009	2010
Net income (loss) per share:			
Net income (loss).....	¥271,559	¥(373,456)	\$2,919
Amount not attributable to common stockholders .....	8,449	10,704	91
Dividends on preferred stock.....	8,449	10,704	91
Net income (loss) attributable to common stock .....	¥263,109	¥(384,160)	\$2,828
Average number of common stock during the year (in thousands).....	1,059,227	772,348	/
Net income per share (diluted):			
Adjustment for net income .....	¥ 1,931	¥ —	\$ 21
Dividends on preferred stock.....	2,254	—	24
Stock acquisition rights issued by subsidiaries and affiliates .....	(322)	—	(3)
Increase in number of common stock (in thousands) .....	26,191	—	/
Preferred stock.....	26,191	—	/

Outline of dilutive securities which were not included in the calculation of "Net income per share (diluted)" for the fiscal year ended March 31, 2010 because they do not have dilutive effect:

Stock acquisition rights: 1 type  
(Number of stock acquisition rights: 1,081 units)

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

March 31	Millions of yen, except number of shares		Millions of U.S. dollars
	2010	2009	2010
Net assets .....	¥7,000,805	¥4,611,764	\$75,237
Amounts excluded from Net assets .....	2,262,582	2,457,530	24,316
Preferred stock.....	210,003	310,203	2,257
Dividends on preferred stock .....	3,097	5,352	33
Stock acquisition rights .....	81	66	1
Minority interests .....	2,049,400	2,141,908	22,025
Net assets attributable to common stock at the fiscal year-end .....	¥4,738,223	¥2,154,233	\$50,921
Number of common stock at the fiscal year-end used for the calculation of			
Net assets per share (in thousands).....	1,396,985	772,052	/

## 35. Parent Company

## (1) Nonconsolidated Balance Sheets

Sumitomo Mitsui Financial Group, Inc.

March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2010	2009	2010
<b>Assets</b>			
Current assets .....	¥ 111,033	¥ 23,730	\$ 1,193
Cash and due from banks .....	86,283	1,281	927
Prepaid expenses .....	26	22	0
Deferred tax assets .....	—	39	—
Accrued income .....	223	19	2
Accrued income tax refunds .....	24,065	21,844	259
Other current assets .....	435	522	5
Fixed assets .....	6,041,740	4,033,583	64,930
Tangible fixed assets .....	1	2	0
Buildings .....	0	0	0
Equipment .....	1	2	0
Intangible fixed assets .....	8	11	0
Software .....	8	11	0
Investments and other assets .....	6,041,729	4,033,568	64,930
Investments in subsidiaries and affiliates .....	6,041,729	4,028,093	64,930
Deferred tax assets .....	—	5,475	—
<b>Total assets .....</b>	<b>¥6,152,774</b>	<b>¥4,057,313</b>	<b>\$66,123</b>
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
Current liabilities .....	¥ 954,073	¥1,079,566	\$10,253
Short-term borrowings .....	948,030	1,078,030	10,188
Accounts payable .....	1,541	298	17
Accrued expenses .....	3,299	120	35
Income taxes payable .....	3	372	0
Business office taxes payable .....	5	5	0
Reserve for employees bonuses .....	101	102	1
Reserve for executive bonuses .....	71	—	1
Other current liabilities .....	1,020	637	11
Fixed liabilities .....	393,126	199	4,225
Bonds .....	392,900	—	4,223
Reserve for executive retirement benefits .....	226	199	2
<b>Total liabilities .....</b>	<b>1,347,199</b>	<b>1,079,766</b>	<b>14,478</b>
<b>Net assets</b>			
<b>Stockholders' equity</b>			
Capital stock .....	2,337,895	1,420,877	25,125
Capital surplus .....	1,833,073	916,163	19,700
Capital reserve .....	1,559,374	642,355	16,759
Other capital surplus .....	273,699	273,808	2,941
Retained earnings .....	678,042	683,907	7,287
Other retained earnings			
Voluntary reserve .....	30,420	30,420	327
Retained earnings brought forward .....	647,622	653,487	6,960
Treasury stock .....	(43,437)	(43,400)	(467)
<b>Total stockholders' equity .....</b>	<b>4,805,574</b>	<b>2,977,547</b>	<b>51,645</b>
<b>Total net assets .....</b>	<b>4,805,574</b>	<b>2,977,547</b>	<b>51,645</b>
<b>Total liabilities and net assets .....</b>	<b>¥6,152,774</b>	<b>¥4,057,313</b>	<b>\$66,123</b>



(3) Nonconsolidated Statements of Changes in Net Assets  
Sumitomo Mitsui Financial Group, Inc.

Year ended March 31	Millions of yen		Millions of
	2010	2009	U.S. dollars (Note 1)
			2010
<b>Stockholders' equity</b>			
Capital stock			
Balance at the end of the previous fiscal year.....	¥1,420,877	¥1,420,877	\$15,270
Changes in the fiscal year:			
Issuance of new shares .....	917,018	—	9,855
Net changes in the fiscal year.....	917,018	—	9,855
Balance at the end of the fiscal year .....	¥2,337,895	¥1,420,877	\$25,125
Capital surplus			
Capital reserve			
Balance at the end of the previous fiscal year.....	642,355	642,355	6,903
Changes in the fiscal year:			
Issuance of new shares .....	917,018	—	9,855
Net changes in the fiscal year.....	917,018	—	9,855
Balance at the end of the fiscal year .....	¥1,559,374	¥ 642,355	\$16,758
Other capital surplus			
Balance at the end of the previous fiscal year.....	273,808	288,031	2,943
Changes in the fiscal year:			
Disposal of treasury stock .....	(108)	(14,222)	(1)
Net changes in the fiscal year.....	(108)	(14,222)	(1)
Balance at the end of the fiscal year .....	¥ 273,699	¥ 273,808	\$ 2,942
Total capital surplus			
Balance at the end of the previous fiscal year.....	916,163	930,386	9,846
Changes in the fiscal year:			
Issuance of new shares .....	917,018	—	9,855
Disposal of treasury stock .....	(108)	(14,222)	(1)
Net changes in the fiscal year.....	916,909	(14,222)	9,854
Balance at the end of the fiscal year .....	¥1,833,073	¥ 916,163	\$19,700

(Continued)

Year ended March 31	Millions of yen		Millions of U.S. dollars (Note 1)
	2010	2009	2010
<b>Stockholders' equity</b>			
Retained earnings			
Other retained earnings			
Voluntary reserve			
Balance at the end of the previous fiscal year.....	¥ 30,420	¥ 30,420	\$ 327
Changes in the fiscal year:			
Net changes in the fiscal year.....	—	—	—
Balance at the end of the fiscal year.....	¥ 30,420	¥ 30,420	\$ 327
Retained earnings brought forward			
Balance at the end of the previous fiscal year.....	653,487	670,259	7,023
Changes in the fiscal year:			
Cash dividends.....	(72,041)	(120,240)	(774)
Net income.....	66,176	103,468	711
Net changes in the fiscal year.....	(5,865)	(16,772)	(63)
Balance at the end of the fiscal year.....	¥ 647,622	¥ 653,487	\$ 6,960
Total retained earnings			
Balance at the end of the previous fiscal year.....	683,907	700,679	7,350
Changes in the fiscal year:			
Cash dividends.....	(72,041)	(120,240)	(774)
Net income.....	66,176	103,468	711
Net changes in the fiscal year.....	(5,865)	(16,772)	(63)
Balance at the end of the fiscal year.....	¥ 678,042	¥ 683,907	\$ 7,287
Treasury stock			
Balance at the end of the previous fiscal year.....	(43,400)	(83,194)	(467)
Changes in the fiscal year:			
Purchase of treasury stock.....	(189)	(943)	(2)
Disposal of treasury stock.....	152	40,736	2
Net changes in the fiscal year.....	(37)	39,793	(0)
Balance at the end of the fiscal year.....	¥ (43,437)	¥ (43,400)	\$ (467)
Total stockholders' equity			
Balance at the end of the previous fiscal year.....	2,977,547	2,968,749	31,999
Changes in the fiscal year:			
Issuance of new shares.....	1,834,037	—	19,710
Cash dividends.....	(72,041)	(120,240)	(774)
Net income.....	66,176	103,468	711
Purchase of treasury stock.....	(189)	(943)	(2)
Disposal of treasury stock.....	43	26,513	1
Net changes in the fiscal year.....	1,828,026	8,798	19,646
Balance at the end of the fiscal year.....	¥4,805,574	¥2,977,547	\$51,645
Total net assets			
Balance at the end of the previous fiscal year.....	2,977,547	2,968,749	31,999
Changes in the fiscal year:			
Issuance of new shares.....	1,834,037	—	19,710
Cash dividends.....	(72,041)	(120,240)	(774)
Net income.....	66,176	103,468	711
Purchase of treasury stock.....	(189)	(943)	(2)
Disposal of treasury stock.....	43	26,513	1
Net changes in the fiscal year.....	1,828,026	8,798	19,646
Balance at the end of the fiscal year.....	¥4,805,574	¥2,977,547	\$51,645

# Independent Auditors' Report

To the Board of Directors of  
Sumitomo Mitsui Financial Group, Inc.:

We have audited the accompanying consolidated balance sheets of Sumitomo Mitsui Financial Group, Inc. ("SMFG") and subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of SMFG's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of SMFG and subsidiaries as of March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

The consolidated financial statements as of and for the year ended March 31, 2010 have been translated into United States dollars solely for convenience of the readers. We have recomputed the translation, and, in our opinion, the consolidated financial statements expressed in Japanese yen have been translated into United States dollars on the basis set forth in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan  
June 29, 2010

# Supplemental Information

## Consolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Banking Corporation and Subsidiaries

March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
<b>Assets</b>			
Cash and due from banks .....	¥ 3,358,994	¥ 3,771,699	\$ 36,099
Deposits with banks .....	2,424,160	1,383,618	26,052
Call loans and bills bought .....	1,106,145	633,655	11,888
Receivables under resale agreements .....	25,226	10,487	271
Receivables under securities borrowing transactions .....	5,414,500	1,815,195	58,189
Monetary claims bought .....	956,024	964,849	10,274
Trading assets .....	6,619,258	4,836,484	71,137
Money held in trust .....	18,734	8,985	201
Securities .....	28,422,362	28,295,724	305,453
Loans and bills discounted .....	63,406,825	66,082,719	681,428
Foreign exchanges .....	1,107,289	885,082	11,900
Lease receivables and investment assets .....	123,706	131,869	1,330
Other assets .....	2,415,605	2,670,337	25,960
Tangible fixed assets .....	812,334	786,755	8,730
Intangible fixed assets .....	404,338	141,522	4,345
Deferred tax assets .....	679,380	792,081	7,301
Customers' liabilities for acceptances and guarantees .....	3,753,642	3,650,162	40,340
Reserve for possible loan losses .....	(1,007,160)	(1,011,845)	(10,824)
<b>Total assets</b> .....	<b>¥120,041,369</b>	<b>¥115,849,385</b>	<b>\$1,290,074</b>

(Continued)

March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
Deposits .....	¥ 85,792,098	¥ 83,124,568	\$ 922,000
Call money and bills sold .....	2,119,557	2,499,113	22,779
Payables under repurchase agreements .....	1,120,860	778,993	12,046
Payables under securities lending transactions .....	4,313,334	7,577,109	46,355
Commercial paper .....	310,787	—	3,340
Trading liabilities .....	5,042,720	3,606,319	54,194
Borrowed money .....	4,030,914	2,908,479	43,320
Foreign exchanges .....	192,299	281,145	2,067
Short-term bonds .....	381,678	114,242	4,102
Bonds .....	3,339,672	3,565,376	35,891
Due to trust account .....	159,554	60,918	1,715
Other liabilities .....	2,441,434	3,037,797	26,238
Reserve for employee bonuses .....	35,415	19,963	380
Reserve for executive bonuses .....	1,808	167	19
Reserve for employee retirement benefits .....	19,259	13,506	207
Reserve for executive retirement benefits .....	6,863	6,613	74
Reserve for reimbursement of deposits .....	11,734	11,767	126
Reserve under the special laws .....	34	0	0
Deferred tax liabilities .....	26,167	27,275	281
Deferred tax liabilities for land revaluation .....	46,966	47,217	505
Acceptances and guarantees .....	3,753,642	3,650,162	40,340
<b>Total liabilities</b> .....	<b>113,146,805</b>	<b>111,330,737</b>	<b>1,215,979</b>
<b>Net assets</b>			
Capital stock .....	1,770,996	664,986	19,033
Capital surplus .....	2,709,682	1,603,672	29,120
Retained earnings .....	668,074	448,750	7,180
<b>Total stockholders' equity</b> .....	<b>5,148,753</b>	<b>2,717,409</b>	<b>55,333</b>
Net unrealized gains (losses) on other securities .....	377,456	(60,148)	4,056
Net deferred losses on hedges .....	(38,516)	(20,306)	(414)
Land revaluation excess .....	34,897	35,099	375
Foreign currency translation adjustments .....	(99,481)	(120,606)	(1,069)
<b>Total valuation and translation adjustments</b> .....	<b>274,356</b>	<b>(165,961)</b>	<b>2,948</b>
Stock acquisition rights .....	81	66	1
Minority interests .....	1,471,373	1,967,133	15,813
<b>Total net assets</b> .....	<b>6,894,564</b>	<b>4,518,647</b>	<b>74,095</b>
<b>Total liabilities and net assets</b> .....	<b>¥120,041,369</b>	<b>¥115,849,385</b>	<b>\$1,290,074</b>

Notes: 1. Amounts less than 1 million yen have been omitted.

2. For the convenience of readers, the accompanying U.S. dollar financial statements have been translated from Japanese yen, as a matter of arithmetical computation only, at the rate of ¥93.05 to US\$1, the exchange rate prevailing at March 31, 2010.



## Consolidated Statements of Operations (Unaudited)

Sumitomo Mitsui Banking Corporation and Subsidiaries

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
<b>Income</b>			
Interest income.....	¥1,598,464	¥1,986,520	\$17,179
Interest on loans and discounts .....	1,264,688	1,544,701	13,592
Interest and dividends on securities.....	238,944	297,938	2,568
Interest on receivables under resale agreements.....	902	1,748	10
Interest on receivables under securities borrowing transactions.....	5,394	4,496	58
Interest on deposits with banks .....	14,650	42,446	157
Interest on lease transactions.....	4,088	3,962	44
Other interest income .....	69,795	91,227	750
Trust fees .....	1,736	2,074	18
Fees and commissions.....	580,142	518,688	6,235
Trading income .....	156,570	191,842	1,683
Other operating income .....	156,355	250,475	1,680
Other income .....	104,405	42,238	1,122
<b>Total income .....</b>	<b>2,597,675</b>	<b>2,991,839</b>	<b>27,917</b>
<b>Expenses</b>			
Interest expenses .....	295,635	721,585	3,177
Interest on deposits.....	180,433	374,568	1,939
Interest on borrowings and rediscounts.....	28,383	66,617	305
Interest on payables under repurchase agreements .....	1,381	7,261	15
Interest on payables under securities lending transactions .....	6,120	59,958	66
Interest on bonds and short-term bonds .....	70,129	81,380	753
Other interest expenses .....	9,186	131,798	99
Fees and commissions payments.....	127,756	124,611	1,373
Other operating expenses.....	112,560	196,656	1,210
General and administrative expenses .....	988,409	900,572	10,622
Provision for reserve for possible loan losses.....	173,073	389,786	1,860
Other expenses .....	341,859	607,796	3,674
<b>Total expenses.....</b>	<b>2,039,296</b>	<b>2,941,009</b>	<b>21,916</b>
<b>Income before income taxes and minority interests .....</b>	<b>558,379</b>	<b>50,830</b>	<b>6,001</b>
Income taxes:			
Current.....	69,246	35,294	744
Deferred.....	75,282	277,961	809
Minority interests in net income .....	81,352	54,882	875
<b>Net income (loss).....</b>	<b>¥ 332,497</b>	<b>¥ (317,306)</b>	<b>\$ 3,573</b>
<b>Per share data:</b>			
Net income (loss).....	¥4,240.20	¥(5,740.34)	\$45.57
Net income — diluted.....	4,236.01	—	45.52

Notes: 1. Amounts less than 1 million yen have been omitted.

2. For the convenience of readers, the accompanying U.S. dollar financial statements have been translated from Japanese yen, as a matter of arithmetical computation only, at the rate of ¥93.05 to US\$1, the exchange rate prevailing at March 31, 2010.

## Nonconsolidated Balance Sheets (Unaudited)

Sumitomo Mitsui Banking Corporation

March 31	Millions of yen		Millions of
	2010	2009	U.S. dollars
<b>Assets</b>			<b>2010</b>
Cash and due from banks .....	¥ 2,863,985	¥ 2,597,429	\$ 30,779
Deposits with banks .....	2,408,004	2,697,579	25,879
Call loans and bills bought .....	514,179	255,095	5,526
Receivables under resale agreements .....	45,594	48,113	490
Receivables under securities borrowing transactions .....	1,703,828	1,815,195	18,311
Monetary claims bought .....	435,027	396,183	4,675
Trading assets .....	3,670,091	3,885,704	39,442
Money held in trust .....	10,724	8,985	115
Securities .....	28,536,200	28,000,515	306,676
Loans and bills discounted .....	56,619,058	60,241,266	608,480
Foreign exchanges .....	743,446	748,149	7,990
Other assets .....	1,823,647	2,259,982	19,598
Tangible fixed assets .....	705,036	696,680	7,577
Intangible fixed assets .....	133,323	126,070	1,433
Deferred tax assets .....	456,556	668,343	4,906
Customers' liabilities for acceptances and guarantees .....	3,625,868	3,826,694	38,967
Reserve for possible loan losses .....	(758,178)	(791,885)	(8,148)
Reserve for possible losses on investments .....	—	(1,888)	—
<b>Total assets</b> .....	<b>¥103,536,394</b>	<b>¥107,478,218</b>	<b>\$1,112,696</b>
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
Deposits .....	¥ 77,630,639	¥ 76,905,708	\$ 834,290
Call money and bills sold .....	1,554,374	2,479,743	16,705
Payables under repurchase agreements .....	492,311	773,534	5,291
Payables under securities lending transactions .....	3,407,301	7,561,013	36,618
Commercial paper .....	310,787	—	3,340
Trading liabilities .....	2,909,131	2,705,478	31,264
Borrowed money .....	2,747,767	4,663,553	29,530
Foreign exchanges .....	214,526	282,360	2,305
Short-term bonds .....	164,678	114,242	1,770
Bonds .....	3,245,992	3,319,693	34,884
Due to trust account .....	159,554	60,918	1,715
Other liabilities .....	1,600,879	2,163,237	17,204
Reserve for employee bonuses .....	10,207	10,720	110
Reserve for executive bonuses .....	426	—	5
Reserve for executive retirement benefits .....	5,147	4,992	55
Reserve for point service program .....	1,862	2,359	20
Reserve for reimbursement of deposits .....	10,634	10,873	114
Reserve under the special laws .....	—	0	—
Deferred tax liabilities for land revaluation .....	46,352	46,599	498
Acceptances and guarantees .....	3,625,868	3,826,694	38,967
<b>Total liabilities</b> .....	<b>98,138,445</b>	<b>104,931,725</b>	<b>1,054,685</b>
<b>Net assets</b>			
Capital stock .....	1,770,996	664,986	19,033
Capital surplus .....	2,473,558	1,367,548	26,583
Retained earnings .....	704,485	499,666	7,571
<b>Total stockholders' equity</b> .....	<b>4,949,040</b>	<b>2,532,201</b>	<b>53,187</b>
Net unrealized gains (losses) on other securities .....	379,353	(52,741)	4,077
Net deferred gains (losses) on hedges .....	48,020	45,359	516
Land revaluation excess .....	21,535	21,673	231
<b>Total valuation and translation adjustments</b> .....	<b>448,909</b>	<b>14,291</b>	<b>4,824</b>
<b>Total net assets</b> .....	<b>5,397,949</b>	<b>2,546,493</b>	<b>58,011</b>
<b>Total liabilities and net assets</b> .....	<b>¥103,536,394</b>	<b>¥107,478,218</b>	<b>\$1,112,696</b>

Notes: 1. Amounts less than 1 million yen have been omitted.

2. For the convenience of readers, the accompanying U.S. dollar financial statements have been translated from Japanese yen, as a matter of arithmetical computation only, at the rate of ¥93.05 to US\$1, the exchange rate prevailing at March 31, 2010.

## Nonconsolidated Statements of Operations (Unaudited)

Sumitomo Mitsui Banking Corporation

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2010	2009	2010
<b>Income</b>			
Interest income.....	¥1,380,280	¥1,758,423	\$14,834
Interest on loans and discounts .....	1,067,390	1,346,185	11,471
Interest and dividends on securities.....	229,411	293,992	2,466
Interest on receivables under resale agreements.....	193	1,341	2
Interest on receivables under securities borrowing transactions.....	4,061	4,488	44
Interest on deposits with banks .....	13,863	38,040	149
Other interest income .....	65,360	74,376	702
Trust fees.....	1,736	2,074	18
Fees and commissions.....	412,960	415,228	4,438
Trading income.....	115,356	175,038	1,240
Other operating income .....	85,788	163,277	922
Other income.....	91,654	34,029	985
<b>Total income .....</b>	<b>2,087,777</b>	<b>2,548,073</b>	<b>22,437</b>
<b>Expenses</b>			
Interest expenses.....	333,919	740,065	3,589
Interest on deposits.....	146,198	320,243	1,571
Interest on borrowings and rediscounts.....	107,927	152,905	1,160
Interest on payables under repurchase agreements.....	982	7,066	11
Interest on payables under securities lending transactions.....	6,103	59,885	66
Interest on bonds and short-term bonds .....	64,598	68,418	694
Other interest expenses .....	8,107	131,546	87
Fees and commissions payments.....	126,246	121,404	1,357
Other operating expenses.....	80,703	127,747	867
General and administrative expenses.....	735,181	722,285	7,901
Provision for reserve for possible loan losses.....	85,084	260,749	914
Other expenses .....	271,891	548,033	2,922
<b>Total expenses.....</b>	<b>1,633,026</b>	<b>2,520,286</b>	<b>17,550</b>
<b>Income before income taxes .....</b>	<b>454,750</b>	<b>27,786</b>	<b>4,887</b>
Income taxes:			
Current.....	44,997	23,748	484
Deferred.....	91,757	305,154	986
<b>Net income (loss).....</b>	<b>¥ 317,995</b>	<b>¥ (301,116)</b>	<b>\$ 3,417</b>

Per share data:	Yen		U.S. dollars
	Net income (loss).....	¥4,051.75	¥(5,453.06)
Net income — diluted.....	—	—	—

Notes: 1. Amounts less than 1 million yen have been omitted.

2. For the convenience of readers, the accompanying U.S. dollar financial statements have been translated from Japanese yen, as a matter of arithmetical computation only, at the rate of ¥93.05 to US\$1, the exchange rate prevailing at March 31, 2010.

# Income Analysis (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

## Operating Income, Classified by Domestic and Overseas Operations

Year ended March 31	Millions of yen							
	2010				2009			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Interest income .....	¥1,392,919	¥405,558	¥(102,672)	¥1,695,805	¥1,561,085	¥618,228	¥(91,965)	¥2,087,348
Interest expenses .....	297,268	118,923	(101,319)	314,872	495,194	341,615	(87,945)	748,863
Net interest income .....	1,095,650	286,634	(1,352)	1,380,933	1,065,890	276,613	(4,019)	1,338,484
Trust fees .....	1,778	—	—	1,778	2,122	—	—	2,122
Fees and commissions .....	651,331	80,655	(2,622)	729,364	592,845	80,926	(1,019)	672,752
Fees and commissions payments .....	111,320	10,923	(1,495)	120,748	105,882	10,590	(899)	115,574
Net fees and commissions .....	540,011	69,731	(1,126)	608,616	486,962	70,335	(119)	557,178
Trading income .....	186,117	28,902	(20,932)	194,087	194,201	29,779	(12,241)	211,738
Trading losses .....	8,313	12,619	(20,932)	—	3,449	8,791	(12,241)	—
Net trading income .....	177,804	16,283	—	194,087	190,751	20,987	—	211,738
Other operating income .....	401,898	51,325	(210)	453,012	503,422	26,403	(226)	529,599
Other operating expenses .....	355,904	45,967	(98)	401,773	438,969	34,574	(331)	473,212
Net other operating income (expenses) .....	45,993	5,358	(112)	51,238	64,453	(8,171)	105	56,386

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

2. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest expenses" are shown after deduction of expenses (2010, ¥20 million; 2009, ¥30 million) related to the management of money held in trust.

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

## Average Balance, Interest and Earnings Yield of Interest-Earning Assets and Interest-Bearing Liabilities

### Domestic Operations

Year ended March 31	Millions of yen					
	2010			2009		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets .....	¥86,229,707	¥1,392,919	1.62%	¥80,327,278	¥1,561,085	1.94%
Loans and bills discounted .....	55,382,826	1,058,896	1.91	53,272,205	1,145,251	2.15
Securities .....	24,828,351	218,390	0.88	21,707,712	270,374	1.25
Call loans and bills bought .....	343,760	2,499	0.73	392,838	5,403	1.38
Receivables under resale agreements .....	13,958	15	0.11	17,008	89	0.53
Receivables under securities borrowing transactions .....	2,293,522	5,413	0.24	687,341	4,506	0.66
Deposits with banks .....	319,399	1,819	0.57	848,609	11,257	1.33
Lease receivables and investment assets .....	1,763,180	66,477	3.77	1,837,506	70,747	3.85
Interest-bearing liabilities .....	¥91,491,665	¥ 297,268	0.32%	¥87,827,514	¥ 495,194	0.56%
Deposits .....	68,495,143	106,542	0.16	66,460,734	196,916	0.30
Negotiable certificates of deposit .....	6,939,707	17,939	0.26	4,072,822	24,331	0.60
Call money and bills sold .....	1,857,443	2,855	0.15	2,727,860	12,527	0.46
Payables under repurchase agreements .....	612,826	677	0.11	436,712	2,066	0.47
Payables under securities lending transactions .....	2,859,188	6,165	0.22	4,182,183	59,962	1.43
Commercial paper .....	—	—	—	—	—	—
Borrowed money .....	5,842,252	117,900	2.02	5,463,776	125,225	2.29
Short-term bonds .....	1,084,084	2,902	0.27	765,144	6,678	0.87
Bonds .....	3,591,097	69,577	1.94	3,481,382	65,248	1.87

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries.

2. In principle, average balances are calculated by using daily balances. However, some domestic consolidated subsidiaries use weekly, monthly or semiannual balances instead.

3. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2010, ¥965,438 million; 2009, ¥824,712 million).

4. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (2010, ¥12,392 million; 2009, ¥8,583 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2010, ¥12,392 million; 2009, ¥8,583 million) and corresponding interest (2010, ¥20 million; 2009, ¥30 million).

## Overseas Operations

Year ended March 31	Millions of yen					
	2010			2009		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥16,461,908	¥405,558	2.46%	¥16,094,115	¥618,228	3.84%
Loans and bills discounted.....	11,059,619	314,641	2.84	11,650,846	486,109	4.17
Securities.....	1,656,478	31,115	1.88	1,350,840	35,424	2.62
Call loans and bills bought.....	812,878	5,158	0.63	384,028	9,283	2.42
Receivables under resale agreements.....	13,963	887	6.36	103,425	1,661	1.61
Receivables under securities borrowing transactions.....	—	—	—	—	—	—
Deposits with banks.....	2,154,320	14,078	0.65	1,936,988	35,982	1.86
Lease receivables and investment assets.....	195,486	8,065	4.13	160,047	7,025	4.39
Interest-bearing liabilities.....	¥11,816,818	¥118,923	1.01%	¥ 9,633,089	¥341,615	3.55%
Deposits.....	7,472,668	40,606	0.54	6,968,130	134,070	1.92
Negotiable certificates of deposit.....	1,811,253	16,102	0.89	710,309	23,579	3.32
Call money and bills sold.....	1,205,537	3,416	0.28	580,174	9,996	1.72
Payables under repurchase agreements.....	364,451	713	0.20	546,903	5,232	0.96
Payables under securities lending transactions ..	—	—	—	—	—	—
Commercial paper.....	82,513	194	0.24	—	—	—
Borrowed money.....	440,869	11,669	2.65	452,531	20,929	4.62
Short-term bonds.....	—	—	—	—	—	—
Bonds.....	158,169	9,459	5.98	265,035	17,328	6.54

- Notes: 1. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.  
2. In principle, average balances are calculated by using daily balances. However, some overseas consolidated subsidiaries use weekly, monthly, quarterly or semiannual balances instead.  
3. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2010, ¥156,583 million; 2009, ¥89,200 million).

## Total of Domestic and Overseas Operations

Year ended March 31	Millions of yen					
	2010			2009		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥100,773,612	¥1,695,805	1.68%	¥94,925,190	¥2,087,348	2.20%
Loans and bills discounted.....	64,723,468	1,280,297	1.98	63,459,263	1,550,081	2.44
Securities.....	26,505,349	241,216	0.91	23,342,579	299,616	1.28
Call loans and bills bought.....	1,156,638	7,657	0.66	776,867	14,686	1.89
Receivables under resale agreements.....	27,922	902	3.23	120,433	1,750	1.45
Receivables under securities borrowing transactions.....	2,293,522	5,413	0.24	687,341	4,506	0.66
Deposits with banks.....	2,259,797	14,757	0.65	2,470,670	42,738	1.73
Lease receivables and investment assets.....	1,958,655	74,542	3.81	1,997,553	77,772	3.89
Interest-bearing liabilities.....	¥101,186,263	¥ 314,872	0.31%	¥95,678,084	¥ 748,863	0.78%
Deposits.....	75,750,461	145,979	0.19	73,111,647	326,447	0.45
Negotiable certificates of deposit.....	8,750,961	34,042	0.39	4,783,132	47,911	1.00
Call money and bills sold.....	3,062,980	6,271	0.20	3,308,035	22,524	0.68
Payables under repurchase agreements.....	977,278	1,390	0.14	983,616	7,298	0.74
Payables under securities lending transactions ..	2,859,188	6,165	0.22	4,182,183	59,962	1.43
Commercial paper.....	82,513	194	0.24	—	—	—
Borrowed money.....	4,580,881	37,708	0.82	4,452,520	62,750	1.41
Short-term bonds.....	1,084,084	2,902	0.27	765,144	6,678	0.87
Bonds.....	3,552,249	70,749	1.99	3,746,418	82,577	2.20

- Notes: 1. The figures above comprise totals for domestic and overseas operations after intersegment eliminations.  
2. In principle, average balances are calculated by using daily balances. However, some consolidated subsidiaries use weekly, monthly, quarterly or semiannual balances instead.  
3. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2010, ¥1,123,299 million; 2009, ¥913,415 million).  
4. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (2010, ¥12,392 million; 2009, ¥8,583 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2010, ¥12,392 million; 2009, ¥8,583 million) and corresponding interest (2010, ¥20 million; 2009, ¥30 million).

## Fees and Commissions

Year ended March 31	Millions of yen							
	2010				2009			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Fees and commissions.....	¥651,331	¥80,655	¥(2,622)	¥729,364	¥592,845	¥80,926	¥(1,019)	¥672,752
Deposits and loans .....	20,660	49,988	(55)	70,592	21,805	56,034	—	77,840
Remittances and transfers.....	118,012	7,782	(2)	125,792	123,080	8,535	(161)	131,455
Securities-related business.....	54,380	0	(16)	54,363	33,872	0	—	33,872
Agency .....	14,763	—	—	14,763	14,673	—	—	14,673
Safe deposits .....	6,681	2	—	6,684	6,911	3	—	6,914
Guarantees.....	40,468	9,138	(242)	49,365	43,792	7,360	(300)	50,852
Credit card business.....	143,770	—	—	143,770	141,117	—	—	141,117
Fees and commissions payments.....	¥111,320	¥10,923	¥(1,495)	¥120,748	¥105,882	¥10,590	¥ (899)	¥115,574
Remittances and transfers.....	26,285	4,920	(155)	31,050	26,796	3,576	(161)	30,211

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.  
2. Intersegment transactions are reported in the "Elimination" column.

## Trading Income

Year ended March 31	Millions of yen							
	2010				2009			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading income.....	¥186,117	¥28,902	¥(20,932)	¥194,087	¥194,201	¥29,779	¥(12,241)	¥211,738
Gains on trading securities .....	63,212	211	—	63,424	23,210	666	—	23,876
Gains on securities related to trading transactions.....	2,254	—	—	2,254	1,174	46	—	1,221
Gains on trading-related financial derivatives.....	120,075	28,691	(20,932)	127,833	162,430	29,066	(12,241)	179,255
Others .....	576	—	—	576	7,386	—	—	7,386
Trading losses.....	¥ 8,313	¥12,619	¥(20,932)	¥ —	¥ 3,449	¥ 8,791	¥(12,241)	¥ —
Losses on trading securities .....	—	—	—	—	—	—	—	—
Losses on securities related to trading transactions.....	—	—	—	—	—	—	—	—
Losses on trading-related financial derivatives.....	8,313	12,619	(20,932)	—	3,449	8,791	(12,241)	—
Others .....	—	—	—	—	—	—	—	—

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.  
2. Intersegment transactions are reported in the "Elimination" column.

# Assets and Liabilities (Consolidated)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

## Deposits and Negotiable Certificates of Deposit

### Year-End Balance

March 31	Millions of yen	
	2010	2009
Domestic operations:		
Liquid deposits .....	¥42,901,390	¥41,462,895
Fixed-term deposits .....	25,125,350	23,463,313
Others .....	3,613,206	3,882,490
Subtotal .....	71,639,946	68,808,699
Negotiable certificates of deposit .....	5,166,704	6,032,611
Total .....	¥76,806,651	¥74,841,310
Overseas operations:		
Liquid deposits .....	¥ 5,238,038	¥ 5,181,014
Fixed-term deposits .....	1,762,779	1,575,776
Others .....	7,831	4,007
Subtotal .....	7,008,648	6,760,798
Negotiable certificates of deposit .....	1,828,914	1,428,673
Total .....	¥ 8,837,563	¥ 8,189,471
Grand total .....	¥85,644,215	¥83,030,782

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

2. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice

3. Fixed-term deposits = Time deposits + Installment savings

## Balance of Loan Portfolio, Classified by Industry

### Year-End Balance

March 31	Millions of yen		March 31	Millions of yen	
	2010			2009	
Domestic operations:					
Manufacturing .....	¥ 6,694,906	12.39%	Manufacturing .....	¥ 6,992,808	12.75%
Agriculture, forestry, fisheries and mining .....	153,473	0.28	Agriculture, forestry, fisheries and mining .....	149,678	0.27
Construction .....	1,095,482	2.03	Construction .....	1,274,948	2.32
Transportation, communications and public enterprises .....	3,271,221	6.05	Transportation, communications and public enterprises .....	3,387,724	6.17
Wholesale and retail .....	4,497,698	8.33	Wholesale and retail .....	5,051,330	9.21
Finance and insurance .....	4,299,050	7.96	Finance and insurance .....	4,306,969	7.85
Real estate, goods rental and leasing ...	8,210,117	15.20	Real estate .....	7,627,384	13.90
Services .....	4,077,881	7.55	Services .....	5,605,333	10.22
Municipalities .....	1,117,092	2.07	Municipalities .....	1,058,239	1.93
Others .....	20,606,900	38.14	Others .....	19,409,786	35.38
Subtotal .....	¥54,023,825	100.00%	Subtotal .....	¥54,864,204	100.00%
Overseas operations:					
Public sector .....	¥ 43,100	0.50%	Public sector .....	¥ 35,350	0.34%
Financial institutions .....	543,997	6.27	Financial institutions .....	501,739	4.88
Commerce and industry .....	7,223,161	83.24	Commerce and industry .....	8,602,419	83.75
Others .....	866,948	9.99	Others .....	1,131,605	11.03
Subtotal .....	¥ 8,677,208	100.00%	Subtotal .....	¥10,271,115	100.00%
Total .....	¥62,701,033	—	Total .....	¥65,135,319	—

Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

2. Japan offshore banking accounts are included in overseas operations' accounts.

3. In accordance with the revision of the Japan Standard Industrial Classification (in November 2007), from the fiscal year beginning on April 1, 2009, the sector classification has been partly changed. "Goods rental and leasing" is included in others in fiscal 2008.

## Reserve for Possible Loan Losses

March 31	Millions of yen	
	2010	2009
General reserve .....	¥ 702,606	¥ 691,539
Specific reserve .....	365,087	385,050
Loan loss reserve for specific overseas countries .....	636	1,261
Reserve for possible loan losses .....	¥1,068,329	¥1,077,852
Amount of direct reduction .....	¥ 843,781	¥ 717,010

## Risk-Monitored Loans

March 31	Millions of yen	
	2010	2009
Bankrupt loans .....	¥ 165,131	¥ 292,088
Non-accrual loans .....	1,075,782	1,019,352
Past due loans (3 months or more) .....	38,315	36,162
Restructured loans .....	250,256	238,713
Total .....	¥1,529,484	¥1,586,317
Amount of direct reduction .....	¥ 727,633	¥ 607,936

## Notes: Definition of risk-monitored loan categories

1. Bankrupt loans: Credits for which accrued interest is not accounted in revenue; credits extended to borrowers that are undergoing bankruptcy, corporate reorganization and rehabilitation proceedings or debtors receiving orders of disposition by suspension of business at bill clearinghouses
2. Non-accrual loans: Credits for which accrued interest is not accounted in revenue; credits, excluding loans to bankrupt borrowers and loans with grace for interest payment to assist in corporate reorganization or to support business
3. Past due loans (3 months or more): Loans with payment of principal or interest in arrears for more than 3 months, calculated from the day following the contractual due date, excluding borrowers in categories 1. and 2.
4. Restructured loans: Loans to borrowers in severe financial condition given certain favorable terms and conditions to assist in corporate rehabilitation or to support business, excluding borrowers in categories 1. through 3.

## Problem Assets Based on the Financial Reconstruction Law

March 31	Millions of yen	
	2010	2009
Bankrupt and quasi-bankrupt assets .....	¥ 392,424	¥ 505,666
Doubtful assets .....	881,239	865,603
Substandard loans .....	298,179	281,917
Total of problem assets .....	1,571,842	1,653,186
Normal assets .....	68,431,335	70,894,602
Total .....	¥70,003,177	¥72,547,788
Amount of direct reduction .....	¥ 843,781	¥ 717,010

## Notes: Definition of problem asset categories

1. Bankrupt and quasi-bankrupt assets: Credits to borrowers undergoing bankruptcy, corporate reorganization, and rehabilitation proceedings, as well as claims of a similar nature
2. Doubtful assets: Credits for which final collection of principal and interest in line with original agreements is highly improbable due to deterioration of financial position and business performance, but not insolvency of the borrower
3. Substandard loans: Past due loans (3 months or more) and restructured loans, excluding 1. and 2.
4. Normal assets: Credits to borrowers with good business performance and in financial standing without identified problems and not classified into the 3 categories above



## Securities

## Year-End Balance

March 31	Millions of yen	
	2010	2009
Domestic operations:		
Japanese government bonds.....	¥16,738,321	¥14,734,419
Japanese local government bonds .....	422,648	338,688
Japanese corporate bonds .....	3,548,359	3,899,189
Japanese stocks.....	2,924,446	2,536,410
Others.....	3,492,404	5,136,736
Subtotal .....	¥27,126,180	¥26,645,444
Overseas operations:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds .....	—	—
Japanese corporate bonds .....	—	—
Japanese stocks.....	—	—
Others.....	1,454,593	1,833,447
Subtotal .....	¥ 1,454,593	¥ 1,833,447
Unallocated corporate assets:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds .....	—	—
Japanese corporate bonds .....	—	—
Japanese stocks.....	43,194	219,272
Others.....	—	—
Subtotal .....	¥ 43,194	¥ 219,272
Total .....	¥28,623,968	¥28,698,164

- Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.  
2. "Others" include foreign bonds and foreign stocks.

## Trading Assets and Liabilities

March 31	Millions of yen							
	2010				2009			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading assets .....	¥6,156,853	¥587,881	¥(36,046)	¥6,708,688	¥3,934,682	¥1,011,003	¥(20,723)	¥4,924,961
Trading securities.....	2,747,496	32,229	—	2,779,725	287,025	6,931	—	293,956
Derivatives of trading securities.....	1,246	—	—	1,246	470	—	—	470
Securities related to trading transactions .....	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions .....	6,931	—	—	6,931	13,428	—	—	13,428
Trading-related financial derivatives .....	3,123,235	555,288	(36,046)	3,642,477	3,069,579	1,004,072	(20,723)	4,052,928
Other trading assets.....	277,943	363	—	278,307	564,178	—	—	564,178
Trading liabilities.....	¥4,470,010	¥632,763	¥(36,046)	¥5,066,727	¥2,684,086	¥ 934,296	¥(20,723)	¥3,597,658
Trading securities sold for short sales .....	1,582,808	—	—	1,582,808	7,131	341	—	7,473
Derivatives of trading securities.....	2,367	—	—	2,367	407	—	—	407
Securities related to trading transactions sold for short sales.....	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions .....	6,961	—	—	6,961	13,997	—	—	13,997
Trading-related financial derivatives .....	2,877,873	632,763	(36,046)	3,474,589	2,662,549	933,954	(20,723)	3,575,780
Other trading liabilities .....	—	—	—	—	—	—	—	—

- Notes: 1. Domestic operations comprise the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. Overseas operations comprise the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.  
2. Intersegment transactions are reported in the "Elimination" column.

# Capital (Nonconsolidated)

Sumitomo Mitsui Financial Group, Inc.

## Change in Number of Shares Issued and Capital Stock

	Millions of yen					
	Number of shares issued		Capital stock		Capital reserve	
	Changes	Balances	Changes	Balances	Changes	Balances
April 1, 2005 — March 31, 2006*1	922,593.28	8,253,573.77	¥ —	¥1,352,651	¥ —	¥1,352,764
January 31, 2006*2	80,000	8,333,573.77	45,220	1,397,871	45,220	1,397,984
February 28, 2006*3	40,700	8,374,273.77	23,005	1,420,877	23,005	1,420,989
May 17, 2006*4	(68,000)	8,306,273.77	—	1,420,877	—	1,420,989
August 11, 2006*5	—	8,306,273.77	—	1,420,877	(1,000,000)	420,989
September 1, 2006*6	249,015	8,555,288.77	—	1,420,877	221,365	642,355
September 6, 2006*7	(67,000)	8,488,288.77	—	1,420,877	—	642,355
September 29, 2006*8	(439,534)	8,048,754.77	—	1,420,877	—	642,355
October 11, 2006*9	(195,000)	7,853,754.77	—	1,420,877	—	642,355
April 30, 2008*10	157,151	8,010,905.77	—	1,420,877	—	642,355
May 16, 2008*11	(16,700)	7,994,205.77	—	1,420,877	—	642,355
January 4, 2009*12	781,189,672.23	789,183,878	—	1,420,877	—	642,355
June 22, 2009*13	219,700,000	1,008,883,878	413,695	1,834,572	413,695	1,056,050
July 27, 2009*14	8,931,300	1,017,815,178	16,817	1,851,389	16,817	1,072,868
January 27, 2010*15	340,000,000	1,357,815,178	459,477	2,310,867	459,477	1,532,345
January 28, 2010*16	36,343,848	1,394,159,026	—	2,310,867	—	1,532,345
February 8, 2010*17	(33,400)	1,394,125,626	—	2,310,867	—	1,532,345
February 10, 2010*18	20,000,000	1,414,125,626	27,028	2,337,895	27,028	1,559,374

## Remarks:

- \*1 Conversion of 107,087 shares of preferred stock (13th series Type 4) to 1,029,680.28 shares of common stock
- \*2 Public offering: Common stock: 80,000 shares  
Issue price: ¥1,130 thousand      Capitalization: ¥565 thousand
- \*3 Allotment to third parties: Common stock: 40,700 shares  
Issue price: ¥1,130 thousand      Capitalization: ¥565 thousand
- \*4 Repurchase and cancellation of 35,000 shares of preferred stock (Type 1) and 33,000 shares of preferred stock (Type 2)
- \*5 Capital reserve was transferred to other capital surplus pursuant to Article 448-1 of the Company Act.
- \*6 Increase in the number of common stock as a result of share exchange for making SMBC Friend Securities Co., Ltd. our wholly-owned subsidiary (share exchange ratio: 1-to-0.0008)
- \*7 Repurchase and cancellation of 67,000 shares of preferred stock (Type 2)
- \*8 Repurchase and cancellation of 500,000 shares of preferred stock (Type 3) and increase in shares of common stock of 60,466
- \*9 Repurchase and cancellation of 195,000 shares of preferred stock (Type 3)
- \*10 Increase in shares of common stock of 157,151 as a result of exercise of rights to purchase all the shares of preferred stock (5th to 8th series Type 4)
- \*11 Decrease in shares of preferred stock (Type 4) of 16,700 as a result of cancellation of all the shares of preferred stock (5th to 8th series Type 4)
- \*12 Increase in shares of common stock of 781,189,672.23 as a result of 100-for-1 stock split
- \*13 Public offering: Common stock: 219,700,000 shares  
Issue price: ¥3,766      Capitalization: ¥1,883
- \*14 Allotment to third parties: Common stock: 8,931,300 shares  
Issue price: ¥3,766      Capitalization: ¥1,883
- \*15 Public offering: Common stock: 340,000,000 shares  
Issue price: ¥2,702.81      Capitalization: ¥1,351.405
- \*16 Increase in shares of common stock of 36,343,848 as a result of exercise of rights to purchase all the shares of preferred stock (1st to 4th and 9th to 12th series Type 4)
- \*17 Decrease in shares of preferred stock (Type 4) of 33,400 as a result of cancellation of all the shares of preferred stock (1st to 4th and 9th to 12th series Type 4)
- \*18 Allotment to third parties: Common stock: 20,000,000 shares  
Issue price: ¥2,702.81      Capitalization: ¥1,351.405

## Number of Shares Issued

March 31, 2010	Number of shares issued
Common stock	1,414,055,625
Preferred stock (1st series Type 6)	70,001
Total	1,414,125,626

## Stock Exchange Listings

Tokyo Stock Exchange (First Section)  
Osaka Securities Exchange (First Section)  
Nagoya Stock Exchange (First Section)

## Number of Common Shares, Classified by Type of Shareholders

March 31, 2010	Number of shareholders	Number of units	Percentage of total
Japanese government and local government.....	8	4,926	0.03%
Financial institutions.....	430	4,033,863	28.57
Securities companies.....	110	519,408	3.68
Other institutions.....	9,819	1,554,454	11.01
Foreign institutions.....	964	5,848,545	41.42
Foreign individuals.....	147	1,190	0.01
Individuals and others.....	356,146	2,157,496	15.28
<b>Total.....</b>	<b>367,624</b>	<b>14,119,882</b>	<b>100.00%</b>
Fractional shares (shares).....	—	2,067,425	—

Notes: 1. Of 3,730,100 shares in treasury stock, 37,301 units are included in "Individuals and others."  
2. "Other institutions" include 28 units held by the Securities Custody Association.  
3. The number of shares constituting 1 unit is 100.

## Principal Shareholders

### a. Common Stock

March 31, 2010	Number of shares	Percentage of shares outstanding
Japan Trustee Services Bank, Ltd. (Trust Account).....	87,907,618	6.21%
The Master Trust Bank of Japan, Ltd. (Trust Account).....	71,826,900	5.07
Japan Trustee Services Bank, Ltd. (Trust Account 9).....	26,442,000	1.86
The Chase Manhattan Bank, N.A. London SECS Lending Omnibus Account*.....	21,990,703	1.55
SSBT OD05 Omnibus Account China Treaty Clients**.....	18,141,191	1.28
State Street Bank and Trust Company 505223*.....	17,697,920	1.25
State Street Bank and Trust Company 505225*.....	17,664,774	1.24
Nippon Life Insurance Company.....	15,466,682	1.09
Mellon Bank, N.A. as Agent for its Client Mellon Omnibus US Pension*.....	14,761,477	1.04
The Chase Manhattan Bank 385036*.....	14,565,800	1.03
<b>Total.....</b>	<b>306,465,065</b>	<b>21.67%</b>

\* Standing agent: Mizuho Corporate Bank, Ltd.

\*\* Standing agent: The HongKong and Shanghai Banking Corporation Limited's Tokyo Branch

### b. Preferred Stock (1st series Type 6)

March 31, 2010	Number of shares	Percentage of shares outstanding
Sumitomo Life Insurance Company.....	23,334	33.33%
Nippon Life Insurance Company.....	20,000	28.57
MITSUI LIFE INSURANCE COMPANY LIMITED.....	16,667	23.81
Mitsui Sumitomo Insurance Company, Limited.....	10,000	14.29
<b>Total.....</b>	<b>70,001</b>	<b>100.00%</b>

Note: Pursuant to Article 67 of the Enforcement Ordinance of the Company Act, the exercise of voting rights of common shares held by our subsidiary SMBC is restricted.

## Stock Options

March 31	2010
Number of shares granted.....	108,100 shares
Type of stock.....	Common stock
Issue price.....	¥6,649 per share
Amount capitalized when shares are issued.....	¥3,325 per share
Exercise period of stock options.....	From June 28, 2004 to June 27, 2012

Note: Former SMBC issued and granted stock options to certain directors and employees pursuant to the resolution of the ordinary general meeting of shareholders held on June 27, 2002. SMFG succeeded the obligations related to the stock options at the time of its establishment pursuant to the resolution of the preferred shareholders' meeting held on September 26, 2002 and the extraordinary shareholders' meeting held on September 27, 2002.

## Common Stock Price Range

### Stock Price Performance

Year ended March 31	Yen				
	2010	2009	2008	2007	2006
High.....	¥4,520	¥9,640	¥1,210,000	¥1,390,000	¥1,370,000
Low.....	2,591	2,585	633,000	1,010,000	659,000

- Notes: 1. Stock prices of common shares as quoted on the Tokyo Stock Exchange (First Section).  
 2. SMFG implemented 100-for-1 stock split on January 4, 2009. Stock prices for the year ended March 31, 2009 are reported assuming that the stock split had been effective from April 1, 2008.  
 3. Preferred stocks (1st series Type 6) are not listed on exchanges.

### Six-Month Performance

	Yen					
	October 2009	November 2009	December 2009	January 2010	February 2010	March 2010
High.....	¥3,500	¥3,290	¥3,080	¥3,160	¥2,982	¥3,150
Low.....	2,960	2,610	2,630	2,591	2,767	2,848

- Notes: 1. Stock prices of common shares as quoted on the Tokyo Stock Exchange (First Section).  
 2. Preferred stocks (1st series Type 6) are not listed on exchanges.

# Income Analysis (Consolidated)

Sumitomo Mitsui Banking Corporation and Subsidiaries

## Operating Income, Classified by Domestic and Overseas Operations

Year ended March 31	Millions of yen							
	2010				2009			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Interest income .....	¥1,302,315	¥389,577	¥(93,427)	¥1,598,464	¥1,466,092	¥610,270	¥(89,841)	¥1,986,520
Interest expenses .....	272,565	116,457	(93,407)	295,615	469,307	335,909	(83,661)	721,554
Net interest income .....	1,029,750	273,119	(19)	1,302,849	996,784	274,360	(6,179)	1,264,966
Trust fees .....	1,736	—	—	1,736	2,074	—	—	2,074
Fees and commissions .....	502,032	80,658	(2,549)	580,142	438,721	80,929	(962)	518,688
Fees and commissions payments .....	118,326	10,923	(1,493)	127,756	114,918	10,590	(897)	124,611
Net fees and commissions .....	383,705	69,735	(1,055)	452,385	323,803	70,338	(65)	394,077
Trading income .....	148,600	28,902	(20,932)	156,570	174,304	29,779	(12,241)	191,842
Trading losses .....	8,313	12,619	(20,932)	—	3,449	8,791	(12,241)	—
Net trading income .....	140,287	16,283	—	156,570	170,854	20,987	—	191,842
Other operating income .....	140,284	16,083	(12)	156,355	230,448	20,051	(24)	250,475
Other operating expenses .....	103,485	9,074	—	112,560	170,926	25,730	—	196,656
Net other operating income (expenses) .....	36,799	7,008	(12)	43,795	59,521	(5,678)	(24)	53,818

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.

2. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest expenses" are shown after deduction of expenses (2010, ¥20 million; 2009, ¥30 million) related to the management of money held in trust.

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

## Average Balance, Interest and Earnings Yield of Interest-Earning Assets and Interest-Bearing Liabilities

### Domestic Operations

Year ended March 31	Millions of yen					
	2010			2009		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets .....	¥85,101,802	¥1,302,315	1.53%	¥79,343,082	¥1,466,092	1.85%
Loans and bills discounted .....	56,291,108	1,036,964	1.84	54,408,361	1,124,991	2.07
Securities .....	24,649,455	216,124	0.88	21,519,840	268,696	1.25
Call loans and bills bought .....	337,927	2,495	0.74	375,755	5,287	1.41
Receivables under resale agreements .....	13,958	15	0.11	16,674	87	0.52
Receivables under securities borrowing transactions .....	2,277,769	5,394	0.24	684,275	4,496	0.66
Deposits with banks .....	268,117	1,704	0.64	801,981	10,986	1.37
Interest-bearing liabilities .....	¥89,290,815	¥ 272,565	0.31%	¥85,639,021	¥ 469,307	0.55%
Deposits .....	68,567,643	106,566	0.16	66,523,917	196,972	0.30
Negotiable certificates of deposit .....	7,227,930	18,280	0.25	4,094,711	24,451	0.60
Call money and bills sold .....	1,855,873	2,853	0.15	2,736,245	12,571	0.46
Payables under repurchase agreements .....	607,324	668	0.11	430,988	2,028	0.47
Payables under securities lending transactions .....	2,829,428	6,120	0.22	4,179,957	59,958	1.43
Commercial paper .....	—	—	—	—	—	—
Borrowed money .....	4,462,011	104,896	2.35	4,036,960	107,661	2.67
Short-term bonds .....	238,247	468	0.20	67,214	478	0.71
Bonds .....	3,292,435	60,201	1.83	3,332,131	63,573	1.91

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries.

2. In principle, average balances are calculated by using daily balances. However, some domestic consolidated subsidiaries use weekly, monthly or semiannual balances instead.

3. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2010, ¥946,938 million; 2009, ¥818,050 million).

4. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (2010, ¥12,392 million; 2009, ¥8,583 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2010, ¥12,392 million; 2009, ¥8,583 million) and corresponding interest (2010, ¥20 million; 2009, ¥30 million).

## Overseas Operations

Year ended March 31	Millions of yen					
	2010			2009		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥16,085,915	¥389,577	2.42%	¥15,945,396	¥610,270	3.83%
Loans and bills discounted.....	10,971,078	312,374	2.85	11,584,510	484,291	4.18
Securities.....	1,459,443	22,821	1.56	1,350,798	35,424	2.62
Call loans and bills bought.....	812,878	5,158	0.63	384,028	9,283	2.42
Receivables under resale agreements.....	13,963	887	6.36	103,425	1,661	1.61
Receivables under securities borrowing transactions.....	—	—	—	—	—	—
Deposits with banks.....	2,152,553	14,066	0.65	1,930,859	35,964	1.86
Interest-bearing liabilities.....	¥11,763,523	¥116,457	0.99%	¥ 9,534,917	¥335,909	3.52%
Deposits.....	7,472,669	40,606	0.54	6,968,130	134,070	1.92
Negotiable certificates of deposit.....	1,811,253	16,102	0.89	710,309	23,579	3.32
Call money and bills sold.....	1,205,537	3,416	0.28	580,174	9,996	1.72
Payables under repurchase agreements....	364,451	713	0.20	546,903	5,232	0.96
Payables under securities lending transactions.....	—	—	—	—	—	—
Commercial paper.....	82,513	194	0.24	—	—	—
Borrowed money.....	387,573	9,308	2.40	354,359	15,544	4.39
Short-term bonds.....	—	—	—	—	—	—
Bonds.....	158,169	9,459	5.98	265,035	17,328	6.54

Notes: 1. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.

2. In principle, average balances are calculated by using daily balances. However, some overseas consolidated subsidiaries use weekly, monthly, quarterly or semiannual balances instead.

3. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2010, ¥156,324 million; 2009, ¥88,670 million).

## Total of Domestic and Overseas Operations

Year ended March 31	Millions of yen					
	2010			2009		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥99,271,616	¥1,598,464	1.61%	¥93,549,650	¥1,986,520	2.12%
Loans and bills discounted.....	65,563,988	1,257,034	1.92	64,569,148	1,530,130	2.37
Securities.....	26,108,898	238,944	0.92	22,870,639	297,938	1.30
Call loans and bills bought.....	1,150,805	7,653	0.67	759,784	14,570	1.92
Receivables under resale agreements.....	27,922	902	3.23	120,099	1,748	1.46
Receivables under securities borrowing transactions.....	2,277,769	5,394	0.24	684,275	4,496	0.66
Deposits with banks.....	2,208,380	14,650	0.66	2,419,248	42,446	1.75
Interest-bearing liabilities.....	¥99,138,171	¥ 295,615	0.30%	¥93,434,902	¥ 721,554	0.77%
Deposits.....	75,827,957	146,051	0.19	73,178,249	326,538	0.45
Negotiable certificates of deposit.....	9,039,183	34,382	0.38	4,805,020	48,030	1.00
Call money and bills sold.....	3,061,410	6,270	0.20	3,316,420	22,567	0.68
Payables under repurchase agreements....	971,775	1,381	0.14	977,892	7,261	0.74
Payables under securities lending transactions.....	2,829,428	6,120	0.22	4,179,957	59,958	1.43
Commercial paper.....	82,513	194	0.24	—	—	—
Borrowed money.....	3,151,386	21,919	0.70	2,967,596	44,050	1.48
Short-term bonds.....	238,247	468	0.20	67,214	478	0.71
Bonds.....	3,450,605	69,660	2.02	3,597,166	80,902	2.25

Notes: 1. The figures above comprise totals for domestic and overseas operations after intersegment eliminations.

2. In principle, average balances are calculated by using daily balances. However, some consolidated subsidiaries use weekly, monthly, quarterly or semiannual balances instead.

3. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2010, ¥1,103,197 million; 2009, ¥906,513 million).

4. Income and expenses resulting from money held in trust are included in "Other income" and "Other expenses." Therefore, "Interest-earning assets" are shown after deduction of the average balance of money held in trust (2010, ¥12,392 million; 2009, ¥8,583 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2010, ¥12,392 million; 2009, ¥8,583 million) and corresponding interest (2010, ¥20 million; 2009, ¥30 million).

## Fees and Commissions

Year ended March 31	Millions of yen							
	2010				2009			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Fees and commissions.....	¥502,032	¥80,658	¥(2,549)	¥580,142	¥438,721	¥80,929	¥(962)	¥518,688
Deposits and loans .....	21,425	49,988	(55)	71,357	22,533	56,034	—	78,568
Remittances and transfers.....	119,075	7,782	(1)	126,856	124,143	8,535	(161)	132,518
Securities-related business.....	48,897	0	—	48,897	20,291	0	—	20,291
Agency .....	14,782	—	—	14,782	14,691	—	—	14,691
Safe deposits .....	6,681	2	—	6,684	6,911	3	—	6,915
Guarantees.....	39,475	9,138	(232)	48,381	41,790	7,360	(276)	48,875
Credit card business .....	6,179	—	—	6,179	6,493	—	—	6,493
Fees and commissions payments.....	¥118,326	¥10,923	¥(1,493)	¥127,756	¥114,918	¥10,590	¥(897)	¥124,611
Remittances and transfers.....	26,285	4,920	(155)	31,050	26,796	3,576	(161)	30,211

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.  
2. Intersegment transactions are reported in the "Elimination" column.

## Trading Income

Year ended March 31	Millions of yen							
	2010				2009			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading income.....	¥148,600	¥28,902	¥(20,932)	¥156,570	¥174,304	¥29,779	¥(12,241)	¥191,842
Gains on trading securities .....	25,694	211	—	25,906	3,313	666	—	3,979
Gains on securities related to trading transactions .....	2,254	—	—	2,254	1,174	46	—	1,221
Gains on trading-related financial derivatives.....	120,075	28,691	(20,932)	127,833	162,430	29,066	(12,241)	179,255
Others .....	576	—	—	576	7,386	—	—	7,386
Trading losses.....	¥ 8,313	¥12,619	¥(20,932)	¥ —	¥ 3,449	¥ 8,791	¥(12,241)	¥ —
Losses on trading securities .....	—	—	—	—	—	—	—	—
Losses on securities related to trading transactions .....	—	—	—	—	—	—	—	—
Losses on trading-related financial derivatives.....	8,313	12,619	(20,932)	—	3,449	8,791	(12,241)	—
Others .....	—	—	—	—	—	—	—	—

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.  
2. Intersegment transactions are reported in the "Elimination" column.

# Assets and Liabilities (Consolidated)

Sumitomo Mitsui Banking Corporation and Subsidiaries

## Deposits and Negotiable Certificates of Deposit

### Year-End Balance

March 31	Millions of yen	
	2010	2009
Domestic operations:		
Liquid deposits .....	¥42,959,169	¥41,544,906
Fixed-term deposits .....	25,125,800	23,465,803
Others .....	3,617,857	3,884,852
Subtotal .....	71,702,827	68,895,562
Negotiable certificates of deposit .....	5,246,004	6,035,411
Total .....	¥76,948,832	¥74,930,974
Overseas operations:		
Liquid deposits .....	¥ 5,243,318	¥ 5,185,137
Fixed-term deposits .....	1,763,200	1,575,776
Others .....	7,831	4,007
Subtotal .....	7,014,351	6,764,920
Negotiable certificates of deposit .....	1,828,914	1,428,673
Total .....	¥ 8,843,265	¥ 8,193,594
Grand total .....	¥85,792,098	¥83,124,568

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.

2. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice

3. Fixed-term deposits = Time deposits + Installment savings

## Balance of Loan Portfolio, Classified by Industry

### Year-End Balance

March 31	Millions of yen		March 31	Millions of yen	
	2010			2009	
Domestic operations:			Domestic operations:		
Manufacturing .....	¥ 6,689,718	12.20%	Manufacturing .....	¥ 6,986,393	12.50%
Agriculture, forestry, fisheries and mining .....	153,199	0.28	Agriculture, forestry, fisheries and mining .....	149,268	0.28
Construction .....	1,094,835	2.00	Construction .....	1,274,261	2.28
Transportation, communications and public enterprises .....	3,261,007	5.95	Transportation, communications and public enterprises .....	3,380,038	6.05
Wholesale and retail .....	4,475,464	8.17	Wholesale and retail .....	5,030,129	9.00
Finance and insurance .....	5,271,565	9.62	Finance and insurance .....	5,496,504	9.84
Real estate, goods rental and leasing .....	8,179,721	14.92	Real estate .....	7,598,081	13.60
Services .....	4,192,580	7.65	Services .....	5,762,527	10.31
Municipalities .....	1,117,092	2.04	Municipalities .....	1,058,239	1.89
Others .....	20,374,612	37.17	Others .....	19,133,674	34.25
Subtotal .....	¥54,809,798	100.00%	Subtotal .....	¥55,869,119	100.00%
Overseas operations:			Overseas operations:		
Public sector .....	¥ 43,100	0.50%	Public sector .....	¥ 35,350	0.35%
Financial institutions .....	543,997	6.33	Financial institutions .....	501,739	4.91
Commerce and industry .....	7,142,983	83.09	Commerce and industry .....	8,544,905	83.66
Others .....	866,945	10.08	Others .....	1,131,604	11.08
Subtotal .....	¥ 8,597,027	100.00%	Subtotal .....	¥10,213,599	100.00%
Total .....	¥63,406,825	—	Total .....	¥66,082,719	—

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.

2. Japan offshore banking accounts are included in overseas operations' accounts.

3. In accordance with the revision of the Japan Standard Industrial Classification (in November 2007), from the fiscal year beginning on April 1, 2009, the sector classification has been partly changed. "Goods rental and leasing" is included in others in fiscal 2008.



## Risk-Monitored Loans

March 31	Millions of yen	
	2010	2009
Bankrupt loans .....	¥ 162,969	¥ 290,237
Non-accrual loans .....	1,047,913	997,888
Past due loans (3 months or more) .....	38,249	36,119
Restructured loans .....	249,139	237,579
Total .....	¥1,498,271	¥1,561,824
Amount of direct reduction.....	¥ 710,815	¥ 590,174

Notes: **Definition of risk-monitored loan categories**

1. Bankrupt loans: Credits for which accrued interest is not accounted in revenue; credits extended to borrowers that are undergoing bankruptcy, corporate reorganization and rehabilitation proceedings or debtors receiving orders of disposition by suspension of business at bill clearinghouses
2. Non-accrual loans: Credits for which accrued interest is not accounted in revenue; credits, excluding loans to bankrupt borrowers and loans with grace for interest payment to assist in corporate reorganization or to support business
3. Past due loans (3 months or more): Loans with payment of principal or interest in arrears for more than 3 months, calculated from the day following the contractual due date, excluding borrowers in categories 1. and 2.
4. Restructured loans: Loans to borrowers in severe financial condition given certain favorable terms and conditions to assist in corporate rehabilitation or to support business, excluding borrowers in categories 1. through 3.

## Securities

## Year-End Balance

March 31	Millions of yen	
	2010	2009
<b>Domestic operations:</b>		
Japanese government bonds.....	¥16,738,321	¥14,734,414
Japanese local government bonds .....	422,648	338,688
Japanese corporate bonds .....	3,531,793	3,878,294
Japanese stocks.....	2,843,148	2,407,718
Others .....	3,431,856	5,103,160
Subtotal .....	¥26,967,768	¥26,462,276
<b>Overseas operations:</b>		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds .....	—	—
Japanese corporate bonds .....	—	—
Japanese stocks.....	—	—
Others .....	1,454,593	1,833,447
Subtotal .....	¥ 1,454,593	¥ 1,833,447
Total .....	¥28,422,362	¥28,295,724

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.

2. "Others" include foreign bonds and foreign stocks.

## Trading Assets and Liabilities

March 31	Millions of yen							
	2010				2009			
	Domestic operations	Overseas operations	Elimination	Total	Domestic operations	Overseas operations	Elimination	Total
Trading assets .....	¥6,067,423	¥587,881	¥(36,046)	¥6,619,258	¥3,846,205	¥1,011,003	¥(20,723)	¥4,836,484
Trading securities .....	2,656,782	32,229	—	2,689,011	185,122	6,931	—	192,053
Derivatives of trading securities.....	1,244	—	—	1,244	455	—	—	455
Securities related to trading transactions .....	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions .....	6,931	—	—	6,931	13,428	—	—	13,428
Trading-related financial derivatives .....	3,124,521	555,288	(36,046)	3,643,763	3,083,019	1,004,072	(20,723)	4,066,368
Other trading assets.....	277,943	363	—	278,307	564,178	—	—	564,178
Trading liabilities .....	¥4,446,003	¥632,763	¥(36,046)	¥5,042,720	¥2,692,747	¥ 934,296	¥(20,723)	¥3,606,319
Trading securities sold for short sales .....	1,557,587	—	—	1,557,587	2,370	341	—	2,711
Derivatives of trading securities.....	2,296	—	—	2,296	389	—	—	389
Securities related to trading transactions sold for short sales.....	—	—	—	—	—	—	—	—
Derivatives of securities related to trading transactions .....	6,961	—	—	6,961	13,997	—	—	13,997
Trading-related financial derivatives .....	2,879,158	632,763	(36,046)	3,475,875	2,675,989	933,954	(20,723)	3,589,220
Other trading liabilities .....	—	—	—	—	—	—	—	—

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches) and its domestic consolidated subsidiaries. Overseas operations comprise the operations of SMBC's overseas branches and its overseas consolidated subsidiaries.

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

# Income Analysis (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

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

Year ended March 31	Millions of yen					
	2010			2009		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Interest income .....	¥1,063,182	¥323,681	¥1,380,280	¥1,184,053	¥583,654	¥1,758,423
			[6,583]			[9,284]
Interest expenses .....	153,247	187,233	333,898	253,773	495,545	740,034
			[6,583]			[9,284]
Net interest income .....	909,934	136,448	1,046,382	930,279	88,109	1,018,389
Trust fees .....	1,736	—	1,736	2,074	—	2,074
Fees and commissions .....	321,837	91,123	412,960	322,455	92,772	415,228
Fees and commissions payments .....	108,603	17,643	126,246	102,214	19,190	121,404
Net fees and commissions .....	213,233	73,480	286,714	220,241	73,582	293,824
Trading income .....	2,424	112,932	115,356	10,763	164,275	175,038
Trading losses .....	—	—	—	—	—	—
Net trading income .....	2,424	112,932	115,356	10,763	164,275	175,038
Other operating income .....	30,585	55,202	85,788	46,440	116,837	163,277
Other operating expenses .....	40,690	40,012	80,703	62,596	65,150	127,747
Net other operating income (expenses) .....	(10,104)	15,190	5,085	(16,156)	51,686	35,530
Gross banking profit .....	¥1,117,224	¥338,050	¥1,455,275	¥1,147,202	¥377,654	¥1,524,856
Gross banking profit rate (%) .....	1.50%	1.98%	1.60%	1.65%	1.96%	1.76%

Notes: 1. Domestic operations include yen-denominated transactions by domestic branches, while international operations include foreign-currency-denominated transactions by domestic branches and operations by overseas branches. Yen-denominated nonresident transactions and Japan offshore banking accounts are included in international operations.

2. "Interest expenses" are shown after deduction of amounts equivalent to interest expenses on money held in trust (2010, ¥20 million; 2009, ¥30 million).

3. Figures in brackets [ ] indicate interest payments between domestic and international operations. As net interest figures are shown for interest rate swaps and similar instruments, some figures for domestic and international operations do not add up to their sums.

4. Gross banking profit rate = Gross banking profit / Average balance of interest-earning assets × 100

## Average Balance, Interest and Earnings Yield of Interest-Earning Assets and Interest-Bearing Liabilities

### Domestic Operations

Year ended March 31	Millions of yen					
	2010			2009		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets .....	¥74,033,481	¥1,063,182	1.43%	¥69,174,259	¥1,184,053	1.71%
	[563,457]	[6,583]		[2,101,755]	[9,284]	
Loans and bills discounted .....	49,843,442	866,832	1.73	48,534,275	962,176	1.98
Securities .....	21,750,902	174,752	0.80	17,380,685	190,320	1.09
Call loans .....	59,440	382	0.64	102,047	851	0.83
Receivables under resale agreements .....	95	0	0.13	1,806	8	0.49
Receivables under securities borrowing transactions .....	1,397,584	4,059	0.29	682,464	4,488	0.65
Bills bought .....	36,110	1,266	3.50	54,955	1,074	1.95
Deposits with banks .....	105,873	929	0.87	45,750	422	0.92
Interest-bearing liabilities .....	¥74,843,531	¥ 153,247	0.20%	¥70,686,399	¥ 253,773	0.35%
Deposits .....	59,829,387	77,419	0.12	57,747,050	123,812	0.21
Negotiable certificates of deposit .....	7,376,192	18,792	0.25	4,062,350	24,063	0.59
Call money .....	1,533,682	1,662	0.10	2,661,112	10,653	0.40
Payables under repurchase agreements .....	390,348	465	0.11	434,189	2,043	0.47
Payables under securities lending transactions .....	1,039,464	1,472	0.14	1,877,785	8,422	0.44
Borrowed money .....	2,095,517	11,532	0.55	1,716,288	17,185	1.00
Short-term bonds .....	165,447	303	0.18	67,214	478	0.71
Bonds .....	2,265,856	35,766	1.57	2,020,588	27,771	1.37

Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2010, ¥875,040 million; 2009, ¥756,651 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2010, ¥10,191 million; 2009, ¥8,583 million) and corresponding interest (2010, ¥20 million; 2009, ¥30 million).

2. Figures in brackets [ ] indicate the average balances of interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses. As net interest figures are shown for interest rate swaps and similar instruments, some figures for domestic and international operations do not add up to their sums.

## International Operations

Year ended March 31	Millions of yen					
	2010			2009		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥17,035,222	¥323,681	1.90%	¥19,248,223	¥583,654	3.03%
Loans and bills discounted.....	9,241,539	196,060	2.12	10,196,514	375,128	3.67
Securities.....	4,330,491	54,658	1.26	5,079,312	103,672	2.04
Call loans.....	300,991	2,849	0.94	279,225	6,953	2.49
Receivables under resale agreements.....	45,582	193	0.42	116,634	1,332	1.14
Receivables under securities borrowing transactions.....	257	2	0.85	—	—	—
Bills bought.....	—	—	—	—	—	—
Deposits with banks.....	2,220,451	12,933	0.58	2,370,678	37,617	1.58
Interest-bearing liabilities.....	¥16,725,582	¥187,233	1.11%	¥19,236,867	¥495,545	2.57%
	[563,457]	[6,583]		[2,101,755]	[9,284]	
Deposits.....	8,610,028	34,424	0.39	8,892,776	149,683	1.68
Negotiable certificates of deposit.....	1,746,135	15,562	0.89	693,692	22,685	3.27
Call money.....	610,090	2,241	0.36	654,909	11,920	1.82
Payables under repurchase agreements....	346,279	517	0.14	545,774	5,022	0.92
Payables under securities lending transactions.....	1,579,701	4,631	0.29	2,281,411	51,463	2.25
Borrowed money.....	1,954,454	92,296	4.72	2,536,355	113,145	4.46
Bonds.....	1,046,437	28,527	2.72	1,316,342	40,168	3.05

Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2010, ¥138,379 million; 2009, ¥92,824 million).

2. Figures in brackets [ ] indicate the average balances of interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses. As net interest figures are shown for interest rate swaps and similar instruments, some figures for domestic and international operations do not add up to their sums.

3. The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method, under which the TT middle rate at the end of the previous month is applied to nonexchange transactions of the month concerned.

## Total of Domestic and International Operations

Year ended March 31	Millions of yen					
	2010			2009		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets.....	¥90,505,247	¥1,380,280	1.52%	¥86,320,727	¥1,758,423	2.03%
Loans and bills discounted.....	59,084,981	1,062,893	1.79	58,730,789	1,337,305	2.27
Securities.....	26,081,394	229,411	0.87	22,459,998	293,992	1.30
Call loans.....	360,432	3,231	0.89	381,273	7,805	2.04
Receivables under resale agreements.....	45,678	193	0.42	118,440	1,341	1.13
Receivables under securities borrowing transactions.....	1,397,842	4,061	0.29	682,464	4,488	0.65
Bills bought.....	36,110	1,266	3.50	54,955	1,074	1.95
Deposits with banks.....	2,326,324	13,863	0.59	2,416,428	38,040	1.57
Interest-bearing liabilities.....	¥91,005,657	¥ 333,898	0.36	¥87,821,511	¥ 740,034	0.84%
Deposits.....	68,439,416	111,844	0.16	66,639,826	273,495	0.41
Negotiable certificates of deposit.....	9,122,327	34,354	0.37	4,756,043	46,748	0.98
Call money.....	2,143,773	3,903	0.18	3,316,021	22,573	0.68
Payables under repurchase agreements....	736,627	982	0.13	979,963	7,066	0.72
Payables under securities lending transactions.....	2,619,166	6,103	0.23	4,159,197	59,885	1.43
Borrowed money.....	4,049,972	103,829	2.56	4,252,644	130,331	3.06
Short-term bonds.....	165,447	303	0.18	67,214	478	0.71
Bonds.....	3,312,293	64,294	1.94	3,336,931	67,939	2.03

Notes: 1. "Interest-earning assets" are shown after deduction of the average balance of noninterest-earning deposits (2010, ¥1,013,420 million; 2009, ¥849,475 million). "Interest-bearing liabilities" are shown after deduction of amounts equivalent to the average balance of money held in trust (2010, ¥10,191 million; 2009, ¥8,583 million) and corresponding interest (2010, ¥20 million; 2009, ¥30 million).

2. Figures in the table above indicate the net average balances of amounts adjusted for interdepartmental lending and borrowing activities between domestic and international operations and related interest expenses.

## Breakdown of Interest Income and Interest Expenses

## Domestic Operations

Year ended March 31	Millions of yen					
	2010			2009		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥69,782	¥(190,653)	¥(120,871)	¥61,677	¥(50,476)	¥11,200
Loans and bills discounted.....	22,767	(118,112)	(95,344)	36,842	(19,368)	17,473
Securities.....	35,111	(50,678)	(15,567)	24,720	(26,693)	(1,972)
Call loans.....	(303)	(166)	(469)	(1,608)	90	(1,517)
Receivables under resale agreements.....	(4)	(3)	(8)	(115)	(13)	(128)
Receivables under securities borrowing transactions.....	2,077	(2,506)	(429)	(1,915)	(551)	(2,467)
Bills bought.....	(368)	560	191	652	(178)	474
Deposits with banks.....	528	(20)	507	272	115	388
Interest expenses.....	¥ 8,512	¥(109,038)	¥(100,526)	¥12,243	¥(16,696)	¥ (4,453)
Deposits.....	2,694	(49,086)	(46,392)	937	(3,681)	(2,743)
Negotiable certificates of deposit.....	8,442	(13,713)	(5,271)	9,020	260	9,281
Call money.....	(3,303)	(5,687)	(8,991)	2,251	(1,788)	463
Payables under repurchase agreements....	(187)	(1,390)	(1,578)	1,524	(112)	1,412
Payables under securities lending transactions.....	(2,744)	(4,205)	(6,949)	3,506	(956)	2,550
Borrowed money.....	2,087	(7,739)	(5,652)	(1,875)	(676)	(2,552)
Short-term bonds.....	180	(355)	(175)	478	—	478
Bonds.....	3,596	4,399	7,995	(1,020)	3,494	2,473

## International Operations

Year ended March 31	Millions of yen					
	2010			2009		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥(61,205)	¥(198,767)	¥(259,972)	¥88,656	¥(207,277)	¥(118,621)
Loans and bills discounted.....	(32,439)	(146,629)	(179,068)	96,517	(102,964)	(6,447)
Securities.....	(13,658)	(35,355)	(49,013)	31,654	(57,976)	(26,322)
Call loans.....	206	(4,310)	(4,104)	(3,473)	(6,607)	(10,080)
Receivables under resale agreements.....	(560)	(578)	(1,139)	(1,579)	(713)	(2,292)
Receivables under securities borrowing transactions.....	2	—	2	—	—	—
Deposits with banks.....	(2,246)	(22,437)	(24,683)	(23,542)	(31,751)	(55,294)
Interest expenses.....	¥(57,830)	¥(250,481)	¥(308,311)	¥76,854	¥(227,391)	¥(150,537)
Deposits.....	(4,613)	(110,644)	(115,258)	3,740	(154,348)	(150,607)
Negotiable certificates of deposit.....	9,379	(16,502)	(7,122)	2,796	(12,797)	(10,000)
Call money.....	(764)	(8,914)	(9,678)	5,802	(7,628)	(1,826)
Payables under repurchase agreements....	(1,368)	(3,136)	(4,504)	3,302	(3,838)	(536)
Payables under securities lending transactions.....	(12,231)	(34,600)	(46,831)	30,157	(18,317)	11,839
Borrowed money.....	(25,958)	5,109	(20,849)	42,043	(12,147)	29,895
Bonds.....	(7,658)	(3,982)	(11,641)	(5,153)	(5,843)	(10,997)

## Total of Domestic and International Operations

Year ended March 31	Millions of yen					
	2010			2009		
	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)	Volume-related increase (decrease)	Rate-related increase (decrease)	Net increase (decrease)
Interest income.....	¥63,817	¥(441,960)	¥(378,142)	¥134,713	¥(242,567)	¥(107,853)
Loans and bills discounted.....	6,371	(280,784)	(274,412)	102,052	(91,025)	11,026
Securities.....	31,853	(96,434)	(64,580)	49,850	(78,146)	(28,295)
Call loans.....	(405)	(4,168)	(4,573)	(7,154)	(4,443)	(11,598)
Receivables under resale agreements.....	(568)	(579)	(1,148)	(1,796)	(624)	(2,421)
Receivables under securities borrowing transactions.....	2,078	(2,505)	(427)	(1,915)	(551)	(2,467)
Bills bought.....	(368)	560	191	652	(178)	474
Deposits with banks.....	(1,368)	(22,808)	(24,176)	(22,770)	(32,135)	(54,905)
Interest expenses.....	¥11,683	¥(417,819)	¥(406,136)	¥ 54,601	¥(210,025)	¥(155,423)
Deposits.....	2,940	(164,591)	(161,651)	2,706	(156,058)	(153,351)
Negotiable certificates of deposit.....	16,443	(28,837)	(12,393)	15,816	(16,536)	(719)
Call money.....	(6,077)	(12,592)	(18,669)	5,999	(7,362)	(1,363)
Payables under repurchase agreements....	(1,420)	(4,662)	(6,083)	4,924	(4,047)	876
Payables under securities lending transactions.....	(16,479)	(37,302)	(53,781)	30,506	(16,117)	14,389
Borrowed money.....	(5,982)	(20,519)	(26,501)	23,057	4,285	27,343
Short-term bonds.....	180	(355)	(175)	478	—	478
Bonds.....	(498)	(3,146)	(3,645)	(5,033)	(3,489)	(8,523)

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

## Fees and Commissions

Year ended March 31	Millions of yen					
	2010			2009		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Fees and commissions.....	¥321,837	¥91,123	¥412,960	¥322,455	¥92,772	¥415,228
Deposits and loans.....	11,114	36,137	47,252	10,866	40,973	51,840
Remittances and transfers .....	92,857	24,162	117,019	96,014	27,122	123,136
Securities-related business .....	13,280	1,125	14,405	17,256	2,818	20,075
Agency.....	11,611	—	11,611	11,777	—	11,777
Safe deposits.....	6,249	—	6,249	6,472	—	6,472
Guarantees .....	20,934	14,434	35,368	21,005	9,679	30,684
Fees and commissions payments.....	¥108,603	¥17,643	¥126,246	¥102,214	¥19,190	¥121,404
Remittances and transfers .....	20,479	8,000	28,479	20,385	7,770	28,155

## Trading Income

Year ended March 31	Millions of yen					
	2010			2009		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Trading income.....	¥2,424	¥112,932	¥115,356	¥10,763	¥164,275	¥175,038
Gains on trading securities.....	1,309	—	1,309	3,313	—	3,313
Gains on securities related to trading transactions.....	—	2,254	2,254	—	1,221	1,221
Gains on trading-related financial derivatives .....	—	110,677	110,677	—	163,054	163,054
Others .....	1,114	0	1,115	7,449	—	7,449
Trading losses .....	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Losses on trading securities.....	—	—	—	—	—	—
Losses on securities related to trading transactions.....	—	—	—	—	—	—
Losses on trading-related financial derivatives .....	—	—	—	—	—	—
Others .....	—	—	—	—	—	—

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

## Net Other Operating Income (Expenses)

Year ended March 31	Millions of yen					
	2010			2009		
	Domestic operations	International operations	Total	Domestic operations	International operations	Total
Net other operating income (expenses) .....	¥(10,104)	¥15,190	¥ 5,085	¥(16,156)	¥51,686	¥35,530
Gains (losses) on bonds .....	9,070	28,199	37,270	(32,420)	58,548	26,128
Gains (losses) on derivatives .....	(15,682)	(629)	(16,310)	12,680	898	13,578
Losses on foreign exchange transactions .....	—	(9,635)	(9,635)	—	(2,472)	(2,472)

## General and Administrative Expenses

Year ended March 31	Millions of yen	
	2010	2009
	Salaries and related expenses .....	¥206,536
Retirement benefit cost .....	14,146	6,084
Welfare expenses .....	31,479	31,835
Depreciation .....	68,855	60,889
Rent and lease expenses .....	50,809	50,647
Building and maintenance expenses .....	5,377	8,373
Supplies expenses .....	5,856	6,812
Water, lighting, and heating expenses.....	5,084	5,441
Traveling expenses.....	2,658	3,765
Communication expenses.....	7,420	7,455
Publicity and advertising expenses.....	7,307	11,349
Taxes, other than income taxes.....	36,759	38,282
Deposit insurance.....	48,892	48,763
Others.....	194,569	216,154
Total .....	¥685,752	¥701,479

Note: Because expenses in the table above exclude nonrecurring losses, they are reconciled with the figures reported on page 28.

# Deposits (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

## Deposits and Negotiable Certificates of Deposit

### Year-End Balance

March 31	Millions of yen			
	2010		2009	
<b>Domestic operations:</b>				
Liquid deposits .....	¥40,457,064	59.5%	¥39,432,942	59.2%
Fixed-term deposits .....	20,973,648	30.9	19,984,641	30.0
Others .....	1,119,778	1.6	1,136,752	1.7
Subtotal .....	62,550,491	92.0	60,554,335	90.9
Negotiable certificates of deposit .....	5,431,866	8.0	6,047,604	9.1
Total .....	¥67,982,357	100.0%	¥66,601,940	100.0%
<b>International operations:</b>				
Liquid deposits .....	¥ 4,171,693	43.3%	¥ 4,900,826	47.6%
Fixed-term deposits .....	1,355,428	14.0	1,342,381	13.0
Others .....	2,379,653	24.7	2,702,454	26.2
Subtotal .....	7,906,775	82.0	8,945,662	86.8
Negotiable certificates of deposit .....	1,741,507	18.0	1,358,105	13.2
Total .....	¥ 9,648,282	100.0%	¥10,303,767	100.0%
<b>Grand total .....</b>	<b>¥77,630,639</b>	<b>—</b>	<b>¥76,905,708</b>	<b>—</b>

Notes: 1. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice

2. Fixed-term deposits = Time deposits + Installment savings

### Average Balance

Year ended March 31	2010		2009	
	Millions of yen			
<b>Domestic operations:</b>				
Liquid deposits .....	¥38,899,878		¥38,108,576	
Fixed-term deposits .....	20,484,955		19,165,009	
Others .....	444,553		473,464	
Subtotal .....	59,829,387		57,747,050	
Negotiable certificates of deposit .....	7,376,192		4,062,350	
Total .....	¥67,205,580		¥61,809,401	
<b>International operations:</b>				
Liquid deposits .....	¥ 4,417,417		¥ 4,623,996	
Fixed-term deposits .....	1,366,600		1,104,938	
Others .....	2,826,011		3,163,841	
Subtotal .....	8,610,028		8,892,776	
Negotiable certificates of deposit .....	1,746,135		693,692	
Total .....	¥10,356,164		¥ 9,586,469	
<b>Grand total .....</b>	<b>¥77,561,744</b>		<b>¥71,395,870</b>	

Notes: 1. Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice

2. Fixed-term deposits = Time deposits + Installment savings

3. The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method.

## Balance of Deposits, Classified by Type of Depositor

March 31	Millions of yen			
	2010		2009	
Individual .....	¥35,637,984	52.8%	¥34,889,209	52.7%
Corporate .....	31,921,076	47.2	31,335,180	47.3
Total .....	¥67,559,060	100.0%	¥66,224,389	100.0%

Notes: 1. Figures are before adjustment on interoffice accounts in transit.

2. Negotiable certificates of deposit are excluded.

3. Accounts at overseas branches and Japan offshore banking accounts are excluded.

## Balance of Investment Trusts, Classified by Type of Customer

March 31	Millions of yen	
	2010	2009
Individual .....	¥2,620,727	¥2,040,366
Corporate .....	310,685	201,138
<b>Total .....</b>	<b>¥2,931,412</b>	<b>¥2,241,504</b>

Note: Balance of investment trusts is recognized on a contract basis and measured according to each fund's net asset balance at the fiscal year-end.

## Balance of Time Deposits, Classified by Maturity

March 31	Millions of yen	
	2010	2009
Less than three months .....	¥ 8,154,589	¥ 7,494,172
Fixed interest rates .....	6,896,813	6,278,535
Floating interest rates .....	32,997	700
Others .....	1,224,778	1,214,936
Three — six months .....	4,330,949	4,045,532
Fixed interest rates .....	4,185,966	3,963,667
Floating interest rates .....	52,536	4,500
Others .....	92,446	77,365
Six months — one year .....	5,947,747	5,583,297
Fixed interest rates .....	5,880,649	5,533,874
Floating interest rates .....	42,996	21,510
Others .....	24,102	27,911
One — two years .....	1,515,226	1,660,255
Fixed interest rates .....	1,458,697	1,640,874
Floating interest rates .....	54,160	18,885
Others .....	2,369	495
Two — three years .....	1,202,825	1,251,850
Fixed interest rates .....	1,136,927	1,229,574
Floating interest rates .....	58,720	18,990
Others .....	7,177	3,285
Three years or more .....	1,177,692	1,291,870
Fixed interest rates .....	487,367	781,847
Floating interest rates .....	684,927	491,636
Others .....	5,397	18,386
<b>Total .....</b>	<b>¥22,329,032</b>	<b>¥21,326,977</b>
Fixed interest rates .....	20,046,421	19,428,374
Floating interest rates .....	926,337	556,222
Others .....	1,356,272	1,342,381

Note: The figures above do not include installment savings.

# Loans (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

## Balance of Loans and Bills Discounted

### Year-End Balance

March 31	Millions of yen	
	2010	2009
Domestic operations:		
Loans on notes .....	¥ 1,472,451	¥ 1,932,245
Loans on deeds .....	38,069,787	37,914,257
Overdrafts .....	8,202,796	9,780,746
Bills discounted .....	152,782	216,066
Subtotal .....	¥47,897,818	¥49,843,316
International operations:		
Loans on notes .....	¥ 416,026	¥ 454,926
Loans on deeds .....	8,223,003	9,853,939
Overdrafts .....	82,210	88,613
Bills discounted .....	—	470
Subtotal .....	¥ 8,721,240	¥10,397,950
Total .....	¥56,619,058	¥60,241,266

### Average Balance

Year ended March 31	Millions of yen	
	2010	2009
Domestic operations:		
Loans on notes .....	¥ 1,720,223	¥ 1,978,289
Loans on deeds .....	38,993,305	36,221,243
Overdrafts .....	8,969,237	10,094,088
Bills discounted .....	160,676	240,653
Subtotal .....	¥49,843,442	¥48,534,275
International operations:		
Loans on notes .....	¥ 444,610	¥ 502,065
Loans on deeds .....	8,704,843	9,559,202
Overdrafts .....	91,980	132,123
Bills discounted .....	104	3,124
Subtotal .....	¥ 9,241,539	¥10,196,514
Total .....	¥59,084,981	¥58,730,789

Note: The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method.

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

March 31	Millions of yen			
	2010		2009	
Funds for capital investment .....	¥21,487,115	38.0%	¥21,398,268	35.5%
Funds for working capital .....	35,131,942	62.0	38,842,997	64.5
Total .....	¥56,619,058	100.0%	¥60,241,266	100.0%

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

March 31	Millions of yen	
	2010	2009
Securities .....	¥ 562,243	¥ 496,562
Commercial claims .....	996,719	974,977
Commercial goods .....	—	—
Real estate .....	6,895,988	6,700,496
Others .....	603,538	527,776
Subtotal .....	9,058,490	8,699,811
Guaranteed .....	21,075,681	21,371,798
Unsecured .....	26,484,887	30,169,656
Total .....	¥56,619,058	¥60,241,266



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

March 31	Millions of yen	
	2010	2009
One year or less .....	¥ 8,933,280	¥ 9,736,533
One — three years .....	9,765,902	9,926,623
Floating interest rates .....	7,597,080	7,543,515
Fixed interest rates .....	2,168,821	2,383,107
Three — five years .....	7,973,882	8,815,570
Floating interest rates .....	6,035,859	6,797,016
Fixed interest rates .....	1,938,023	2,018,554
Five — seven years .....	2,479,598	3,470,099
Floating interest rates .....	2,035,407	2,629,283
Fixed interest rates .....	444,190	840,816
More than seven years .....	19,181,387	18,423,079
Floating interest rates .....	18,171,664	17,261,520
Fixed interest rates .....	1,009,722	1,161,559
No designated term .....	8,285,006	9,869,360
Floating interest rates .....	8,285,006	9,869,360
Fixed interest rates .....	—	—
<b>Total .....</b>	<b>¥56,619,058</b>	<b>¥60,241,266</b>

Note: Loans with a maturity of one year or less are not classified by floating or fixed interest rates.

## Balance of Loan Portfolio, Classified by Industry

March 31	Millions of yen		March 31	Millions of yen	
	2010			2009	
Domestic operations:			Domestic operations:		
Manufacturing .....	¥ 6,308,200	12.7%	Manufacturing .....	¥ 6,632,207	12.9%
Agriculture, forestry, fisheries and mining .....	146,765	0.3	Agriculture, forestry, fisheries and mining .....	143,591	0.3
Construction .....	897,987	1.8	Construction .....	1,088,910	2.1
Transportation, communications and public enterprises .....	3,067,711	6.2	Transportation, communications and public enterprises .....	3,208,281	6.3
Wholesale and retail .....	4,061,267	8.2	Wholesale and retail .....	4,632,637	9.0
Finance and insurance .....	5,907,426	11.9	Finance and insurance .....	5,967,376	11.7
Real estate, goods rental and leasing ...	6,809,580	13.8	Real estate .....	6,222,052	12.1
Services .....	3,769,330	7.6	Services .....	5,260,544	10.3
Municipalities .....	984,186	2.0	Municipalities .....	970,577	1.9
Others .....	17,573,287	35.5	Others .....	17,115,639	33.4
Subtotal .....	¥49,525,741	100.0%	Subtotal .....	¥51,241,816	100.0%
Overseas operations:			Overseas operations:		
Public sector .....	¥ 21,320	0.3%	Public sector .....	¥ 25,567	0.3%
Financial institutions .....	484,892	6.8	Financial institutions .....	524,236	5.8
Commerce and industry .....	6,026,280	85.0	Commerce and industry .....	7,708,512	85.7
Others .....	560,823	7.9	Others .....	741,134	8.2
Subtotal .....	¥ 7,093,316	100.0%	Subtotal .....	¥ 8,999,450	100.0%
<b>Total .....</b>	<b>¥56,619,058</b>	<b>—</b>	<b>Total .....</b>	<b>¥60,241,266</b>	<b>—</b>

Notes: 1. Domestic operations comprise the operations of SMBC (excluding overseas branches). Overseas operations comprise the operations of SMBC's overseas branches.

2. Japan offshore banking accounts are included in overseas operations' accounts.

3. In accordance with the revision of the Japan Standard Industrial Classification (in November 2007), from the fiscal year beginning on April 1, 2009, the sector classification has been partly changed. "Goods rental and leasing" is included in others in fiscal 2008.

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

March 31	Millions of yen	
	2010	2009
Total domestic loans (A) .....	¥49,525,741	¥51,241,816
Loans to individuals, and small and medium-sized enterprises (B) .....	34,457,098	35,667,854
(B) / (A) .....	69.6%	69.6%

Notes: 1. The figures above exclude the outstanding balance of loans at overseas branches and of Japan offshore banking accounts.

2. Small and medium-sized enterprises are individuals or companies with capital stock of ¥300 million or less, or an operating staff of 300 or fewer employees. (Exceptions to these capital stock and staff restrictions include wholesalers: ¥100 million, 100 employees; retailers: ¥50 million, 50 employees; and service industry companies: ¥50 million, 100 employees.)

## Consumer Loans Outstanding

March 31	Millions of yen	
	2010	2009
Consumer loans .....	¥15,400,531	¥15,002,856
Housing loans .....	14,497,508	14,077,130
Residential purpose .....	11,010,697	10,509,845
Others .....	903,023	925,726

Note: Housing loans include general-purpose loans used for housing purposes as well as housing loans and apartment house acquisition loans.

## Breakdown of Reserve for Possible Loan Losses

Year ended March 31, 2010	Balance at beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year		Balance at end of the fiscal year
			Objectives	Others	
General reserve for possible loan losses .....	¥504,379	¥497,582	¥ —	¥506,310*1, 2	¥495,650
	[2,270]				
Specific reserve for possible loan losses .....	284,799	267,351	109,562	180,245*1, 2	262,343
For nonresident loans .....	71,028	35,393	35,048	40,988*1, 2	30,385
	[18]				
	[10]				
Loan loss reserve for specific overseas countries ...	417	184	—	417*1	184
Total .....	¥789,596	¥765,118	¥109,562	¥686,973	¥758,178
	[2,288]				
Amount of direct reduction .....	¥477,529				¥478,042
	[1,954]				

\*1 Transfer from reserves by reversal or origination method

\*2 "Others" under "Decrease during the fiscal year" include the amount transferred to Sumitomo Mitsui Banking Corporation (China) Limited in connection with a business transfer. The transferred amount comprises ¥1,931 million for the general reserve for possible loan losses and ¥5,008 million for the specific reserve for possible loan losses for nonresident loans.

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

Year ended March 31, 2009	Balance at beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year		Balance at end of the fiscal year
			Objectives	Others	
General reserve for possible loan losses .....	¥428,663	¥506,649	¥ —	¥428,663*	¥506,649
	[2,256]				
Specific reserve for possible loan losses .....	188,975	284,818	86,503	102,471*	284,818
For nonresident loans .....	28,307	71,309	15,005	13,301*	71,039
	[109]				
	[86]				
Loan loss reserve for specific overseas countries ...	0	417	—	0*	417
Total .....	¥617,639	¥791,885	¥86,503	¥531,135	¥791,885
	[2,365]				
Amount of direct reduction .....	¥332,924				¥479,484
	[886]				

\*Transfer from reserves by reversal or origination method

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

## Write-Off of Loans

Year ended March 31	Millions of yen	
	2010	2009
Write-off of loans .....	¥102,663	¥231,412

Note: Write-off of loans include amount of direct reduction.

## Specific Overseas Loans

March 31	Millions of yen	
	2010	2009
Ukraine .....	¥ 160	¥3,456
Iceland .....	1,112	1,160
Pakistan .....	61	64
Argentina .....	4	4
Total .....	¥1,339	¥4,686
Ratio of the total amounts to total assets .....	0.00%	0.00%
Number of countries .....	4	4

## Risk-Monitored Loans

March 31	Millions of yen	
	2010	2009
Bankrupt loans .....	¥ 112,973	¥ 196,062
Non-accrual loans .....	776,364	744,692
Past due loans (3 months or more) .....	22,889	32,549
Restructured loans .....	155,790	163,753
Total .....	¥1,068,017	¥1,137,058
Amount of direct reduction.....	¥ 411,715	¥ 419,511

## Notes: Definition of risk-monitored loan categories

1. Bankrupt loans: Credits for which accrued interest is not accounted in revenue; credits extended to borrowers that are undergoing bankruptcy, corporate reorganization and rehabilitation proceedings or debtors receiving orders of disposition by suspension of business at bill clearinghouses
2. Non-accrual loans: Credits for which accrued interest is not accounted in revenue; credits, excluding loans to bankrupt borrowers and loans with grace for interest payment to assist in corporate reorganization or to support business
3. Past due loans (3 months or more): Loans with payment of principal or interest in arrears for more than 3 months, calculated from the day following the contractual due date, excluding borrowers in categories 1. and 2.
4. Restructured loans: Loans to borrowers in severe financial condition given certain favorable terms and conditions to assist in corporate rehabilitation or to support business, excluding borrowers in categories 1. through 3.

## Problem Assets Based on the Financial Reconstruction Law

March 31	Millions of yen	
	2010	2009
Bankrupt and quasi-bankrupt assets .....	¥ 224,335	¥ 319,627
Doubtful assets .....	697,670	678,240
Substandard loans .....	178,679	196,303
Total of problem assets .....	1,100,685	1,194,170
Normal assets .....	62,116,059	66,028,576
Total .....	¥63,216,745	¥67,222,747
Amount of direct reduction.....	¥ 478,042	¥ 479,484

## Notes: Definition of problem asset categories

These assets are disclosed based on the provisions of Article 7 of the Financial Reconstruction Law (Law No. 132 of 1998) and classified into the 4 categories based on financial position and business performance of obligors in accordance with Article 6 of the Law. Assets in question include private placement bonds, loans and bills discounted, foreign exchanges, accrued interest, and advance payment in "other assets," customers' liabilities for acceptances and guarantees, and securities lent under the loan for consumption or leasing agreements.

Privately-placed bonds guaranteed by SMBC have been recorded with fair value since March 31, 2010, in accordance with the revision of "Accounting Standard for Financial Instruments."

1. Bankrupt and quasi-bankrupt assets: Credits to borrowers undergoing bankruptcy, corporate reorganization, and rehabilitation proceedings, as well as claims of a similar nature
2. Doubtful assets: Credits for which final collection of principal and interest in line with original agreements is highly improbable due to deterioration of financial position and business performance, but not insolvency of the borrower
3. Substandard loans: Past due loans (3 months or more) and restructured loans, excluding 1. and 2.
4. Normal assets: Credits to borrowers with good business performance and in financial standing without identified problems and not classified into the 3 categories above

## Problem Assets Based on the Financial Reconstruction Law, and Risk-Monitored Loans

Category of borrowers under self-assessment	Problem assets based on the Financial Reconstruction Law		Risk-monitored loans		
	Total loans	Other assets	Total loans	Other assets	
Bankrupt Borrowers	Bankrupt and quasi-bankrupt assets		Bankrupt loans	Other assets Ⓒ	
Effectively Bankrupt Borrowers			Non-accrual loans		
Potentially Bankrupt Borrowers	Doubtful assets	Past due loans (3 months or more)			
Borrowers Requiring Caution	Substandard loans	Restructured loans			
Normal Borrowers	(Normal assets)				
	Ⓐ		Ⓑ	=	Ⓒ

## Classification under Self-Assessment, Disclosure of Problem Assets, and Write-Offs/Reserves

March 31, 2010		Classification under self-assessment				(Billions of yen)	
Category of borrowers under self-assessment	Problem assets based on the Financial Reconstruction Law	Classification I	Classification II	Classification III	Classification IV	Reserve for possible loan losses	Reserve ratio
		Bankrupt Borrowers	Bankrupt and quasi-bankrupt assets (1) ¥224.3	Portion of claims secured by collateral or guarantees, etc. (5) ¥206.0	Fully reserved ¥18.3		
Effectively Bankrupt Borrowers	Portion of claims secured by collateral or guarantees, etc. (6) ¥415.7	Necessary amount reserved ¥282.0					
Potentially Bankrupt Borrowers	Doubtful assets (2) ¥697.7				General reserve ¥221.6 (Note 2)	78.58% (Note 3)	
Borrowers Requiring Caution	Substandard loans (3) ¥178.7	Portion of substandard loans secured by collateral or guarantees, etc. (7) ¥75.9			General reserve ¥53.2	53.50% (Note 3) 16.81% (Note 3)	
	(Claims to substandard borrowers)	Claims to borrowers requiring caution, excluding claims to substandard borrowers					
Normal Borrowers	Normal assets ¥62,116.0	Claims to normal borrowers			General reserve ¥512.0 (Note 5)	7.30% [14.37%] (Note 4) 0.24% (Note 4)	
Loan loss reserve for specific overseas countries						¥0.1	
Total (4) ¥63,216.7		NPL ratio (A) / (4) 1.74% (Note 6)		Total reserve for possible loan losses ¥758.1		Reserve ratio (B) / (D) 74.22% (Note 7)	
(A) = (1) + (2) + (3) ¥1,100.7		Portion secured by collateral or guarantees, etc. (C) = (5) + (6) + (7) ¥697.6		(B) Specific reserve + General reserve for substandard loans ¥299.2			
						Unsecured portion (D) = (A) - (C) ¥403.1	
						Coverage ratio ((B) + (C)) / (A)	90.56%

- Notes: 1. Includes amount of direct reduction totaling ¥478.0 billion.  
2. Includes reserves for assets that are not subject to disclosure under the Financial Reconstruction Law. (Bankrupt/Effectively Bankrupt Borrowers: ¥6.0 billion; Potentially Bankrupt Borrowers: ¥11.6 billion)  
3. Reserve ratios for claims on Bankrupt/Effectively Bankrupt Borrowers, Potentially Bankrupt Borrowers, Substandard Borrowers, and Borrowers Requiring Caution: The proportion of each category's total unsecured claims covered by reserve for possible loan losses.  
4. Reserve ratios for claims on Normal Borrowers and Borrowers Requiring Caution (excluding claims to Substandard Borrowers): The proportion of each category's total claims covered by reserve for possible loan losses. The reserve ratio for unsecured claims on Borrowers Requiring Caution (excluding claims to Substandard Borrowers) is shown in brackets.  
5. Includes amount of specific reserve for Borrowers Requiring Caution totaling ¥16.3 billion.  
6. Ratio of problem assets to total assets subject to the Financial Reconstruction Law  
7. Reserve ratio = (Specific reserve + General reserve for substandard loans) / (Bankrupt and quasi-bankrupt assets + Doubtful assets + Substandard loans - Portion secured by collateral or guarantees, etc.)

## Off-Balancing Problem Assets

	Billions of yen						
	March 31, 2008 ①	Fiscal 2008		March 31, 2009 ②	Fiscal 2009		March 31, 2010 ③
		New occurrences	Off-balanced		New occurrences	Off-balanced	
Bankrupt and quasi-bankrupt assets...	¥117.8	¥265.7	¥ (63.9)	¥319.6	¥ 86.1	¥(181.4)	¥224.3
Doubtful assets .....	402.0	659.0	(382.7)	678.3	529.3	(509.9)	697.7
Total .....	¥519.8	¥924.7	¥(446.6)	¥997.9	¥615.4	¥(691.3)	¥922.0
				Increase/ Decrease ② - ①			Increase/ Decrease ③ - ②
Bankrupt and quasi-bankrupt assets...				¥201.8			¥(95.3)
Doubtful assets .....				276.3			19.4
Total .....				¥478.1			¥(75.9)

- Notes: 1. The off-balancing (also known as "final disposal") of problem assets refers to the removal of such assets from the bank's balance sheet by way of sale, direct write-off or other means.  
2. The figures shown in the above table under "new occurrences" and "off-balanced" are simple additions of the figures for the first and second halves of the 2 periods reviewed. Amounts of ¥201.2 billion for fiscal 2008 and ¥179.6 billion in fiscal 2009, recognized as "new occurrences" in the first halves of the terms, were included in the amounts off-balanced in the respective second halves.

# Securities (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

## Balance of Securities

### Year-End Balance

March 31	Millions of yen	
	2010	2009
Domestic operations:		
Japanese government bonds.....	¥16,085,664	¥14,156,993
Japanese local government bonds .....	221,206	230,074
Japanese corporate bonds .....	3,102,608	3,461,950
Japanese stocks.....	3,661,722	2,674,474
Others .....	316,286	299,183
Foreign bonds.....	/	/
Foreign stocks .....	/	/
Subtotal .....	¥23,387,488	¥20,822,677
International operations:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds .....	—	—
Japanese corporate bonds .....	—	—
Japanese stocks.....	—	—
Others .....	5,148,712	7,177,837
Foreign bonds.....	3,680,136	5,909,304
Foreign stocks .....	1,468,576	1,268,533
Subtotal .....	¥ 5,148,712	¥ 7,177,837
Total .....	¥28,536,200	¥28,000,515

### Average Balance

Year ended March 31	Millions of yen	
	2010	2009
Domestic operations:		
Japanese government bonds.....	¥14,930,938	¥10,443,471
Japanese local government bonds .....	189,976	291,620
Japanese corporate bonds .....	3,282,013	3,417,624
Japanese stocks.....	2,995,811	2,787,330
Others .....	352,162	440,638
Foreign bonds.....	/	/
Foreign stocks .....	/	/
Subtotal .....	¥21,750,902	¥17,380,685
International operations:		
Japanese government bonds.....	¥ —	¥ —
Japanese local government bonds .....	—	—
Japanese corporate bonds .....	—	—
Japanese stocks.....	—	—
Others .....	4,330,491	5,079,312
Foreign bonds.....	2,952,764	3,781,077
Foreign stocks .....	1,377,727	1,298,234
Subtotal .....	¥ 4,330,491	¥ 5,079,312
Total .....	¥26,081,394	¥22,459,998

Note: The average balance of foreign-currency-denominated transactions by domestic branches in international operations is calculated by the monthly current method.

## Balance of Securities Held, Classified by Maturity

March 31	Millions of yen	
	2010	2009
One year or less		
Japanese government bonds.....	¥ 8,305,240	¥ 2,766,864
Japanese local government bonds .....	5,051	6,583
Japanese corporate bonds .....	244,651	459,270
Others.....	487,627	769,913
Foreign bonds.....	461,065	747,013
Foreign stocks .....	—	32
One — three years		
Japanese government bonds.....	2,332,761	5,382,532
Japanese local government bonds .....	23,156	34,858
Japanese corporate bonds .....	909,752	827,275
Others.....	1,869,529	2,929,003
Foreign bonds.....	1,821,487	2,874,357
Foreign stocks .....	—	—
Three — five years		
Japanese government bonds.....	3,194,614	3,633,747
Japanese local government bonds .....	145,341	120,299
Japanese corporate bonds .....	1,188,567	1,180,058
Others.....	835,749	1,277,275
Foreign bonds.....	799,999	1,249,202
Foreign stocks .....	—	—
Five — seven years		
Japanese government bonds.....	223,828	361,833
Japanese local government bonds .....	46,320	67,956
Japanese corporate bonds .....	408,874	374,270
Others.....	266,636	345,942
Foreign bonds.....	245,407	313,155
Foreign stocks .....	—	—
Seven — 10 years		
Japanese government bonds.....	1,675,402	639,034
Japanese local government bonds .....	1,285	323
Japanese corporate bonds .....	266,342	384,222
Others.....	298,386	442,824
Foreign bonds.....	298,386	418,981
Foreign stocks .....	—	—
More than 10 years		
Japanese government bonds.....	353,817	1,372,980
Japanese local government bonds .....	48	52
Japanese corporate bonds .....	84,420	236,853
Others.....	167,416	443,260
Foreign bonds.....	53,790	306,593
Foreign stocks .....	113,625	136,666
No designated term		
Japanese government bonds.....	—	—
Japanese local government bonds .....	—	—
Japanese corporate bonds .....	—	—
Japanese stocks.....	3,661,722	2,674,474
Others.....	1,539,653	1,268,801
Foreign bonds.....	—	—
Foreign stocks .....	1,354,951	1,131,834
Total		
Japanese government bonds.....	¥16,085,664	¥14,156,993
Japanese local government bonds .....	221,206	230,074
Japanese corporate bonds .....	3,102,608	3,461,950
Japanese stocks.....	3,661,722	2,674,474
Others.....	5,464,999	7,477,021
Foreign bonds.....	3,680,136	5,909,304
Foreign stocks .....	1,468,576	1,268,533

# Ratios (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

## Income Ratio

Year ended March 31	Percentage	
	2010	2009
Ordinary profit to total assets .....	0.44%	0.03%
Ordinary profit to stockholders' equity .....	12.13	1.06
Net income to total assets .....	0.30	—
Net income to stockholders' equity .....	8.28	—

- Notes: 1. Ordinary profit (net income) to total assets = Ordinary profit (net income) / Average balance of total assets excluding customers' liabilities for acceptances and guarantees × 100  
 2. Ordinary profit (net income) to stockholders' equity = (Ordinary profit (net income) – Preferred dividends) / {(Stockholders' equity at the beginning of the fiscal year – Number of shares of preferred stock outstanding at the beginning of the fiscal year × Issue price) + (Net assets at the end of the fiscal year – Number of shares of preferred stock outstanding at the end of the fiscal year × Issue price)} divided by 2 × 100  
 3. Net income to total assets and net income to stockholders' equity for the year ended March 31, 2009 are not reported due to a net loss.

## Yield/Interest Rate

Year ended March 31	Percentage	
	2010	2009
Domestic operations:		
Interest-earning assets (A) .....	1.43%	1.71%
Interest-bearing liabilities (B) .....	1.02	1.23
(A) – (B) .....	0.41	0.48
International operations:		
Interest-earning assets (A) .....	1.90%	3.03%
Interest-bearing liabilities (B) .....	1.54	2.99
(A) – (B) .....	0.36	0.04
Total:		
Interest-earning assets (A) .....	1.52%	2.03%
Interest-bearing liabilities (B) .....	1.11	1.63
(A) – (B) .....	0.41	0.40

## Loan-Deposit Ratio

March 31	Millions of yen	
	2010	2009
Domestic operations:		
Loans and bills discounted (A) .....	¥47,897,818	¥49,843,316
Deposits (B) .....	67,982,357	66,601,940
Loan-deposit ratio (%)		
(A) / (B) .....	70.45%	74.83%
Ratio by average balance for the fiscal year .....	74.16	78.52
International operations:		
Loans and bills discounted (A) .....	¥ 8,721,240	¥10,397,950
Deposits (B) .....	9,648,282	10,303,767
Loan-deposit ratio (%)		
(A) / (B) .....	90.39%	100.91%
Ratio by average balance for the fiscal year .....	89.23	106.36
Total:		
Loans and bills discounted (A) .....	¥56,619,058	¥60,241,266
Deposits (B) .....	77,630,639	76,905,708
Loan-deposit ratio (%)		
(A) / (B) .....	72.93%	78.33%
Ratio by average balance for the fiscal year .....	76.17	82.26

Note: Deposits include negotiable certificates of deposit.

## Securities-Deposit Ratio

March 31	Millions of yen	
	2010	2009
<b>Domestic operations:</b>		
Securities (A).....	¥23,387,488	¥20,822,677
Deposits (B).....	67,982,357	66,601,940
Securities-deposit ratio (%)		
(A) / (B).....	34.40%	31.26%
Ratio by average balance for the fiscal year.....	32.36	28.11
<b>International operations:</b>		
Securities (A).....	¥ 5,148,712	¥ 7,177,837
Deposits (B).....	9,648,282	10,303,767
Securities-deposit ratio (%)		
(A) / (B).....	53.36%	69.66%
Ratio by average balance for the fiscal year.....	41.81	52.98
<b>Total:</b>		
Securities (A).....	¥28,536,200	¥28,000,515
Deposits (B).....	77,630,639	76,905,708
Securities-deposit ratio (%)		
(A) / (B).....	36.75%	36.40%
Ratio by average balance for the fiscal year.....	33.62	31.45

Note: Deposits include negotiable certificates of deposit.



# Capital (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

## Changes in Number of Shares Issued and Capital Stock

	Millions of yen					
	Number of shares issued		Capital stock		Capital reserve	
	Changes	Balances	Changes	Balances	Changes	Balances
August 9, 2005*1	—	56,112,948	¥ —	¥ 664,986	¥(344,900)	¥ 665,033
May 17, 2006*2	214,194	56,327,142	—	664,986	—	665,033
September 6, 2006*3	173,770	56,500,912	—	664,986	—	665,033
September 29, 2006*4	601,757	57,102,669	—	664,986	—	665,033
October 11, 2006*5	153,181	57,255,850	—	664,986	—	665,033
October 31, 2006*6	(830,000)	56,425,850	—	664,986	—	665,033
September 10, 2009*7	20,672,514	77,098,364	427,972	1,092,959	427,972	1,093,006
September 29, 2009*8	8,211,569	85,309,933	170,000	1,262,959	170,000	1,263,006
November 26, 2009*9	992,453	86,302,386	23,999	1,286,959	23,999	1,287,006
February 16, 2010*10	20,016,015	106,318,401	484,037	1,770,996	484,037	1,771,043

Remarks:

\*1 Capital reserve was transferred to other capital surplus pursuant to Article 289-2 of the Commercial Code and Article 18-2 of the Banking Act

\*2 Conversion of 35,000 shares of preferred stock (Type 1) and 33,000 shares of preferred stock (Type 2) to 214,194 shares of common stock

\*3 Conversion of 67,000 shares of preferred stock (Type 2) to 173,770 shares of common stock

\*4 Conversion of 500,000 shares of preferred stock (Type 3) to 601,757 shares of common stock

\*5 Conversion of 195,000 shares of preferred stock (Type 3) to 153,181 shares of common stock

\*6 Cancellation of 35,000 shares of preferred stock (Type 1), 100,000 shares of preferred stock (Type 2) and 695,000 shares of preferred stock (Type 3)

\*7 Allotment to third parties: Common stock: 20,672,514 shares

Issue price: ¥41,405 Capitalization: ¥20,702.5

\*8 Allotment to third parties: Common stock: 8,211,569 shares

Issue price: ¥41,405 Capitalization: ¥20,702.5

\*9 Allotment to third parties: Common stock: 992,453 shares

Issue price: ¥48,365 Capitalization: ¥24,182.5

\*10 Allotment to third parties: Common stock: 20,016,015 shares

Issue price: ¥48,365 Capitalization: ¥24,182.5

## Number of Shares Issued

March 31, 2010	Number of shares issued
Common stock	106,248,400
Preferred stock (1st series Type 6)	70,001
<b>Total</b>	<b>106,318,401</b>

Note: The shares above are not listed on any stock exchange.

## Principal Shareholders

### a. Common Stock

March 31, 2010	Number of shares	Percentage of shares outstanding
Sumitomo Mitsui Financial Group, Inc.	106,248,400	100.00%

### b. Preferred Stock (1st series Type 6)

March 31, 2010	Number of shares	Percentage of shares outstanding
Sumitomo Mitsui Financial Group, Inc.	70,001	100.00%

## Others (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

### Employees

March 31	2010	2009
Number of employees .....	22,460	21,816
Average age (years–months) .....	33–10	35–6
Average length of employment (years–months) .....	10–6	12–5
Average annual salary (thousands of yen) .....	¥7,336	¥8,258

Notes: 1. Temporary and part-time staff are excluded from the above calculations but includes overseas local staff. Executive officers who do not concurrently serve as Directors are excluded from "Number of employees."  
 2. "Average annual salary" includes bonus, overtime pay and other fringe benefits.  
 3. Overseas local staff are excluded from the above calculations other than "Number of employees."

### Number of Offices

March 31	2010	2009
Domestic network:		
Main offices and branches .....	494	482
Subbranches .....	164	159
Agency .....	1	1
Overseas network:		
Branches .....	15	20
Subbranches .....	6	7
Representative offices .....	13	16
Total .....	693	685

Note: "Main offices and branches" includes the International Business Operations Dept. (2010, 2 branches; 2009, 2 branches), specialized deposit account branches (2010, 38 branches; 2009, 38 branches) and ATM administration branches (2010, 17 branches; 2009, 17 branches).

### Number of Automated Service Centers

March 31	2010	2009
Automated service centers .....	32,391	30,112

### Domestic Exchange Transactions

Year ended March 31	Millions of yen	
	2010	2009
Exchange for remittance:		
Destined for various parts of the country:		
Number of accounts (thousands) .....	407,093	418,744
Amount .....	¥ 653,586,914	¥ 752,361,420
Received from various parts of the country:		
Number of accounts (thousands) .....	300,189	303,475
Amount .....	¥ 804,727,712	¥ 842,122,120
Collection:		
Destined for various parts of the country:		
Number of accounts (thousands) .....	2,679	3,121
Amount .....	¥ 6,396,030	¥ 8,345,032
Received from various parts of the country:		
Number of accounts (thousands) .....	1,006	1,163
Amount .....	¥ 2,722,318	¥ 2,933,632
Total .....	¥1,467,432,974	¥1,605,762,205

## Foreign Exchange Transactions

Year ended March 31	Millions of U.S. dollars	
	2010	2009
Outward exchanges:		
Foreign bills sold.....	\$1,463,062	\$1,285,824
Foreign bills bought.....	992,185	696,353
Incoming exchanges:		
Foreign bills payable.....	\$ 699,127	\$ 735,705
Foreign bills receivable.....	21,821	30,633
<b>Total .....</b>	<b>\$3,176,196</b>	<b>\$2,748,515</b>

Note: The figures above include foreign exchange transactions by overseas branches.

## Breakdown of Collateral for Customers' Liabilities for Acceptances and Guarantees

March 31	Millions of yen	
	2010	2009
Securities.....	¥ 19,578	¥ 7,291
Commercial claims.....	22,672	17,762
Commercial goods.....	—	5,292
Real estate.....	52,716	53,769
Others.....	5,857	6,945
<b>Subtotal .....</b>	<b>¥ 100,824</b>	<b>¥ 91,061</b>
Guaranteed.....	459,711	396,284
Unsecured.....	3,065,332	3,339,348
<b>Total .....</b>	<b>¥3,625,868</b>	<b>¥3,826,694</b>

# Trust Assets and Liabilities (Nonconsolidated)

Sumitomo Mitsui Banking Corporation

## Statements of Trust Assets and Liabilities

March 31	Millions of yen	
	2010	2009
<b>Assets:</b>		
Loans and bills discounted.....	¥ 221,970	¥ 222,030
Loans on deeds.....	221,970	222,030
Securities.....	457,585	392,812
Japanese government bonds.....	293,082	222,231
Corporate bonds.....	16,067	39,629
Japanese stocks.....	4,766	128
Foreign securities.....	143,419	130,522
Other securities.....	250	300
Securities held in custody accounts.....	3,070	3,096
Monetary claims.....	465,734	501,399
Monetary claims for housing loans.....	22,773	73,967
Other monetary claims.....	442,960	427,431
Tangible fixed assets.....	19	45
Equipment.....	19	45
Intangible fixed assets.....	8	33
Other intangible fixed assets.....	8	33
Other claims.....	2,918	4,329
Call loans.....	52,302	54,687
Due from banking account.....	159,554	60,918
Cash and due from banks.....	40,072	22,179
Deposits with banks.....	40,072	22,179
Others.....	—	1,462
Others.....	—	1,462
<b>Total assets.....</b>	<b>¥1,403,236</b>	<b>¥1,262,993</b>
<b>Liabilities:</b>		
Designated money trusts.....	¥ 537,388	¥ 359,986
Specified money trusts.....	163,750	161,817
Money in trusts other than money trusts.....	220,008	220,287
Security trusts.....	3,082	3,102
Monetary claims trusts.....	458,273	437,734
Equipment trusts.....	51	10
Composite trusts.....	20,681	78,569
Other trusts.....	—	1,485
<b>Total liabilities.....</b>	<b>¥1,403,236</b>	<b>¥1,262,993</b>

Notes: 1. Amounts less than 1 million yen have been omitted.

2. SMBC has no co-operative trusts under any other trust bank's administration as of the year-end.

3. SMBC does not deal with any trusts with principal indemnification.

4. Excludes trusts whose monetary values are difficult to calculate.

# Capital Ratio Information

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries

The consolidated capital ratio is calculated using the method stipulated in “Standards for Bank Holding Company to Examine the Adequacy of Its Capital Based on Assets, Etc. Held by It and Its Subsidiaries Pursuant to Article 52-25 of the Banking Law” (Notification 20 issued by the Japanese Financial Services Agency in 2006; hereinafter referred to as “the Notification”).

In addition to the method stipulated in the Notification to calculate the consolidated capital ratio (referred to as “First Standard” in the Notification), SMFG has adopted the advanced internal ratings-based (IRB) approach for calculating credit risk-weighted asset amounts. Further, SMFG has implemented market risk controls, and, in calculating the amount corresponding to operational risk, the Advanced Measurement Approach (AMA).

“Capital Ratio Information” was prepared based on the Notification, and the terms and details in the section may differ from the terms and details in other sections of this report.

## ■ Scope of Consolidation

### 1. Consolidated Capital Ratio Calculation

- Number of consolidated subsidiaries: 307  
Please refer to “Principal Subsidiaries and Affiliates” on page 210 for their names and business outline.
- Scope of consolidated subsidiaries for calculation of the consolidated capital ratio is based on the scope of consolidated subsidiaries for preparing consolidated financial statements.
- There are no affiliates to which the proportionate consolidation method is applied.
- There are no companies engaged exclusively in ancillary banking business or in developing new businesses as stipulated in Article 52-23 of the Banking Law.

### 2. Deduction from Capital

- Number of nonconsolidated subsidiaries subject to deduction from capital: 218  
Principal subsidiaries: SMLC MAHOGANY CO., LTD. (Office rental, etc.)  
SBCS Co., Ltd. (Venture capital and consulting)
- Number of financial affiliates subject to deduction from capital: 83  
Please refer to “Principal Subsidiaries and Affiliates” on page 210 for their names and business outline.

### 3. Restrictions on Movement of Funds and Capital within Holding Company Group

There are no special restrictions on movement of funds and capital among SMFG and its group companies.

### 4. Companies Subject to Deduction from Capital, with Capital below Basel II Required Amount and Total Shortfall Amount

Not applicable.

### ■ Capital Structure Information (Consolidated Capital Ratio (First Standard))

Regarding the calculation of the capital ratio, certain procedures were performed by KPMG AZSA & Co. pursuant to “Treatment of Inspection of the Capital Ratio Calculation Framework Based on Agreed-Upon Procedures” (JICPA Industry Committee Report No. 30). The certain procedures performed by the external auditor are not part of the audit of consolidated financial statements. The certain procedures performed on our internal control framework for calculating the capital ratio are based on procedures agreed upon by SMFG and the external auditor and are not a validation of appropriateness of the capital ratio itself or opinion on the internal controls related to the capital ratio calculation.

March 31		Millions of yen	
		2010	2009
Tier I capital:	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)
	Cash dividends to be paid .....	(80,665)	(21,059)
	Unrealized losses on other securities.....	—	(14,649)
	Foreign currency translation adjustments .....	(101,650)	(129,068)
	Stock acquisition rights.....	81	66
	Minority interests.....	2,042,251	2,147,100
	Goodwill and others .....	(398,709)	(186,792)
	Gain on sale on securitization transactions.....	(37,453)	(42,102)
	Amount equivalent to 50% of expected losses in excess of provision.....	(36,249)	(17,590)
	<b>Total Tier I capital (A) .....</b>	<b>6,032,280</b>	<b>4,335,085</b>
Tier II capital:	Unrealized gains on other securities after 55% discount.....	254,032	—
	Land revaluation excess after 55% discount .....	37,033	37,211
	General reserve for possible loan losses.....	69,371	80,374
	Subordinated debt .....	2,203,415	2,303,382
	<b>Total Tier II capital .....</b>	<b>2,563,853</b>	<b>2,420,968</b>
	<b>Tier II capital included as qualifying capital (B) .....</b>	<b>2,563,853</b>	<b>2,420,968</b>
Deductions*:	(C) .....	467,906	708,241
Total qualifying capital:	(D) = (A) + (B) – (C) .....	¥ 8,128,228	¥ 6,047,812
Risk-weighted assets:	On-balance sheet items .....	¥42,684,693	¥41,703,547
	Off-balance sheet items .....	7,833,411	7,693,647
	Market risk items .....	448,397	265,723
	Operational risk .....	3,117,968	3,063,589
	<b>Total risk-weighted assets (E).....</b>	<b>¥54,084,471</b>	<b>¥52,726,507</b>
Tier I risk-weighted capital ratio:	(A) / (E) × 100.....	11.15%	8.22%
Total risk-weighted capital ratio:	(D) / (E) × 100 .....	15.02%	11.47%
Required capital:	(E) × 8% .....	¥ 4,326,757	¥ 4,218,120

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

## ■ Capital Requirements

March 31	Billions of yen	
	2010	2009
<b>Capital requirements for credit risk:</b>		
Internal ratings-based approach .....	¥5,194.2	¥4,909.4
Corporate exposures: .....	3,381.4	3,200.6
Corporate exposures (excluding specialized lending) .....	2,950.7	2,782.6
Sovereign exposures .....	37.4	28.4
Bank exposures .....	139.7	161.6
Specialized lending .....	253.6	228.1
Retail exposures: .....	905.4	833.1
Residential mortgage exposures .....	434.6	345.6
Qualifying revolving retail exposures .....	110.9	95.0
Other retail exposures .....	359.9	392.5
Equity exposures: .....	336.6	287.7
Grandfathered equity exposures .....	191.6	160.8
PD/LGD approach .....	81.4	55.5
Market-based approach .....	63.6	71.4
Simple risk weight method .....	46.6	71.1
Internal models method .....	17.0	0.3
Credit risk-weighted assets under Article 145 of the Notification .....	183.6	180.5
Securitization exposures .....	107.7	125.7
Other exposures .....	279.5	281.7
Standardized approach .....	570.0	656.5
<b>Total capital requirements for credit risk .....</b>	<b>5,764.2</b>	<b>5,565.9</b>
<b>Capital requirements for market risk:</b>		
Standardized measurement method .....	21.1	4.2
Interest rate risk .....	15.3	3.1
Equity position risk .....	1.9	0.4
Foreign exchange risk .....	2.6	0.7
Commodities risk .....	0.1	—
Options .....	1.2	—
Internal models method .....	14.7	17.0
<b>Total capital requirements for market risk .....</b>	<b>35.9</b>	<b>21.3</b>
<b>Capital requirements for operational risk:</b>		
Advanced measurement approach .....	232.2	223.5
Basic indicator approach .....	17.2	21.6
<b>Total capital requirements for operational risk .....</b>	<b>249.4</b>	<b>245.1</b>
<b>Total amount of capital requirements .....</b>	<b>¥6,049.5</b>	<b>¥5,832.3</b>

Notes: 1. Capital requirements for credit risk are capital equivalents to “credit risk-weighted assets × 8%” under the standardized approach and “credit risk-weighted assets × 8% + expected loss amount” under the IRB approach. Regarding exposures to be deducted from capital, the deduction amount is added to the amount of required capital.

2. Portfolio classification is after CRM.

3. “Securitization exposures” includes such exposures based on the standardized approach.

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

## ■ Internal Ratings-Based (IRB) Approach

### 1. Scope

SMFG and the following consolidated subsidiaries have adopted the advanced IRB approach for exposures as of March 31, 2009.

#### (1) Domestic Operations

Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Card Company, Limited and SMBC Guarantee Co., Ltd.

#### (2) Overseas Operations

Sumitomo Mitsui Banking Corporation Europe Limited, Sumitomo Mitsui Banking Corporation (China) Limited, Sumitomo Mitsui Banking Corporation of Canada, Banco Sumitomo Mitsui Brasileiro S.A., ZAO Sumitomo Mitsui Rus Bank, PT Bank Sumitomo Mitsui Indonesia, SMBC Leasing and Finance, Inc., SMBC Capital Markets, Inc., SMBC Capital Markets Limited, SMBC Derivative Products Limited and SMBC Capital Markets (Asia) Limited

THE MINATO BANK, LTD. and SMBC Finance Service Co., Ltd. have adopted the foundation IRB approach.

Among consolidated subsidiaries that have adopted the standardized approach for exposures as of March 31, 2010, Sumitomo Mitsui Finance and Leasing Co., Ltd. is scheduled to adopt the foundation IRB approach from March 31, 2012, and Kansai Urban Banking Corporation from March 31, 2013. Both companies reviewed their schedules for adoption of the approach which was originally planned.

Note: Directly controlled SPCs and limited partnerships for investment of consolidated subsidiaries using the advanced IRB approach have also adopted the advanced IRB approach. Further, the advanced IRB approach is applied to equity exposures on a group basis, including equity exposures of consolidated subsidiaries applying the standardized approach.

## 2. Exposures by Asset Class

### (1) Corporate Exposures

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

##### (A) Rating Procedures

- “Corporate, sovereign and bank exposures” includes credits to domestic and overseas commercial/industrial (C&I) companies, individuals for business purposes (domestic only), sovereigns, public sector entities, and financial institutions. Business loans such as apartment construction loans, and small and medium-sized enterprises (SME) loans with standardized screening process (hereinafter referred to as “standardized SME loans”) are, in principle, included in “retail exposures.” However, credits of more than ¥100 million are treated as corporate exposures in accordance with the Notification.
- An obligor is assigned an obligor grade by first assigning a financial grade using a financial strength grading model and data obtained from the obligor’s financial statements. The financial grade is then adjusted taking into account the actual state of the obligor’s balance sheet and qualitative factors to derive the obligor grade (for details, please refer to “Credit Risk Assessment and Quantification” on page 37). Different rating series are used for domestic and overseas obligors — J1 ~ J10 for domestic obligors and G1 ~ G10 for overseas obligors — as shown below due to differences in actual default rate levels and portfolios’ grade distribution. Different Probability of Default (PD) values are applied also.
- In addition to the above basic rating procedure which builds on the financial grade assigned at the beginning, in some cases, the obligor grade is assigned based on the parent company’s credit quality or credit ratings published by external rating agencies. The Japanese government, local authorities and other public sector entities with special basis for existence and unconventional financial statements are assigned obligor grades based on their attributes (for example, “local municipal corporations”), as the data on these obligors are not suitable for conventional grading models. Further, credits to individuals for business purposes, business loans and standardized SME loans are assigned obligor grades using grading models developed specifically for these exposures.
- PDs used for calculating credit risk-weighted assets are estimated based on the default experience for each grade and taking into account the possibility of estimation errors. In addition to internal data, external data are used to estimate and validate PDs. The definition of default is the definition stipulated in the Notification (an event that would lead to an exposure being classified as “substandard loans,” “doubtful assets” or “bankrupt and quasi-bankrupt assets” occurring to the obligor).
- Loss given defaults (LGDs) used in the calculation of credit risk-weighted assets are estimated based on historical loss experience of credits in default, taking into account the possibility of estimation errors.

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



## (B) Portfolio

## a. Domestic Corporate, Sovereign and Bank Exposures

	Billions of yen				Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL <sub>default</sub>	Weighted average risk weight
	Exposure amount			Undrawn amount					
	Total	On-balance sheet assets	Off-balance sheet assets						
<b>March 31, 2010</b>									
J1-J3 .....	¥18,017.3	¥12,663.0	¥5,354.3	¥4,012.5	75.00%	0.07%	35.32%	—%	16.75%
J4-J6 .....	15,045.7	11,722.7	3,322.9	1,064.0	75.00	1.63	31.40	—	58.82
J7 (excluding J7R) .....	2,400.6	2,146.4	254.2	16.4	75.00	16.54	30.14	—	134.64
Japanese government and local municipal corporations ....	22,671.2	22,406.6	264.6	0.8	75.00	0.00	35.09	—	0.09
Others .....	5,547.9	5,030.6	517.3	133.0	75.00	1.34	38.01	—	56.63
Default (J7R, J8-J10) .....	1,429.6	1,379.2	50.3	1.7	100.00	100.00	53.74	52.98	9.54
<b>Total .....</b>	<b>¥65,112.3</b>	<b>¥55,348.6</b>	<b>¥9,763.7</b>	<b>¥5,228.4</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

	Billions of yen				Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL <sub>default</sub>	Weighted average risk weight
	Exposure amount			Undrawn amount					
	Total	On-balance sheet assets	Off-balance sheet assets						
<b>March 31, 2009</b>									
J1-J3 .....	¥22,896.4	¥16,440.3	¥ 6,456.0	¥4,124.9	75.00%	0.09%	34.11%	—%	18.11%
J4-J6 .....	11,785.4	9,153.6	2,631.8	510.4	75.00	1.32	29.16	—	50.90
J7 (excluding J7R) .....	2,241.2	1,938.0	303.3	78.4	75.00	11.86	30.38	—	126.04
Japanese government and local municipal corporations ....	20,025.1	19,936.9	88.2	10.6	75.00	0.00	35.04	—	0.18
Others .....	5,348.4	4,767.9	580.5	136.7	75.00	1.50	38.41	—	63.05
Default (J7R, J8-J10) .....	1,315.4	1,243.6	71.9	6.2	100.00	100.00	54.85	53.20	20.64
<b>Total .....</b>	<b>¥63,611.9</b>	<b>¥53,480.3</b>	<b>¥10,131.7</b>	<b>¥4,867.3</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

Note: "Others" includes exposures guaranteed by credit guarantee corporations, exposures to public sector entities and voluntary organizations, and exposures to obligors not assigned obligor grades because they have yet to close their books (for example, newly established companies), as well as business loans and standardized SME loans of more than ¥100 million.

## b. Overseas Corporate, Sovereign and Bank Exposures

	Billions of yen				Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL <sub>default</sub>	Weighted average risk weight
	Exposure amount			Undrawn amount					
	Total	On-balance sheet assets	Off-balance sheet assets						
<b>March 31, 2010</b>									
G1-G3 .....	¥17,929.1	¥11,601.0	¥6,328.1	¥2,928.6	75.00%	0.18%	29.84%	—%	17.54%
G4-G6 .....	946.2	768.1	178.1	168.0	75.00	2.32	29.39	—	73.64
G7 (excluding G7R) .....	459.1	280.3	178.8	102.6	75.00	24.59	29.26	—	158.78
Others .....	152.5	105.5	47.0	4.4	75.00	1.55	40.66	—	86.53
Default (G7R, G8-G10) .....	212.0	199.0	13.0	7.2	100.00	100.00	71.52	64.33	89.89
<b>Total .....</b>	<b>¥19,698.8</b>	<b>¥12,953.9</b>	<b>¥6,744.9</b>	<b>¥3,210.9</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

	Billions of yen				Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL <sub>default</sub>	Weighted average risk weight
	Exposure amount			Undrawn amount					
	Total	On-balance sheet assets	Off-balance sheet assets						
<b>March 31, 2009</b>									
G1-G3 .....	¥22,863.0	¥14,594.6	¥8,268.4	¥3,062.3	75.00%	0.14%	30.24%	—%	17.28%
G4-G6 .....	975.9	768.3	207.6	145.6	75.00	1.76	34.30	—	81.87
G7 (excluding G7R) .....	459.2	316.9	142.3	63.1	75.00	19.85	32.42	—	170.42
Others .....	107.0	63.2	43.8	20.3	75.00	1.09	40.16	—	86.42
Default (G7R, G8-G10) .....	270.7	260.8	9.9	1.5	100.00	100.00	73.74	66.19	94.41
<b>Total .....</b>	<b>¥24,675.9</b>	<b>¥16,003.9</b>	<b>¥8,672.0</b>	<b>¥3,292.7</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

## B. Specialized Lending (SL)

### (A) Rating Procedures

- “Specialized lending” is sub-classified into “project finance,” “object finance,” “commodity finance,” “income-producing real estate” (IPRE) and “high-volatility commercial real estate” (HVCRE) in accordance with the Notification. Project finance is financing of a single project, such as a power plant or transportation infrastructure, and cash flows generated by the project are the primary source of repayment. Object finance includes aircraft finance and ship finance, and IPRE and HVCRE include real estate finance (a primary example is non-recourse real estate finance). There were no commodity finance exposures as of March 31, 2010.
- Each SL product is classified as either a facility assigned a PD grade and LGD grade or a facility assigned a grade based primarily on the expected loss ratio, both using grading models and qualitative assessment. The former has the same grading structure as that of corporate, and the latter has ten grade levels as with obligor grades but the definition of each grade differs from that of the obligor grade which is focused on PD.

For the credit risk-weighted asset amount for the SL category, the former facility is calculated in a manner similar to corporate exposures, while the latter facility is calculated by mapping the expected loss-based facility grades to the below five categories (hereinafter the “slotting criteria”) of the Notification because it does not satisfy the requirements for PD application specified in the Notification.

### (B) Portfolio

#### a. Slotting Criteria Applicable Portion

##### (a) Project Finance and Object Finance

March 31	Risk weight	Billions of yen			
		2010		2009	
		Project finance	Object finance	Project finance	Object finance
<b>Strong:</b>					
Residual term less than 2.5 years .....	50%	¥ 125.6	¥ 0.6	¥ 107.2	¥ 8.3
Residual term 2.5 years or more .....	70%	746.9	41.0	771.1	163.1
<b>Good:</b>					
Residual term less than 2.5 years .....	70%	23.3	—	22.5	—
Residual term 2.5 years or more .....	90%	169.9	4.1	187.2	—
Satisfactory .....	115%	42.1	—	23.8	—
Weak.....	250%	61.5	—	68.0	—
Default .....	—	18.0	—	3.6	—
<b>Total .....</b>		<b>¥1,187.0</b>	<b>¥45.7</b>	<b>¥1,183.3</b>	<b>¥171.4</b>

Note: A portion of object finance has been calculated using the PD/LGD approach.

##### (b) HVCRE

March 31	Risk weight	Billions of yen	
		2010	2009
<b>Strong:</b>			
Residual term less than 2.5 years .....	70%	¥ —	¥ —
Residual term 2.5 years or more .....	95%	—	—
<b>Good:</b>			
Residual term less than 2.5 years .....	95%	32.5	46.6
Residual term 2.5 years or more .....	120%	10.8	79.9
Satisfactory .....	140%	152.9	162.0
Weak.....	250%	11.1	22.1
Default .....	—	6.5	3.1
<b>Total .....</b>		<b>¥213.6</b>	<b>¥313.6</b>

#### b. PD/LGD Approach Applicable Portion, Other Than Slotting Criteria Applicable Portion

##### (a) Object Finance

March 31, 2010	Billions of yen				Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL <sub>default</sub>	Weighted average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets	Undrawn amount					
G1-G3.....	¥103.0	¥ 97.7	¥ 5.3	¥ 1.8	75.00%	0.51%	20.86%	—%	41.74%
G4-G6.....	43.8	34.4	9.5	10.2	75.00	2.43	12.95	—	36.56
G7 (excluding G7R) .....	10.7	10.7	0.1	0.1	75.00	19.75	29.84	—	170.29
Others.....	—	—	—	—	—	—	—	—	—
Default (G7R, G8-G10) .....	5.5	5.5	0.0	—	—	100.00	65.16	57.96	89.94
<b>Total .....</b>	<b>¥163.1</b>	<b>¥148.2</b>	<b>¥14.9</b>	<b>¥12.1</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

	Billions of yen								
	Exposure amount				Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL <sub>default</sub>	Weighted average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets	Undrawn amount					
March 31, 2009									
G1-G3.....	¥ 49.4	¥42.2	¥ 7.2	¥ 9.5	75.00%	0.78%	19.17%	—%	44.23%
G4-G6.....	30.5	22.5	8.1	10.0	75.00	1.20	20.39	—	51.90
G7 (excluding G7R).....	9.2	9.2	0.1	0.1	75.00	20.08	37.66	—	209.69
Others.....	10.8	10.7	0.0	0.0	75.00	4.94	19.72	—	67.76
Default (G7R, G8-G10).....	3.1	3.0	0.1	—	—	100.00	71.45	63.89	94.41
Total.....	¥103.0	¥87.6	¥15.4	¥19.7	—	—	—	—	—

## (b) IPRE

	Billions of yen								
	Exposure amount				Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL <sub>default</sub>	Weighted average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets	Undrawn amount					
March 31, 2010									
J1-J3.....	¥ 447.4	¥ 433.2	¥ 14.2	¥ —	—%	0.05%	34.47%	—%	12.15%
J4-J6.....	1,024.4	879.1	145.3	4.2	75.00	2.26	33.31	—	83.85
J7 (excluding J7R).....	45.5	42.0	3.5	—	—	14.11	34.14	—	167.65
Others.....	67.3	65.5	1.8	2.5	75.00	8.74	35.23	—	72.00
Default (J7R, J8-J10).....	9.6	9.6	—	—	—	100.00	50.48	49.60	10.92
Total.....	¥1,594.2	¥1,429.4	¥164.8	¥6.7	—	—	—	—	—

	Billions of yen								
	Exposure amount				Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL <sub>default</sub>	Weighted average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets	Undrawn amount					
March 31, 2009									
J1-J3.....	¥ 925.9	¥ 820.5	¥105.4	¥ —	—%	0.10%	36.48%	—%	19.72%
J4-J6.....	523.6	480.1	43.5	4.2	75.00	1.55	32.00	—	72.26
J7 (excluding J7R).....	59.6	59.5	0.2	—	—	13.43	35.10	—	158.37
Others.....	68.3	66.3	2.0	2.7	75.00	4.23	37.84	—	116.66
Default (J7R, J8-J10).....	—	—	—	—	—	—	—	—	—
Total.....	¥1,577.4	¥1,426.3	¥151.1	¥6.9	—	—	—	—	—

## (2) Retail Exposures

## A. Residential Mortgage Exposures

## (A) Rating Procedures

- “Residential mortgage exposures” includes mortgage loans to individuals and some real estate loans in which the property consists of both residential and commercial facilities such as a store or rental apartment units, but excludes apartment construction loans.
- Mortgage loans are rated as follows.

Mortgage loans are allocated to a portfolio segment with similar risk characteristics in terms of (a) default risk determined using loan contract information, results of an exclusive grading model and a borrower category under self-assessment executed in accordance with the financial inspection manual of the Japanese FSA, and (b) recovery risk at the time of default determined using Loan To Value (LTV) calculated based on the assessment value of collateral real estate. PDs and LGDs are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.

Further, the portfolio is subdivided based on the lapse of years from the contract date, and the effectiveness of segmentation in terms of default risk and recovery risk is validated periodically.

Internal data are used to estimate and validate PDs and LGDs. The definition of default is the definition stipulated in the Notification.

## (B) Portfolio

	Billions of yen							
	Exposure amount				Weighted average PD	Weighted average LGD	Weighted average EL <sub>default</sub>	Weighted average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets	Undrawn amount				
March 31, 2010								
Mortgage loans								
PD segment:								
Not delinquent								
Use model.....	¥10,633.8	¥10,565.2	¥68.6	—	0.37%	44.59%	—%	27.60%
Others.....	769.8	769.8	—	—	0.83	60.25	—	73.02
Delinquent.....	106.3	99.9	6.4	—	31.53	48.55	—	276.96
Default.....	163.2	162.7	0.5	—	100.00	45.69	43.23	30.69
Total.....	¥11,673.1	¥11,597.6	¥75.6	—	—	—	—	—

	Billions of yen						
	Exposure amount			Weighted average PD	Weighted average LGD	Weighted average EL <sub>default</sub>	Weighted average risk weight
	Total	On-balance sheet assets	Off-balance sheet assets				
March 31, 2009							
Mortgage loans							
PD segment:							
Not delinquent							
Use model.....	¥ 9,551.6	¥ 9,471.1	¥80.5	0.38%	38.94%	—%	24.30%
Others .....	840.5	840.5	—	0.83	56.72	—	68.49
Delinquent.....	63.0	56.8	6.1	35.47	42.47	—	242.06
Default .....	121.1	120.5	0.6	100.00	48.48	45.46	37.79
Total .....	¥10,576.1	¥10,488.9	¥87.2	—	—	—	—

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

2. "Delinquent" loans are past due loans and loans to obligors categorized as "Borrowers Requiring Caution" that do not satisfy the definition of default stipulated in the Notification.

## B. Qualifying Revolving Retail Exposures (QRRE)

### (A) Rating Procedures

- "Qualifying revolving retail exposures" includes card loans and credit card balances.
- Card loans and credit card balances are rated as follows.

Card loans and credit card balances are allocated to a portfolio segment with similar risk characteristics determined based, for card loans, on the credit quality of the loan guarantee company, credit limit, settlement account balance and payment history, and, for credit card balances, on repayment history and frequency of use.

PDs and LGDs used to calculate credit risk-weighted asset amounts are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.

Further, the effectiveness of segmentation in terms of default risk and recovery risk is validated periodically.

Internal data are used to estimate and validate PDs and LGDs. The definition of default is the definition stipulated in the Notification.

### (B) Portfolio

	Billions of yen									
	Exposure amount					Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL <sub>default</sub>	Weighted average risk weight
	Total	On-balance sheet assets		Off-balance sheet assets	Undrawn amount					
March 31, 2010										
Card loans										
PD segment:										
Not delinquent .....	¥ 568.2	¥ 509.0	¥ 59.2	¥ —	¥ 180.4	32.84%	2.12%	85.76%	—%	54.67%
Delinquent.....	12.8	12.4	0.4	—	3.3	12.05	22.22	76.31	—	206.05
Credit card balances										
PD segment:										
Not delinquent .....	1,010.7	669.3	341.5	—	4,127.7	8.27	1.42	77.93	—	29.52
Delinquent.....	7.8	6.6	1.2	—	—	—	85.68	80.67	—	89.76
Default .....	30.6	26.9	3.8	—	—	—	100.00	86.86	80.65	77.68
Total .....	¥1,630.3	¥1,224.1	¥406.1	¥ —	¥4,311.5	—	—	—	—	—

	Billions of yen									
	Exposure amount					Weighted average CCF	Weighted average PD	Weighted average LGD	Weighted average EL <sub>default</sub>	Weighted average risk weight
	Total	On-balance sheet assets		Off-balance sheet assets	Undrawn amount					
March 31, 2009										
Card loans										
PD segment:										
Not delinquent .....	¥ 542.1	¥ 477.7	¥ 64.4	¥ —	¥ 167.8	38.37%	1.86%	85.89%	—%	49.01%
Delinquent.....	12.8	12.4	0.4	—	3.5	11.56	22.19	76.35	—	206.51
Credit card balances										
PD segment:										
Not delinquent .....	979.3	648.7	330.7	—	4,008.1	8.25	1.15	79.86	—	26.88
Delinquent.....	7.9	6.7	1.2	—	—	—	80.05	82.99	—	121.48
Default .....	24.0	21.0	3.1	—	—	—	100.00	89.29	82.40	86.10
Total .....	¥1,566.1	¥1,166.3	¥399.7	¥ —	¥4,179.4	—	—	—	—	—

Notes: 1. The on-balance sheet exposure amount is estimated by estimating the amount of increase in each transaction balance and not by multiplying the undrawn amount by the CCF.

2. "Weighted average CCF" is the "On-balance sheet exposure amount ÷ Undrawn amount" and provided for reference only. It is not used for estimating on-balance sheet exposure amounts.

3. Past due loans of less than three months are recorded in "Delinquent."

## C. Other Retail Exposures

### (A) Rating Procedures

- “Other retail exposures” includes business loans such as apartment construction loans, standardized SME loans, and consumer loans such as My Car Loan.
- Business loans, standardized SME loans and consumer loans are rated as follows.
  - a. Business loans and standardized SME loans are allocated to a portfolio segment with similar risk characteristics in terms of (a) default risk determined using loan contract information, results of exclusive grading model and borrower category under self-assessment executed in accordance with the financial inspection manual of the Japanese FSA, and (b) recovery risk determined based on, for standardized SME loans, obligor attributes and, for business loans, LTV. PDs and LGDs are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.
  - b. Rating procedures for consumer loans depends on whether the loan is collateralized. Collateralized consumer loans are allocated to a portfolio segment using the same standards as for mortgage loans of “A. Residential Mortgage Exposures.” Uncollateralized consumer loans are allocated to a portfolio segment based on account history. PDs and LGDs are estimated based on the default experience for each segment and taking into account the possibility of estimation errors.

Further, the effectiveness of segmentation in terms of default risk and recovery risk is validated periodically.

Internal data are used to estimate and validate PDs and LGDs. The definition of default is the definition stipulated in the Notification.

### (B) Portfolio

	Billions of yen			Weighted average PD	Weighted average LGD	Weighted average EL <sub>default</sub>	Weighted average risk weight
	Exposure amount						
March 31, 2010	Total	On-balance sheet assets	Off-balance sheet assets				
Business loans							
PD segment:							
Not delinquent							
Use model.....	¥1,101.4	¥1,088.4	¥ 13.0	0.92%	53.50%	—%	48.62%
Others .....	360.3	359.2	1.1	0.61	57.28	—	26.55
Delinquent.....	456.4	453.2	3.2	33.13	63.32	—	88.08
Consumer loans							
PD segment:							
Not delinquent							
Use model.....	497.7	246.4	251.3	1.16	67.20	—	69.20
Others .....	193.4	191.6	1.8	1.76	62.66	—	77.85
Delinquent.....	51.2	51.0	0.2	22.36	54.27	—	124.64
Default .....	140.9	140.8	0.2	100.00	66.53	62.29	53.05
Total .....	¥2,801.3	¥2,530.5	¥270.8	—	—	—	—

	Billions of yen			Weighted average PD	Weighted average LGD	Weighted average EL <sub>default</sub>	Weighted average risk weight
	Exposure amount						
March 31, 2009	Total	On-balance sheet assets	Off-balance sheet assets				
Business loans							
PD segment:							
Not delinquent							
Use model.....	¥1,339.0	¥1,322.3	¥ 16.7	1.01%	59.94%	—%	56.15%
Others .....	381.3	380.6	0.8	0.67	61.95	—	28.28
Delinquent.....	551.8	548.5	3.3	25.13	67.72	—	98.83
Consumer loans							
PD segment:							
Not delinquent							
Use model.....	342.3	260.4	81.9	1.33	52.18	—	55.55
Others .....	214.9	213.0	1.9	1.80	62.13	—	77.49
Delinquent.....	47.8	47.7	0.2	24.60	46.49	—	111.02
Default .....	153.4	151.8	1.6	100.00	72.99	67.26	71.59
Total .....	¥3,030.6	¥2,924.2	¥106.4	—	—	—	—

Notes: 1. “Business loans” includes apartment construction loans and standardized SME loans.

2. “Others” includes loans guaranteed by employers.

3. “Delinquent” loans are past due loans and loans to obligors categorized as “Borrowers Requiring Caution” that do not satisfy the definition of default stipulated in the Notification.

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

## A. Equity Exposures

## (A) Rating Procedures

When acquiring equities subject to the PD/LGD approach, issuers are assigned obligor grades using the same rules as those of general credits to C&I companies, sovereigns and financial institutions. The obligors are monitored (for details, please refer to page 39) and their grades are revised if necessary (credit risk-weighted asset amount is set to 1.5 times when they are not monitored individually). In the case there is no credit transaction with the issuer or it is difficult to obtain financial information, internal grades are assigned using ratings of external rating agencies if it is a qualifying investment. In the case it is difficult to obtain financial information and it is not a qualifying investment, the simple risk weight method under the market-based approach is applied.

## (B) Portfolio

## a. Equity Exposure Amounts

March 31	Billions of yen	
	2010	2009
Market-based approach.....	¥ 234.2	¥ 221.0
Simple risk weight method.....	149.5	219.7
Listed equities (300%).....	48.0	40.6
Unlisted equities (400%).....	101.5	179.1
Internal models method.....	84.7	1.3
PD/LGD approach.....	724.6	533.3
Grandfathered equity exposures.....	2,259.6	1,895.6
<b>Total.....</b>	<b>¥3,218.4</b>	<b>¥2,650.0</b>

Notes: 1. The above exposures are "equity exposures" stipulated in the Notification and differ from "stocks" described in the consolidated financial statements.  
2. "Grandfathered equity exposures" amount was calculated in accordance with Supplementary Provision 13 of the Notification.

## b. PD/LGD Approach

March 31	Billions of yen					
	2010			2009		
	Exposure amount	Weighted average PD	Weighted average risk weight	Exposure amount	Weighted average PD	Weighted average risk weight
J1-J3.....	¥514.7	0.05%	110.62%	¥472.4	0.07%	114.28%
J4-J6.....	79.1	1.51	250.79	16.1	0.66	209.86
J7 (excluding J7R).....	1.6	12.54	444.29	6.3	10.14	442.73
Others.....	128.7	0.40	121.35	38.4	0.17	106.93
Default (J7R, J8-J10).....	0.5	100.00	—	0.0	100.00	—
<b>Total.....</b>	<b>¥724.6</b>	<b>—</b>	<b>—</b>	<b>¥533.3</b>	<b>—</b>	<b>—</b>

Notes: 1. The above exposures are "equity exposures" stipulated in the Notification to which the PD/LGD approach is applied and differ from "stocks" described in the consolidated financial statements.  
2. "Others" includes exposures to overseas corporate entities.

## B. Credit Risk-Weighted Assets under Article 145 of the Notification

## (A) Outline of method for calculating credit risk assets

Exposures under Article 145 of the Notification include credits to funds. In the case of such exposures, in principle, each underlying asset of the fund is assigned an obligor grade to calculate the asset's credit risk-weighted asset amount and the amounts are totaled to derive the credit risk-weighted asset amount of the fund. When equity exposures account for more than half of the underlying assets of the fund, or it is difficult to directly calculate the credit risk-weighted asset amount of individual underlying assets, the credit risk-weighted asset amount of the fund is calculated using the simple majority adjustment method, in which credit risk-weighted assets are calculated using a risk weight of 400% (when the risk-weighted average of individual assets underlying the portfolio is less than 400%) or a risk weight of 1250% (in other cases).

## (B) Portfolio

March 31	Billions of yen	
	2010	2009
Exposures under Article 145 of the Notification.....	¥667.8	¥743.6

## (4) Analysis of Actual Losses

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

SMFG recorded total credit costs (the total of the general provisions, non-performing loan write-offs, and gains on collection of written-off claims) of ¥473.0 billion on a consolidated basis for fiscal 2009, a year-on-year decrease of ¥294.8 billion.

SMBC recorded ¥254.7 billion in total credit costs on a nonconsolidated basis in fiscal 2009, a year-on-year decrease of ¥295.4 billion. In terms of exposure category, the credit cost for corporate exposures decreased ¥194.8 billion year-on-year, to ¥216.6 billion. The credit cost for bank exposures decreased ¥19.1 billion year-on-year, to ¥3.5 billion. These results are due primarily to the impact of the government's economic stimulus measures; SMBC's measures to improve the business and financial situation of borrowers that are tailored to each borrower's circumstances; and a reduction in credit cost related to non-Japanese corporates due to improved overseas market conditions.

## Total Credit Costs

	Billions of yen			Increase (decrease) (A) - (B)
	Fiscal 2009 (A)	Fiscal 2008 (B)	Fiscal 2007	
SMFG (consolidated) total.....	¥473.0	¥767.8	¥248.6	¥(294.8)
SMBC (consolidated) total .....	419.4	724.4	221.6	(305.0)
SMBC (nonconsolidated) total .....	254.7	550.1	147.8	(295.4)
Corporate exposures .....	216.6	411.4	143.2	(194.8)
Sovereign exposures .....	3.9	(0.4)	0.4	4.3
Bank exposures .....	3.5	22.7	0.0	(19.1)
Residential mortgage exposures .....	0.7	0.5	0.1	0.1
QRRE .....	0.1	0.0	0.0	0.0
Other retail exposures .....	61.6	68.1	59.8	(6.5)

Notes: 1. The above amounts do not include gains/losses on equity exposures, exposures on capital market-driven transactions (such as bonds) and exposures under Article 145 of the Notification that were recognized as gains/losses on bonds and stocks in the statements of operations.

2. Exposure category amounts do not include general provisions for Normal Borrowers.

3. Bracketed fiscal year amounts indicate gains generated by the reversal of provisions, etc.

4. Credit costs for residential mortgage exposures and QRRE guaranteed by consolidated subsidiaries are not included in the total credit costs of SMBC (nonconsolidated).

## B. Comparison of Estimated and Actual Losses

	Billions of yen								
	Fiscal 2009			Fiscal 2008			Fiscal 2007		
	Estimated loss amounts		Actual loss amounts	Estimated loss amounts		Actual loss amounts	Estimated loss amounts		Actual loss amounts
After deduction of reserves	Actual loss amounts	After deduction of reserves		Actual loss amounts	After deduction of reserves		Actual loss amounts		
SMFG (consolidated) total.....	¥ —	¥ —	¥473.0	¥ —	¥ —	¥767.8	¥ —	¥ —	¥248.6
SMBC (consolidated) total.....	—	—	419.4	—	—	724.4	—	—	221.6
SMBC (nonconsolidated) total .....	1,197.2	354.0	254.7	954.2	323.9	550.1	887.7	311.4	147.8
Corporate exposures .....	984.0	210.0	216.6	806.7	278.6	411.4	778.6	252.6	143.2
Sovereign exposures .....	5.8	4.3	3.9	9.0	7.5	(0.4)	11.2	9.6	0.4
Bank exposures .....	52.1	34.4	3.5	6.1	5.9	22.7	5.1	4.9	0.0
Residential mortgage exposures ...	4.0	3.4	0.7	4.0	3.6	0.5	4.6	4.1	0.1
QRRE .....	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.0
Other retail exposures .....	151.2	107.5	61.6	128.3	65.9	68.1	88.2	53.1	59.8

Notes: 1. Amounts on consumer loans guaranteed by consolidated subsidiaries or affiliates as well as on equity exposures and other exposures under Article 145 of the Notification are excluded.

2. "Estimated loss amounts" are the EL at the beginning of the term.

3. "After deduction of reserves" represents the estimated loss amounts after deduction of reserves for possible losses on substandard loans or below.

## ■ Standardized Approach

## 1. Scope

The following consolidated subsidiaries have adopted the standardized approach for exposures as of March 31, 2010 (i.e. consolidated subsidiaries not listed in the "Internal Ratings-Based (IRB) Approach: 1. Scope" on page 173).

## (1) Consolidated subsidiaries planning to adopt phased rollout of the foundation IRB approach

Sumitomo Mitsui Finance and Leasing Co., Ltd. and Kansai Urban Banking Corporation

## (2) Other consolidated subsidiaries

These are consolidated subsidiaries judged not to be significant in terms of credit risk management based on the type of business, scale, and other factors. These subsidiaries will adopt the standardized approach on a permanent basis.

## 2. Credit Risk-Weighted Asset Calculation Methodology

A 100% risk weight is applied to claims on corporates in accordance with Article 45 of the Notification, and risk weights corresponding to country risk scores published by the Organization for Economic Co-operation and Development (OECD) are applied to claims on sovereigns and financial institutions.

## 3. Exposure Balance by Risk Weight Segment

	Billions of yen			
	2010		2009	
March 31		Of which assigned country risk score		Of which assigned country risk score
0% .....	¥ 6,454.8	¥ 89.9	¥ 1,681.0	¥143.0
10% .....	277.8	—	579.8	—
20% .....	801.0	343.4	686.5	290.0
35% .....	1,126.2	—	1,410.7	—
50% .....	210.7	1.2	188.6	1.1
75% .....	1,352.8	—	1,670.4	—
100% .....	5,567.0	0.1	6,247.0	0.1
150% .....	41.1	—	43.5	—
Capital deduction .....	0.0	—	—	—
Others .....	0.0	—	—	—
<b>Total .....</b>	<b>¥15,831.4</b>	<b>¥434.5</b>	<b>¥12,507.4</b>	<b>¥434.1</b>

Notes: 1. The above amounts are exposures after CRM (but before deduction of direct write-offs). Please note that for off-balance sheet assets the amount of exposure has been included.

2. Securitization exposures have not been included.

## ■ Credit Risk Mitigation Techniques

### 1. Risk Management Policy and Procedures

In calculating credit risk-weighted asset amounts, SMFG takes into account credit risk mitigation (CRM) techniques. Specifically, amounts are adjusted for eligible financial or real estate collateral, guarantees, and credit derivatives or by netting loans against the obligors' deposits with SMFG financial institutions. The methods and scope of these adjustments and methods of management are as follows.

#### (1) Scope and Management

##### A. Collateral (Eligible Financial or Real Estate Collateral)

SMBC designates deposits and securities as eligible financial collateral, and land and buildings as eligible real estate collateral.

Real estate collateral is evaluated by taking into account its fair value, appraisal value, and current condition, as well as our lien position. Real estate collateral must maintain sufficient collateral value in the event security rights must be exercised due to delinquency. However, during the period from acquiring the rights to exercising the rights, the property may deteriorate or suffer damage from earthquakes or other natural disasters, or there may be changes in the lien position due to, for example, attachment or establishment of liens by a third party. Therefore, the regular monitoring of collateral is implemented according to the type of property and the type of security interest.

##### B. Guarantees and Credit Derivatives

Guarantors are sovereigns, municipal corporations, credit guarantee corporations and other public entities, financial institutions, and C&I companies. Counterparties to credit derivative transactions are mostly domestic and overseas banks and securities companies.

Credit risk-weighted asset amounts are calculated taking into account credit risk mitigation of guarantees and credit derivatives acquired from entities with sufficient ability to provide protection such as sovereigns, municipal corporations and other public sector entities of comparable credit quality, and financial institutions and C&I companies with sufficient credit ratings.

##### C. Netting of Loans against Deposits

SMBC verifies the legal effectiveness of netting arrangements for loans and deposits for each transaction. Specifically, lending transactions subject to the netting of loans against deposits are stipulated in the "Agreement on Bank Transactions," and fixed-term deposits that have fixed maturity dates and cannot be transferred to third-party entities are subject to netting. Regarding deposits with us submitted as collateral, their effect as credit risk mitigation is taken into account under the eligible financial collateral framework described in A. above.

Further, maturity dates and balances (including the post-netting situation) are monitored for subject loans and deposits in accordance with the Notification. When there is a maturity/currency mismatch, netting is executed after making adjustments as stipulated in the Notification, and the credit risk-weighted asset amount is calculated after netting.



## (2) Concentration of Credit Risk and Market Risk Accompanying Application of Credit Risk Mitigation Techniques

At SMBC, there is a framework in place for controlling concentration of risk in obligors with large exposures which includes credit limit guidelines, risk concentration monitoring, and reporting to the Credit Risk Committee (please refer to page 36). Further, exposures to these obligors are monitored on a group basis, taking into account risk concentration in their parent companies in cases of guaranteed exposures.

When marketable financial products (for example, credit derivatives) are used as credit risk mitigants, market risk generated by these products is controlled by setting upper limits.

## 2. Exposure Balance after CRM

	Billions of yen			
	2010		2009	
	Eligible financial collateral	Other eligible IRB collateral	Eligible financial collateral	Other eligible IRB collateral
March 31				
Advanced IRB approach .....	¥ —	¥ —	¥ —	¥ —
Foundation IRB approach .....	85.7	59.3	0.0	84.5
Corporate exposures .....	85.7	59.3	0.0	84.5
Sovereign exposures .....	—	—	—	—
Bank exposures .....	—	—	—	—
Standardized approach .....	1,833.1	—	184.9	—
Total .....	¥1,918.7	¥59.3	¥184.9	¥84.5

	Billions of yen			
	2010		2009	
	Guarantee	Credit derivative	Guarantee	Credit derivative
March 31				
IRB approach .....	¥7,143.3	¥258.5	¥7,846.1	¥281.0
Corporate exposures .....	6,345.8	258.5	7,157.5	281.0
Sovereign exposures .....	412.2	—	249.4	—
Bank exposures .....	182.6	—	215.5	—
Residential mortgage exposures .....	202.5	—	223.6	—
QRRE .....	—	—	—	—
Other retail exposures .....	0.1	—	0.1	—
Standardized approach .....	62.0	—	290.6	—
Total .....	¥7,205.3	¥258.5	¥8,136.7	¥281.0

## ■ Derivative Transactions and Long Settlement Transactions

### 1. Risk Management Policy and Procedures

#### (1) Policy on Collateral Security and Impact of Deterioration of Our Credit Quality

Collateralized derivative is a CRM technique in which collateral is delivered or received regularly in accordance with replacement cost.

The Group conducts collateralized derivative transactions as necessary, thereby reducing credit risk. In the event our credit quality deteriorates, however, the counterparty may demand additional collateral, but its impact is deemed to be insignificant.

#### (2) Netting

Netting is another CRM technique, and “close-out netting” is the main type of netting. In close-out netting, when a default event, such as bankruptcy, occurs to the counterparty, all claims against, and obligations to, the counterparty, regardless of maturity and currency, are netted out to create a single claim or obligation.

Close-out netting is applied to foreign exchange and swap transactions covered under a master agreement with a net-out clause or other means of securing legal effectiveness, and the effect of CRM is taken into account only for such claims and obligations.

### 2. Credit Equivalent Amounts

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

##### A. Calculation Method

Current exposure method

## B. Credit Equivalent Amounts

March 31	Billions of yen	
	2010	2009
Gross replacement cost .....	¥4,999.8	¥5,963.9
Gross add-on amount .....	3,380.6	3,638.4
Gross credit equivalent amount .....	8,380.4	9,602.3
Foreign exchange related transactions .....	3,211.0	3,912.9
Interest rate related transactions .....	4,777.2	5,290.4
Gold related transactions .....	—	—
Equities related transactions .....	69.6	1.7
Precious metals (excluding gold) related transactions .....	—	—
Other commodity related transactions .....	167.7	206.7
Credit default swaps .....	154.9	190.7
Reduction in credit equivalent amount due to netting .....	4,574.6	5,087.1
Net credit equivalent amount .....	3,805.8	4,515.2
Collateral amount .....	20.2	—
Qualifying financial collateral .....	20.2	—
Qualifying other collateral .....	—	—
Net credit equivalent amount (after taking into account CRM effect of collateral) .....	¥3,785.6	¥4,515.2

### (2) Notional Principal Amounts of Credit Derivatives

#### Credit Default Swaps

March 31	Billions of yen			
	2010		2009	
	Notional principal amount		Notional principal amount	
	Total	Of which for CRM	Total	Of which for CRM
Protection purchased .....	¥ 841.6	¥258.5	¥ 846.8	¥281.0
Protection provided .....	1,147.2	—	1,107.5	—

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

## ■ Securitization Exposures

### 1. Risk Management Policy and Procedures

Definition of securitization exposure has been clarified in order to properly identify, measure, evaluate and report risks, and a risk management department, independent of business units, has been established to centrally manage risks from recognizing securitization exposures to measuring, evaluating and reporting credit risk-weighted assets.

The Group takes one of the following positions in securitization transactions.

- Originator (a direct or indirect originator of underlying assets or a sponsor of an ABCP conduit or a similar program that acquires exposures from third-party entities)
- Investor
- Others (for example, provider of swap for preventing a mismatch between the dividend on trust beneficiary rights and cash flows generated by underlying assets on which the rights are issued)

### 2. Credit Risk-Weighted Asset Calculation Methodology

There are three methods of calculating the credit risk-weighted asset amount of securitization exposures subject to the IRB approach: the ratings-based approach, the supervisory formula, and the internal assessment approach. The methods are used as follows.

- First, securitization exposures are examined and the ratings-based approach is applied to qualifying exposures.
- The remaining exposures are examined and the supervisory formula is applied to qualifying exposures.
- The remaining exposures are deducted from capital.

The credit risk-weighted asset amount for securitization exposures subject to the standardized approach is calculated mostly using ratings published by qualifying rating agencies or based on weighted average risk weights of underlying assets as stipulated in the Notification.

### 3. Accounting Policy on Securitization Transactions

Accounting treatment of securitization of financial assets is as follows. Extinguishment of financial assets is recognized when the contractual rights over the financial assets are exercised, forfeited or control over the rights is transferred to a third-party, and the difference between the book value of the financial assets and the amount received/paid is recorded as the term's gain/loss. When the control over the contractual rights is not deemed to have been transferred, the securitization transaction is treated as a financial transaction such as a mortgage loan.

When a portion of financial assets satisfies the extinguishment condition, the extinguishment of the said portion is recognized and the difference between the book value of the extinguished portion and the amount received/paid is recorded as the term's gain/loss. The book

value of the extinguished portion is calculated by allocating the book value of the financial assets based on the proportion of the financial assets' fair value that the extinguished portion represents.

Further, the remaining portion whose fair value is available is measured at fair value, and the related valuation differences are reported as a component of "net assets." The impairments are measured and recorded as necessary.

#### 4. Qualifying External Ratings Agencies

When computing credit risk-weighted asset amounts for securitization exposures using the rating-based approach under the IRB approach or standardized approach, the risk weights are determined by mapping the ratings of qualifying rating agencies to the risk weights stipulated in the Notification. The qualifying rating agencies are Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), Standard & Poor's Ratings Services (S&P), and Fitch Ratings Ltd. (Fitch). When more than one rating is available for an exposure, the second smallest risk weight is used, in accordance with the Notification.

#### 5. Portfolio

##### (1) Securitization Transactions as Originator

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

###### (A) Underlying Assets

	Billions of yen						
	March 31, 2010			Fiscal 2009			
	Underlying asset amount			Securitized amount	Default amount	Loss amount	Gains/losses on sales
Total	Asset transfer type	Synthetic type					
Claims on corporates .....	¥ 96.6	¥ 96.6	¥ 0.1	¥ —	¥ 7.6	¥ 2.6	¥ —
Mortgage loans .....	1,609.6	1,609.6	—	43.0	1.9	0.4	2.5
Retail loans (excluding mortgage loans) .....	68.4	0.2	68.2	—	14.1	17.8	—
Other claims .....	244.0	54.4	189.7	—	0.1	0.4	—
Total .....	¥2,018.7	¥1,760.8	¥258.0	¥43.0	¥23.7	¥21.2	¥2.5

	Billions of yen						
	March 31, 2009			Fiscal 2008			
	Underlying asset amount			Securitized amount	Default amount	Loss amount	Gains/losses on sales
Total	Asset transfer type	Synthetic type					
Claims on corporates .....	¥ 151.7	¥ 151.7	¥ —	¥348.9	¥10.7	¥ 1.4	¥—
Mortgage loans .....	1,712.1	1,712.1	—	91.4	1.0	0.3	5.6
Retail loans (excluding mortgage loans) .....	201.7	80.1	121.7	2.4	19.6	14.5	—
Other claims .....	284.5	87.2	197.3	113.1	0.1	1.1	0.0
Total .....	¥2,350.0	¥2,031.0	¥318.9	¥555.8	¥31.5	¥17.2	¥5.6

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

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

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

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

##### (B) Securitization Exposures

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

	Billions of yen					
	2010			2009		
	Term-end balance	To be deducted from capital	Increase in capital equivalent	Term-end balance	To be deducted from capital	Increase in capital equivalent
March 31						
Claims on corporates .....	¥ 48.9	¥ 3.6	¥ —	¥ 52.0	¥ 1.9	¥ —
Mortgage loans .....	191.2	36.6	37.5	178.4	35.1	42.1
Retail loans (excluding mortgage loans) .....	21.3	7.1	—	45.4	13.9	—
Other claims .....	140.0	7.7	—	147.6	9.3	—
Total .....	¥401.4	¥55.0	¥37.5	¥423.4	¥60.3	¥42.1

## b. Risk Weights

	Billions of yen			
	2010		2009	
March 31	Term-end balance	Required capital	Term-end balance	Required capital
20% or less .....	¥175.0	¥ 1.1	¥194.8	¥ 1.4
100% or less .....	13.2	0.5	20.0	0.6
650% or less .....	—	—	2.0	0.7
Less than 1250% .....	—	—	—	—
Capital deduction .....	213.3	55.0	206.7	60.3
Total .....	¥401.4	¥56.6	¥423.4	¥63.0

## (C) Amount of credit risk-weighted assets calculated using Supplementary Provision 15 of the Notification

March 31	Billions of yen	
	2010	2009
Amount of credit risk-weighted assets calculated using Supplementary Provision 15 of the Notification...	¥ —	¥ —

## B. As Sponsor

## (A) Underlying Assets

	Billions of yen					
	March 31, 2010			Fiscal 2009		
	Underlying asset amount					
	Total	Asset transfer type	Synthetic type	Securitized amount	Default amount	Loss amount
Claims on corporates .....	¥510.4	¥510.4	¥ —	¥3,957.1	¥ 91.4	¥ 90.8
Mortgage loans .....	—	—	—	—	1.9	1.9
Retail loans (excluding mortgage loans) ....	159.7	159.7	—	807.5	8.4	9.2
Other claims .....	84.1	84.1	—	49.9	8.3	8.1
Total .....	¥754.2	¥754.2	¥ —	¥4,814.4	¥110.0	¥110.0

	Billions of yen					
	March 31, 2009			Fiscal 2008		
	Underlying asset amount					
	Total	Asset transfer type	Synthetic type	Securitized amount	Default amount	Loss amount
Claims on corporates .....	¥ 796.9	¥ 796.9	¥ —	¥6,093.3	¥124.0	¥121.8
Mortgage loans .....	—	—	—	—	0.9	0.9
Retail loans (excluding mortgage loans) ....	142.4	142.4	—	619.1	5.4	6.9
Other claims .....	116.7	116.7	—	163.3	3.1	3.0
Total .....	¥1,056.0	¥1,056.0	¥ —	¥6,875.7	¥133.5	¥132.6

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

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

3. "Default amount" and "Loss amount" when acting as a sponsor of securitization of customer claims are estimated using the following methods and alternative data, as in some cases it can be difficult to obtain relevant data in a timely manner because the underlying assets have been recovered by the customer.

(1) "Default amount" estimation method

- For securitization transactions subject to the ratings-based approach, the amount is estimated based on information on underlying assets obtainable from customers, etc.
- For securitization transactions subject to the supervisory formula, the amount is estimated based on obtainable information on, or default rate of, each obligor. Further, when it is difficult to estimate the amount using either method, it is conservatively estimated by assuming that the underlying asset is a default asset.

(2) "Loss amount" estimation method

- For securitization transactions subject to the ratings-based approach, the amount is the same amount as the default amount estimated conservatively in (1) above.
- For securitization transactions subject to the supervisory formula, when expected loss ratios of defaulted underlying assets can be determined, the amount is estimated using the ratios. When it is difficult to determine the ratios, the amount is the same amount as the default amount estimated in (1) above.

4. "Other claims" includes lease fees.

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

## (B) Securitization Exposures

## a. Underlying Assets by Asset Type

	Billions of yen					
	2010			2009		
	Term-end balance	To be deducted from capital	Increase in capital equivalent	Term-end balance	To be deducted from capital	Increase in capital equivalent
March 31						
Claims on corporates .....	¥388.8	¥0.4	¥—	¥648.4	¥1.2	¥—
Mortgage loans .....	—	—	—	—	—	—
Retail loans (excluding mortgage loans) ....	149.4	—	—	122.4	—	—
Other claims .....	80.9	—	—	111.7	—	—
Total .....	¥619.1	¥0.4	¥—	¥882.5	¥1.2	¥—

Note: "Other claims" includes lease fees.

## b. Risk Weights

	Billions of yen			
	2010		2009	
	Term-end balance	Required capital	Term-end balance	Required capital
March 31				
20% or less .....	¥547.5	¥3.9	¥826.0	¥6.0
100% or less .....	70.3	2.3	55.3	1.6
650% or less .....	0.9	0.1	—	—
Less than 1250% .....	—	—	—	—
Capital deduction .....	0.4	0.4	1.2	1.2
Total .....	¥619.1	¥6.7	¥882.5	¥8.8

## (C) Amount of credit risk-weighted assets calculated using Supplementary Provision 15 of the Notification

March 31	Billions of yen	
	2010	2009
Amount of credit risk-weighted assets calculated using Supplementary Provision 15 of the Notification...	¥—	¥—

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

## Securitization Exposures

## (A) Underlying Assets by Asset Type

	Billions of yen					
	2010			2009		
	Term-end balance	To be deducted from capital	Increase in capital equivalent	Term-end balance	To be deducted from capital	Increase in capital equivalent
March 31						
Claims on corporates .....	¥257.0	¥41.0	¥—	¥261.7	¥50.1	¥—
Mortgage loans .....	—	—	—	—	—	—
Retail loans (excluding mortgage loans) ....	0.3	—	—	5.4	—	—
Other claims .....	15.3	0.6	—	15.3	1.0	—
Total .....	¥272.6	¥41.6	¥—	¥282.4	¥51.1	¥—

Note: "Other claims" includes securitization products.

## (B) Risk Weights

	Billions of yen			
	2010		2009	
	Term-end balance	Required capital	Term-end balance	Required capital
March 31				
20% or less .....	¥144.4	¥ 0.2	¥146.7	¥ 0.4
100% or less .....	29.8	1.6	26.7	1.7
650% or less .....	5.8	1.0	6.7	0.8
Less than 1250% .....	—	—	—	—
Capital deduction .....	92.6	41.6	102.3	51.1
Total .....	¥272.6	¥44.4	¥282.4	¥54.0

## (C) Amount of credit risk-weighted assets calculated using Supplementary Provision 15 of the Notification

March 31	Billions of yen	
	2010	2009
Amount of credit risk-weighted assets calculated using Supplementary Provision 15 of the Notification...	¥2.1	¥—

## ■ Equity Exposures in Banking Book

### 1. Risk Management Policy and Procedures

Securities in the banking book are properly managed, for example, by setting upper limits on the allowable amount of risk under the market or credit risk management framework selected according to their holding purpose and risk characteristics.

For securities held as "other securities," the upper limits are also set in terms of price fluctuation risk.

Regarding stocks of subsidiaries, assets and liabilities of subsidiaries are managed on a consolidated basis, and risks related to stocks of affiliates are recognized separately. Their risk as equity is not measured as upper limits on the allowable amount of risk are set for stocks of subsidiaries and affiliates, and the limits are established within the "risk capital limit" of SMFG, taking into account the financial and business situations of the subsidiaries and affiliates.

### 2. Valuation of Securities in Banking Book and Other Significant Accounting Policies

Stocks of subsidiaries and affiliates are carried at amortized cost using the moving-average method. Other securities with market prices (including foreign stocks) are carried at their average market prices during the final month of the fiscal year. Securities other than these securities are carried at their fiscal year-end market prices (cost of securities sold is calculated using primarily the moving-average method) and those with no available market prices are carried at cost using the moving-average method.

Net unrealized gains (losses) on other securities and net of income taxes are reported as a component of "net assets." Derivative transactions are carried at fair value.

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

	Billions of yen			
	2010		2009	
March 31	Balance sheet amount	Fair value	Balance sheet amount	Fair value
Listed equity exposures .....	¥2,570.5	¥2,570.5	¥1,939.1	¥1,939.1
Stocks of subsidiaries and affiliates and equity exposures other than above.....	629.8	—	706.7	—
Total .....	¥3,200.3	¥ —	¥2,645.8	¥ —

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

	Billions of yen	
	Fiscal 2009	Fiscal 2008
Gains (losses) .....	¥(10.1)	¥(183.7)
Gains on sale .....	57.2	15.2
Losses on sale .....	34.8	7.8
Devaluation .....	32.5	191.1

Note: The above amounts are gains (losses) on stocks and other securities in the consolidated statements of operations.

### 5. Unrealized Gains (Losses) Recognized on Consolidated Balance Sheets but Not on Consolidated Statements of Operations

March 31	Billions of yen	
	2010	2009
Unrealized gains (losses) recognized on consolidated balance sheets but not on consolidated statements of operations .....	¥483.6	¥6.0

Note: The above amount is for stocks of Japanese companies and foreign stocks with market prices.

### 6. Unrealized Gains (Losses) Not Recognized on Consolidated Balance Sheets or Consolidated Statements of Operations

March 31	Billions of yen	
	2010	2009
Unrealized gains (losses) not recognized on consolidated balance sheets or consolidated statements of operations.....	¥(39.7)	¥(49.7)

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

## ■ Exposure Balance by Type of Assets, Geographic Region, Industry and Residual Term

### I. Exposure Balance by Type of Assets, Geographic Region and Industry

March 31, 2010	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Others	Total
Domestic operations (excluding offshore banking accounts)					
Manufacturing.....	¥ 9,958.8	¥ 207.8	¥ 557.1	¥2,165.3	¥ 12,889.1
Agriculture, forestry, fishery and mining .....	246.4	0.0	12.7	32.4	291.6
Construction .....	1,463.0	32.5	10.2	169.6	1,675.2
Transport, information, communications and utilities.....	4,633.5	135.3	194.7	764.4	5,727.9
Wholesale and retail .....	5,939.6	80.3	577.1	607.5	7,204.5
Financial and insurance.....	14,876.2	521.1	1,252.2	288.9	16,938.4
Real estate, goods rental and leasing .....	8,764.6	368.8	63.0	427.4	9,623.8
Services .....	4,998.4	124.2	75.8	446.8	5,645.2
Local municipal corporations .....	2,087.8	572.1	4.6	6.8	2,671.3
Other industries .....	22,358.2	19,254.3	35.6	3,994.5	45,642.6
Subtotal .....	¥75,326.7	¥21,296.4	¥2,782.9	¥8,903.7	¥108,309.6
Overseas operations and offshore banking accounts					
Sovereigns.....	¥ 2,446.5	¥ 386.7	¥ 5.6	¥ —	¥ 2,838.8
Financial institutions .....	2,691.9	408.8	656.4	22.4	3,779.4
C&I companies .....	9,106.8	205.5	327.4	—	9,639.7
Others.....	1,725.3	229.5	6.8	523.6	2,485.2
Subtotal .....	¥15,970.5	¥ 1,230.5	¥ 996.1	¥ 546.0	¥ 18,743.1
Total .....	¥91,297.2	¥22,526.9	¥3,779.1	¥9,449.6	¥127,052.7

March 31, 2009	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Others	Total
Domestic operations (excluding offshore banking accounts)					
Manufacturing.....	¥10,224.7	¥ 134.5	¥ 605.5	¥1,872.6	¥ 12,837.3
Agriculture, forestry, fishery and mining .....	241.6	0.1	15.7	29.4	286.8
Construction .....	1,668.8	47.4	12.3	153.5	1,882.0
Transport, information, communications and utilities.....	4,714.2	102.0	191.3	697.6	5,705.1
Wholesale and retail .....	6,576.8	83.1	627.3	568.7	7,855.8
Financial and insurance.....	11,915.5	981.7	1,427.4	315.3	14,639.9
Real estate.....	8,173.3	363.0	54.9	170.8	8,762.0
Services .....	6,540.2	123.7	89.4	612.0	7,365.3
Local municipal corporations .....	1,772.1	468.1	5.8	77.6	2,323.6
Other industries .....	20,607.4	18,948.3	30.6	4,756.3	44,342.6
Subtotal .....	¥72,434.6	¥21,251.7	¥3,060.2	¥9,253.8	¥106,000.4
Overseas operations and offshore banking accounts					
Sovereigns.....	¥ 1,544.9	¥ 895.1	¥ 5.0	¥ —	¥ 2,444.9
Financial institutions .....	2,766.4	265.7	940.1	49.4	4,021.5
C&I companies .....	10,294.4	213.0	498.3	—	11,005.7
Others.....	1,997.4	246.1	11.5	346.0	2,600.9
Subtotal .....	¥16,603.0	¥ 1,619.8	¥1,454.8	¥ 395.4	¥ 20,073.1
Total .....	¥89,037.6	¥22,871.6	¥4,515.0	¥9,649.2	¥126,073.4

Notes: 1. The above amounts are exposures after CRM.

2. The above amounts do not include securitization exposures and credit risk-weighted assets under Article 145 of the Notification.

3. "Loans, etc." includes loans, commitments and off-balance sheet assets except derivatives, and "Others" includes equity exposures and standardized approach applied funds.

4. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

5. In accordance with the revision of the Japan Standard Industrial Classification (in November 2007), from March 31, 2010, the industrial classification has been partly changed.

## 2. Exposure Balance by Type of Assets and Residual Term

March 31, 2010	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Others	Total
To 1 year .....	¥30,571.7	¥ 8,940.2	¥ 477.9	¥ 329.7	¥ 40,319.4
More than 1 year to 3 years.....	16,227.0	4,768.3	1,059.2	873.5	22,928.1
More than 3 years to 5 years.....	9,914.1	5,114.9	1,117.7	963.9	17,110.5
More than 5 years to 7 years.....	3,896.4	696.2	359.0	243.3	5,194.9
More than 7 years.....	23,616.6	3,007.3	765.3	217.6	27,606.7
No fixed maturity .....	7,071.4	—	—	6,821.6	13,893.0
<b>Total .....</b>	<b>¥91,297.2</b>	<b>¥22,526.9</b>	<b>¥3,779.1</b>	<b>¥9,449.6</b>	<b>¥127,052.7</b>

March 31, 2009	Billions of yen				
	Loans, etc.	Bonds	Derivatives	Others	Total
To 1 year .....	¥28,106.8	¥ 4,055.7	¥ 600.8	¥ 399.4	¥ 33,162.7
More than 1 year to 3 years.....	15,529.8	8,851.1	1,413.2	938.8	26,732.9
More than 3 years to 5 years.....	11,562.0	5,875.1	1,106.2	1,106.5	19,649.7
More than 5 years to 7 years.....	5,031.3	960.1	579.0	277.3	6,847.7
More than 7 years.....	22,396.3	3,129.6	815.9	180.6	26,522.3
No fixed maturity .....	6,411.5	—	—	6,746.7	13,158.2
<b>Total .....</b>	<b>¥89,037.6</b>	<b>¥22,871.6</b>	<b>¥4,515.0</b>	<b>¥9,649.2</b>	<b>¥126,073.4</b>

Notes: 1. The above amounts are exposures after CRM.

2. The above amounts do not include securitization exposures and credit risk-weighted assets under Article 145 of the Notification.

3. "Loans, etc." includes loans, commitments and off-balance sheet assets except derivatives, and "Others" includes equity exposures and standardized approach applied funds.

4. "No fixed maturity" includes exposures not classified by residual term.

## 3. Term-End Balance of Exposures Past Due 3 Months or More or Defaulted and Their Breakdown

## (1) By Geographic Region

March 31	Billions of yen	
	2010	2009
Domestic operations (excluding offshore banking accounts) .....	¥2,285.0	¥2,174.3
Overseas operations and offshore banking accounts.....	220.5	297.3
Asia.....	19.1	23.4
North America.....	101.5	218.3
Other regions.....	99.9	55.6
<b>Total .....</b>	<b>¥2,505.5</b>	<b>¥2,471.6</b>

Notes: 1. The above amounts are credits subject to self-assessment, including mainly off-balance sheet credits to obligors categorized as "Substandard Borrowers" or lower under self-assessment.

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

3. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries, and the term-end balances are calculated based on the obligor's domicile country.



## (2) By Industry

	Billions of yen
March 31	2010
Domestic operations (excluding offshore banking accounts)	
Manufacturing.....	¥ 252.8
Agriculture, forestry, fishery and mining .....	7.6
Construction .....	147.0
Transport, information, communications and utilities.....	124.3
Wholesale and retail .....	278.9
Financial and insurance.....	33.0
Real estate, goods rental and leasing .....	771.5
Services .....	349.8
Other industries .....	320.1
Subtotal .....	¥2,285.0
Overseas operations and offshore banking accounts	
Financial institutions .....	¥ 49.8
C&I companies .....	170.7
Subtotal .....	¥ 220.5
Total .....	¥2,505.5

	Billions of yen
March 31	2009
Domestic operations (excluding offshore banking accounts)	
Manufacturing.....	¥ 206.5
Agriculture, forestry, fishery and mining .....	5.3
Construction .....	166.7
Transport, information, communications and utilities.....	130.6
Wholesale and retail .....	269.7
Financial and insurance.....	60.5
Real estate.....	720.3
Services .....	342.7
Other industries .....	272.0
Subtotal .....	¥2,174.3
Overseas operations and offshore banking accounts	
Financial institutions .....	¥ 62.3
C&I companies .....	235.1
Subtotal .....	¥ 297.3
Total .....	¥2,471.6

- Notes: 1. The above amounts are credits subject to self-assessment, including mainly off-balance sheet credits to obligors categorized as "Substandard Borrowers" or lower under self-assessment.
2. The above amounts include partial direct write-offs (direct reductions).
3. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.
4. In accordance with the revision of the Japan Standard Industrial Classification (in November 2007), from March 31, 2010, the industrial classification has been partly changed.

#### 4. Term-End Balances of General Reserve for Possible Loan Losses, Specific Reserve for Possible Loan Losses and Loan Loss Reserve for Specific Overseas Countries

## (1) By Geographic Region

	Billions of yen			Increase (decrease)
March 31	2010 (A)	2009 (B)	2008	(A) - (B)
General reserve for possible loan losses.....	¥ 702.6	¥ 691.5	¥ 593.7	¥ 11.1
Loan loss reserve for specific overseas countries .....	0.6	1.3	0.0	(0.7)
Specific reserve for possible loan losses .....	1,208.9	1,102.1	819.6	106.8
Domestic operations (excluding offshore banking accounts) .....	1,126.3	970.4	738.5	155.9
Overseas operations and offshore banking accounts.....	82.6	131.7	81.1	(49.1)
Asia .....	20.0	19.3	10.1	0.7
North America.....	25.1	75.8	68.1	(50.7)
Other regions .....	37.5	36.5	2.9	1.0
Total .....	¥1,912.1	¥1,794.9	¥1,413.3	¥117.2

- Notes: 1. "Specific reserve for possible loan losses" includes partial direct write-offs (direct reductions).
2. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries, and the term-end balances are calculated based on the obligor's domicile country.

## (2) By Industry

March 31	Billions of yen		
	2010	2009	Increase (decrease)
General reserve for possible loan losses.....	¥ 702.6	¥ 691.5	¥ 11.1
Loan loss reserve for specific overseas countries .....	0.6	1.3	(0.7)
Specific reserve for possible loan losses .....	1,208.9	1,102.1	106.8
Domestic operations (excluding offshore banking accounts) .....	1,126.3	970.4	155.9
Manufacturing.....	143.5	128.1	15.4
Agriculture, forestry, fishery and mining .....	3.3	1.2	2.1
Construction .....	86.0	91.2	(5.2)
Transport, information, communications and utilities.....	74.7	45.9	28.8
Wholesale and retail.....	169.3	173.3	(4.0)
Financial and insurance .....	14.8	21.1	(6.3)
Real estate, goods rental and leasing .....	336.7	225.4	111.3
Services .....	161.0	145.8	15.1
Other industries .....	137.0	138.4	(1.4)
Overseas operations and offshore banking accounts.....	82.6	131.7	(49.1)
Financial institutions .....	36.7	32.0	4.7
C&I companies .....	45.9	99.7	(53.8)
Total .....	¥1,912.1	¥1,794.9	¥117.2

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

2. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

3. In accordance with the revision of the Japan Standard Industrial Classification (in November 2007), from March 31, 2010, the industrial classification has been partly changed. Accordingly, the amendments have been retroactively applied to the data of the previous term (ended March 31, 2009), so as to allow comparison.

March 31	Billions of yen		
	2009	2008	Increase (decrease)
General reserve for possible loan losses.....	¥ 691.5	¥ 593.7	¥ 97.8
Loan loss reserve for specific overseas countries .....	1.3	0.0	1.3
Specific reserve for possible loan losses .....	1,102.1	819.6	282.5
Domestic operations (excluding offshore banking accounts) .....	970.4	738.5	231.9
Manufacturing.....	128.1	76.3	51.8
Agriculture, forestry, fishery and mining .....	1.2	1.3	(0.1)
Construction .....	91.2	71.3	19.9
Transport, information, communications and utilities.....	45.9	49.2	(3.3)
Wholesale and retail.....	173.3	142.7	30.6
Financial and insurance .....	21.1	19.2	1.9
Real estate.....	224.1	110.9	113.2
Services .....	147.1	135.2	11.9
Other industries .....	138.4	132.4	6.0
Overseas operations and offshore banking accounts.....	131.7	81.1	50.6
Financial institutions .....	32.0	0.9	31.1
C&I companies .....	99.7	80.2	19.5
Total .....	¥1,794.9	¥1,413.3	¥381.6

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

2. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.

## 5. Loan Write-Offs by Industry

	Billions of yen Fiscal 2009
Domestic operations (excluding offshore banking accounts)	
Manufacturing.....	¥ 19.2
Agriculture, forestry, fishery and mining .....	0.3
Construction.....	4.8
Transport, information, communications and utilities.....	6.7
Wholesale and retail .....	32.2
Financial and insurance.....	(4.8)
Real estate, goods rental and leasing .....	54.0
Services .....	16.5
Other industries .....	50.2
Subtotal .....	¥179.1
Overseas operations and offshore banking accounts	
Financial institutions .....	¥ (3.2)
C&I companies .....	0.8
Subtotal .....	¥ (2.4)
Total .....	¥176.7

	Billions of yen Fiscal 2008
Domestic operations (excluding offshore banking accounts)	
Manufacturing.....	¥ 46.1
Agriculture, forestry, fishery and mining .....	0.7
Construction.....	32.4
Transport, information, communications and utilities.....	11.3
Wholesale and retail .....	54.7
Financial and insurance.....	9.6
Real estate.....	52.9
Services .....	28.2
Other industries .....	44.6
Subtotal .....	¥280.5
Overseas operations and offshore banking accounts	
Financial institutions .....	¥ 5.6
C&I companies .....	16.3
Subtotal .....	¥ 21.9
Total .....	¥302.4

Notes: 1. "Domestic operations" comprises the operations of SMFG, its domestic consolidated banking subsidiaries (excluding overseas branches) and other domestic consolidated subsidiaries. "Overseas operations" comprises the operations of the overseas branches of domestic consolidated banking subsidiaries and overseas consolidated subsidiaries.  
2. In accordance with the revision of the Japan Standard Industrial Classification (in November 2007), from fiscal 2009, the industrial classification has been partly changed.

## ■ Market Risk

### 1. Scope

The following approaches are used to calculate market risk equivalent amounts.

#### (1) Internal Models Method

General market risk of SMBC, Sumitomo Mitsui Banking Corporation Europe Limited, Sumitomo Mitsui Banking Corporation (China) Limited, SMBC Capital Markets, Inc., SMBC Capital Markets Limited, SMBC Derivative Products Limited, and SMBC Capital Markets (Asia) Limited

#### (2) Standardized Measurement Method

- Specific risk
- General market risk of consolidated subsidiaries other than SMBC, Sumitomo Mitsui Banking Corporation Europe Limited, Sumitomo Mitsui Banking Corporation (China) Limited, SMBC Capital Markets, Inc., SMBC Capital Markets Limited, SMBC Derivative Products Limited, and SMBC Capital Markets (Asia) Limited
- A portion of general market risk of SMBC

### 2. Valuation Method Corresponding to Transaction Characteristics

All assets and liabilities held in the trading book — therefore, subject to calculation of the market risk equivalent amount — are transactions with high market liquidity. Securities and monetary claims are carried at the fiscal year-end market price, and derivatives such as swaps, futures and options are stated at amounts that would be settled if the transactions were terminated at the consolidated balance sheet date.

### 3. VaR Results (Trading Book)

	Billions of yen	
	Fiscal 2009	Fiscal 2008
Fiscal year-end .....	¥1.5	¥2.0
Maximum.....	2.8	2.8
Minimum.....	1.2	1.4
Average .....	1.6	2.0

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

2. Specific risks for the trading book are excluded.
3. Principal consolidated subsidiaries are included.

## ■ Interest Rate Risk in Banking Book

Interest rate risk in the banking book fluctuates significantly depending on the method of recognizing maturity of demand deposits (such as current accounts and ordinary deposits from which funds can be withdrawn on demand) and the method of predicting early withdrawal from fixed-term deposits and prepayment of consumer loans. Key assumptions made by SMBC in measuring interest rate risk in the banking book are as follows.

### 1. Method of Recognizing Maturity of Demand Deposits

The total amount of demand deposits expected to remain with the bank for the long term (with 50% of the lowest balance during the past 5 years as the upper limit) is recognized as a core deposit amount and interest rate risk is measured for each maturity with 5 years as the maximum term (the average is 2.5 years).

### 2. Method of Estimating Early Withdrawal from Fixed-term Deposits and Prepayment of Consumer Loans

The rate of early withdrawal from fixed-term deposits and the rate of prepayment of consumer loans are estimated and the rates are used to calculate cash flows used for measuring interest rate risk.

### 3. VaR Results (Banking Book)

	Billions of yen	
	Fiscal 2009	Fiscal 2008
Fiscal year-end .....	¥33.8	¥41.4
Maximum.....	44.0	43.9
Minimum.....	31.8	26.9
Average .....	37.7	34.2

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

2. Principal consolidated subsidiaries are included.

## Operational Risk

### 1. Operational Risk Equivalent Amount Calculation Methodology

SMFG adopted the Advanced Measurement Approach (AMA) for exposures as of March 31, 2008. As of March 31, 2010, the following consolidated subsidiaries have also adopted the AMA, and the remaining consolidated subsidiaries have adopted the Basic Indicator Approach (BIA).

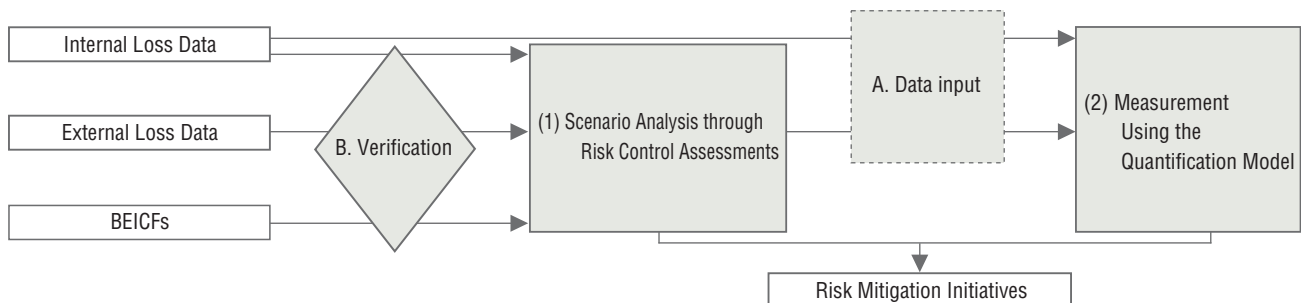
Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Card Company, Limited, The Japan Research Institute, Limited, SMBC Friend Securities Co., Ltd., Sumitomo Mitsui Finance and Leasing Co., Ltd., Kansai Urban Banking Corporation, The Japan Net Bank, Limited, SMBC Guarantee Co., Ltd., SMBC Finance Service Co., Ltd., THE MINATO BANK, LTD., SMBC Center Service Co., Ltd., SMBC Delivery Service Co., Ltd., SMBC Green Service Co., Ltd., SMBC International Business Co., Ltd., SMBC International Operations Co., Ltd., SMBC Loan Business Service Co., Ltd., SMBC Market Service Co., Ltd., SMBC Loan Administration and Operations Service Co., Ltd., Sumitomo Mitsui Banking Corporation Europe Limited and Sumitomo Mitsui Banking Corporation (China) Limited.

Sumitomo Mitsui Banking Corporation (China) Limited, established in April 2009, has adopted the AMA since its foundation.

Among companies which have adopted the BIA, Nikko Cordial Securities Inc. is making preparations to adopt the AMA for exposures as of September 30, 2011.

### 2. Outline of the AMA

An outline of the AMA for operational risk management is described in the section on Risk Management. In this section, we would like to present an explanation of the preparation of data that is input into the quantification model and the verification of scenario assessment using internal loss data, external loss data, and Business Environment and Internal Control Factors (BEICFs). We will also give an outline of the methodology for measuring the operational risk equivalent amount (“required capital”) using the quantification model.



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

##### A. Preparation of Data Input into the Quantification Model

In order to estimate the frequency of occurrence of “low-frequency and high-severity” events, which is the purpose of risk control assessment, we estimate the loss frequency in terms of four loss amounts (¥100 million, ¥1 billion, ¥5 billion, and ¥10 billion) for each scenario, then input the total amount by loss event type for each entity, namely, SMFG (consolidated), SMBC (consolidated), and SMBC (nonconsolidated), into the quantification model.

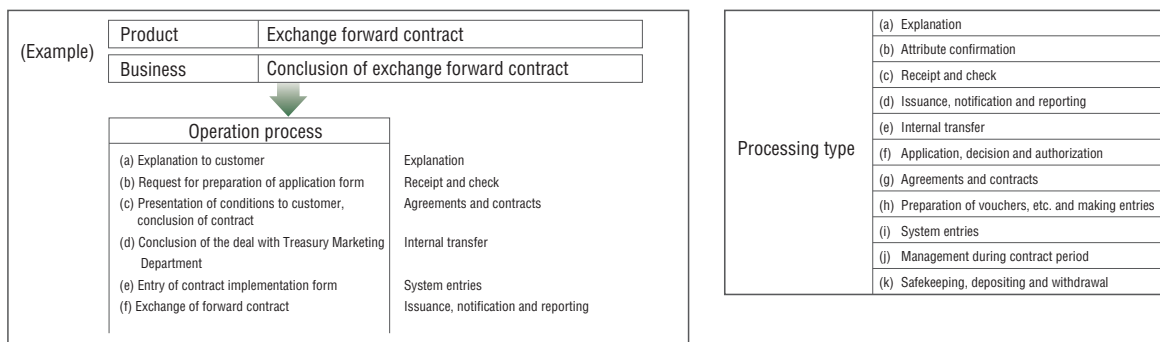
At SMFG and SMBC, by using a different assessment method according to loss event type and organizational classification, we obtain a proper grasp of operational risk profile of the Group. The following section provides typical calculation examples for scenarios of SMBC domestic business offices.

## (A) Deriving and Scoring Scenarios

## a. Deriving Scenarios

In order to grasp all potential risks of a business/product, we first identify “business processes & /products” stipulated in the “Common Procedures of Operations.” Then, we derive all possible scenarios for the generation of a loss event of prescribed magnitude by breaking down the operation process of each “business processes & /products” into “processing types.”

We evaluate each individual scenario on an operation process basis.

**Classification of Business, Products and Processing Type (Example)**

## b. Scenario Assessment

In order to assess scenarios, it is necessary to quantify loss frequency and amount for each scenario. At SMBC, in order to quantify loss frequency for each scenario, we execute risk control assessments on each scenario.

In risk assessment, in order to measure the easiness of loss occurrence in each operation process before taking into account the risk management (control) situation, we set standards for various assessment items — transaction volume, volatility of transaction volume, time limits and so on — and the operation process is scored on how well the standards are met.

**Risk Scoring (Examples)**

Perspective	Risk Items	What to Assess	Score
Easiness of making an error	(a) Transaction volume	Largeness of annual processing volume	1
	(b) Volatility of transaction volumes	Degree of concentration of processing on specific dates	0
	(c) Time limits	Shortness of deadlines and degree of urgency	2
	(d) Complexity of process	Degree of processing complexity, processing volume per task	1
	(e) Complexity of products	Product complexity	0
Easiness of an error leading to a clerical accident	(f) Deal with outside party	Easiness of error in transferring actual items/funds to customer/other bank leading to loss accident	0
	(g) Booking of business products	Easiness of error in handling of, or in notifying actions to be taken on, products with market risk leading to loss event	0

Control assessment is executed from the perspective of preventive control and detection & recovery control. We set standards for various items — establishment of manuals and procedures, processing authority and pre-process check, post-process check, and so on — and the operation process is scored on how well the standards are met.

### Control Assessment (Examples)

Perspective	Risk Items	What to Assess	Score
Design of procedures	(a) Establishment of manuals and procedures	Whether rules/ procedures/etc. have been documented or updated	1
	(b) Details of manuals and procedures	Whether there are rules for accurate processing execution without omissions and whether they are effective (excluding those included in below three risk items)	0
Authority and verification	(c) Processing authority and pre-process check	Assess processing authority, pre-process check	1
	(d) Post-process check	Assess post-process check and accident detection measures (assess only preventive measures)	0
System situation	(e) System processing	Degree of system processing	0

## (B) Quantifying Loss Frequency of Each Scenario

### a. Generation of “Average Frequency Table” for Domestic Business Offices

To quantify loss frequency for domestic branches, we assume future loss frequency is similar to historical loss frequency. And we generate an average frequency table, which is used to estimate future loss frequency. The average frequency table comprises rows of total risk score and columns of total control score and the number of loss occurrences in a one-year period for each combination of scores is given.

As risk and control assessment items are expected to have different loss occurrence contribution ratios, we analyze their loss occurrence contribution ratios for each assessment item by executing a regression analysis and weight each assessment item.

### Average Frequency Table (Example)

(Times/Year)

Total Score		Control					
		~2.0	2.4	2.8	3.2	3.6	4.0
Risk	5.5~	***	***	***	***	***	***
	4.5~5.5	***	***	***	***	***	***
	3.5~4.5	***	***	***	***	***	***
	2.5~3.5	***	***	***	***	2.40	***
	1.5~2.5	***	***	***	***	***	***
	0.5~1.5	***	***	***	***	***	***
	~0.5	***	***	***	***	***	***

### b. Quantifying Loss Frequency of Each Scenario

Total risk assessment score and total control assessment score are calculated for each scenario taking into account the weight of each assessment item described above. Then, the loss frequency of each scenario (the number of times the loss event described in the scenario occurs during a one-year period) is estimated using the average frequency table.

## (C) Quantifying Loss Amount for Each Scenario

In order to quantify the loss amount for each scenario, we generate loss distribution for each “business process & product” by using the historical transaction data of SMBC. Specifically, we assume that the historical transaction volume follows a log-normal distribution (distribution in which the logarithm of a variable follows the normal distribution) for each “business process & product” and generate the loss-severity distribution.

**(D) Estimating the Frequency of Occurrence of the “Low-Frequency and High-Severity” Events**

In order to estimate the probability of occurrence in terms of four loss amounts (¥100 million, ¥1 billion, ¥5 billion, and ¥10 billion) for each scenario, we use a log-normal distribution function for each scenario.

Because we assume the log-normal distribution to each “business process & product,” in case one loss event occurs in a one-year period, potential loss can be regarded as likewise arising from log-normal distribution. Therefore, in this case, we estimate the probability of occurrence of four loss amounts by substituting each loss amount for the loss amount of log-normal distribution.

In case that one loss event occurs in a one-year period, the method described above is followed. However, in case that several numbers of loss events occur in a one-year period, it is conceivable that the events occurred independently of each other. Therefore, the probability of occurrence of several loss events can be calculated by the probability of one loss event raised to the power of its loss frequency.

As we quantify the loss frequency for each scenario using the average frequency table for loss events over a one-year period, we are able to estimate the probability of four loss amounts by the probability arising from the above log-normal distribution function, raised to the power of loss frequency derived from the frequency table.

After estimating the loss frequency in terms of the four loss amounts for each scenario, we sum results for each loss event type and input them into the quantification model for SMFG (consolidated), SMBC (consolidated), and SMBC (nonconsolidated).

**B. Verification of Scenarios Using Three Data Elements**

At SMFG and SMBC, the verifications of the assessments of scenarios using internal loss data, external loss data, and BEICFs (hereinafter, “3 data elements”) are implemented periodically. Specifically, SMFG and SMBC use these data and information and use them to determine, periodically, whether there are any scenarios that have been omitted and whether the assessments of the scenarios are appropriate to ensure the completeness and appropriateness of the scenarios.

**(A) Reassessment of Scenarios Using Internal Loss Data**

Both SMFG and SMBC, in principle, compile internal loss data on all gross loss amounts of at least one yen. From the data, internal loss data which fulfill the established criteria are drawn, and the content of the related loss events is considered; then, a judgment is made regarding whether or not to review the scenario in question. Specifically, we pose a number of issues to consider, such as whether the scenario exists at SMBC, and, if so, whether the deviation between the actual loss and the assessed value of the scenario is within the tolerance range. In considering these issues, we follow a set pattern of logical reasoning in making a decision on whether the scenario should be revised.

When we decide it is necessary to revise the scenario, we make a reassessment based on the internal loss data. In this process, we consider redeveloping and reassessing the scenario and other related matters to ensure that the internal loss data is properly reflected in the scenario.

**(B) Reassessment of Scenarios Using External Loss Data**

At SMFG and SMBC, we have a database containing more than 7,000 cases of external losses that have been taken from the mass media, including newspapers, and purchased from data vendors. A framework has been created to enable the sharing of this database across the Group.

From this database, we draw external loss data which fulfill the established criteria, and the content of the related loss events is considered; then, a judgment is made regarding whether or not to revise the scenario in question. Specifically, we pose a number of issues to consider, such as whether the scenarios in question exist at SMBC, and, if so, whether the deviation between the actual loss and the assessed value of the scenario is within the tolerance range. In considering these issues, we follow a set pattern of logical reasoning in making a decision on whether the scenario should be reviewed.

When we decide it is necessary for the scenario to be reviewed, we make a reassessment based on the external loss data. In this process, we consider deriving and reassessing the scenario and other related matters to ensure that the external loss data is properly reflected in the scenario.



### (C) Reassessment of Scenarios Using BEICFs

At SMFG and SMBC, we compile data related to changes in laws and regulations, changes in internal rules, policies and procedures, and new business, products and process, all of which are business environment and internal control factors (BEICFs). We use this information to consider periodically whether our scenarios should be reconsidered, and, even for events other than those listed previously, when major changes occur in the business environment, our systems provide, as necessary, for the consideration of whether scenarios should be revised.

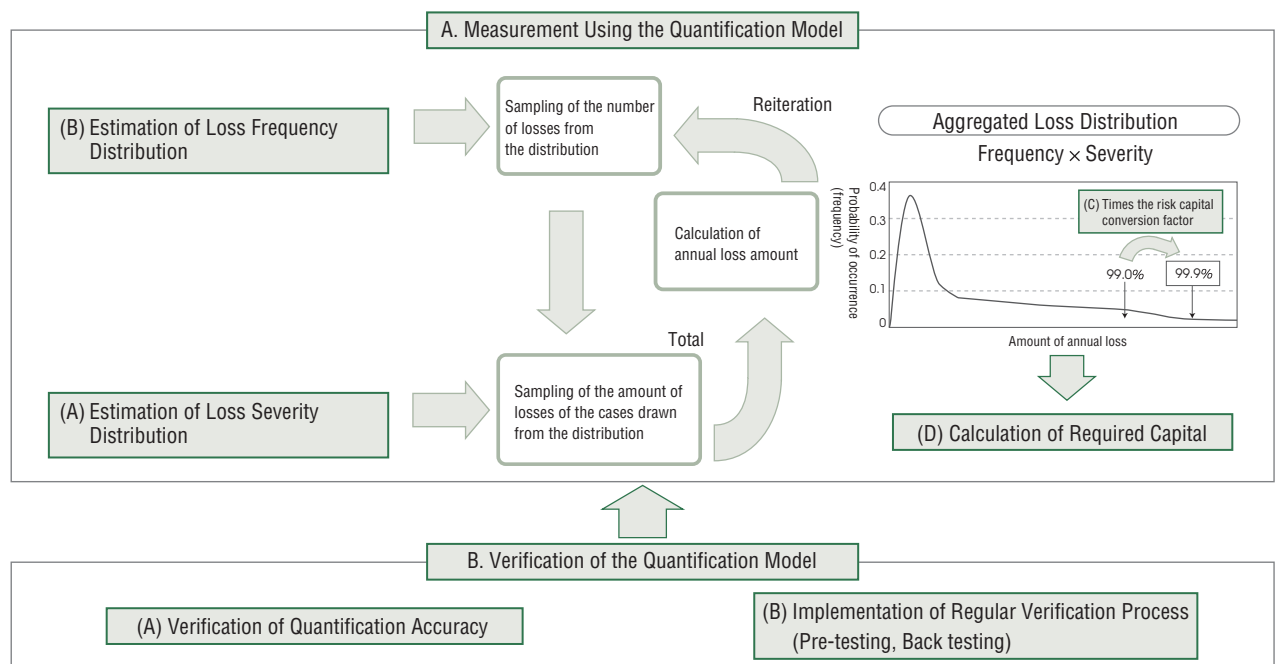
When we decide it is necessary for the scenario to be reviewed, we make a reassessment based on the information related to changes and other factors in BEICFs. In this process, we consider redeveloping and reassessing the scenario and other related matters to ensure that the changes in BEICFs are properly reflected in our scenarios.

### (2) Measurement Using the Quantification Model

When calculating operational risk using the quantification model, firstly, we input seven-year historical internal loss data (realized risks) and the data on the frequency of “low-frequency and high-severity” events (potential risks) in terms of four loss amounts, which have been estimated through risk control assessments, and generate a loss distribution. Secondly, we use this distribution to estimate the maximum loss amount with a 99.0 percentile confidence interval (hereinafter referred to as 99.0% VaR). Thirdly, we multiply this maximum loss by a number, which we call “the risk capital conversion factor,” to estimate 99.9% VaR. Finally, we calculate required capital by using a multiplier that has been determined based on the number of times in which actual losses have exceeded predicted losses through the use of back testing. In estimation of the aggregated loss distribution, we need to estimate the loss severity and frequency distribution.

In addition, we confirm whether the quantification model is functioning appropriately and conservatively in measuring operational risk by implementing various types of sensitivity analysis and verification tests.

The following chart puts the main points of this quantification method in order and explains how the results of measurement are verified.



A. Measurement Using the Quantification Model

(A) Estimation of Loss Severity Distribution

a. Smoothed Bootstrap Method

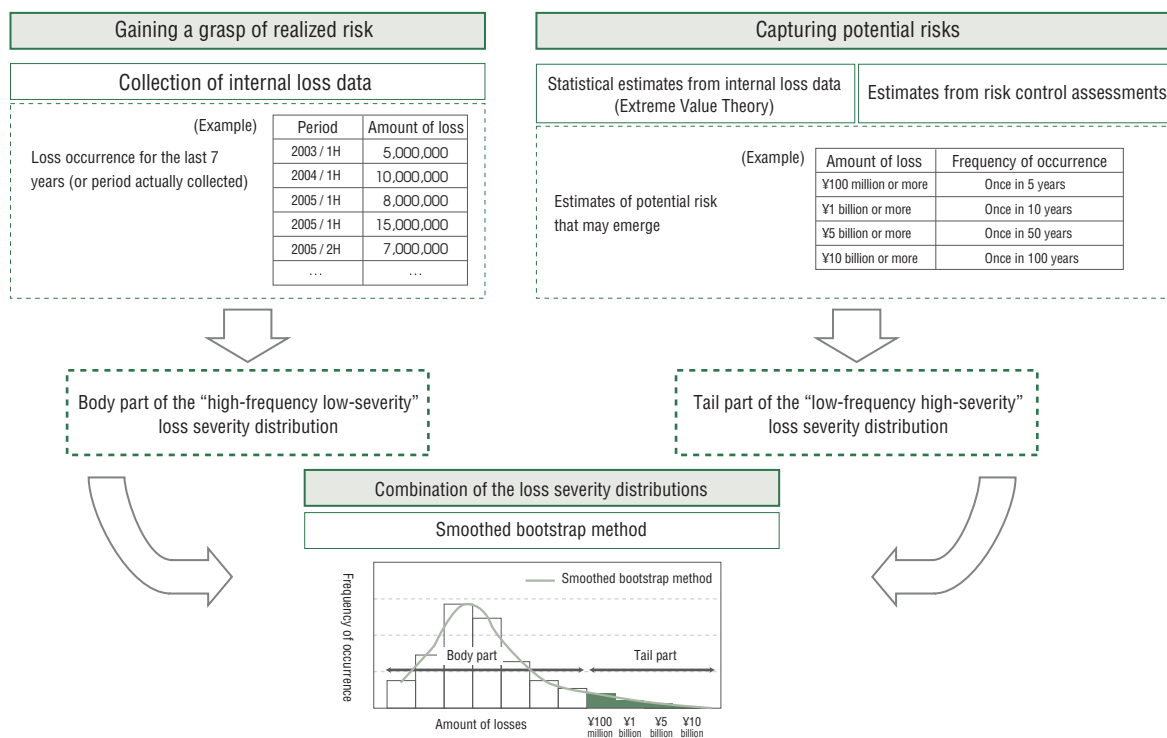
We employ the “smoothed bootstrap” method for generating the loss distribution. The smoothed bootstrap method is one of the methods that connect the distribution, of the realized risk and the potential risk event, smoothly. Under this method, no assumptions are made about the shape of the distribution as a whole, but assumptions are made on the individual distribution related to realized individual losses. Therefore, this method takes advantage of the widely known parametric method (method assuming a distribution) as well as the non-parametric one (method not assuming a distribution).

Under the non-parametric method, if we use historical internal loss data to generate the loss severity distribution, we are not able to create the samples outside the actual observation points, and also it is particularly difficult to create a distribution with a fat tail. However, through the use of the method that can combine such data (on actual observations) with data on potential risks, it becomes possible to create large losses that occur rarely (with a potential impact) and that have not actually been found in historical internal loss data. In generating the distribution, while “high-frequency low-severity” events are based on sufficient historical internal loss data volume, for “low-frequency high-severity” events in the tail of the distribution, the historical internal data volume is insufficient. This approach makes it possible to reflect the severity (frequency of occurrence) of potential risk that has been assessed in the risk control assessments. In this way, using this model, realized risks and potential risks can be combined with congruity.

In estimating the loss distribution under this method, the Kernell function (partially assumed function) is applied to the loss data by the pile-up of functions. In particular, the log-normal distribution is applied as the Kernell function.

b. Supplementing Results of Risk Control Assessments with Extreme Value Theory

In order to capture potential risks, a statistical method known as Extreme Value Theory is used in addition to the results of risk control assessments. Extreme Value Theory is the statistical assessment method by which risks that may occur in the future accompanying larger losses than the actually observed ones in the internal loss data can be quantified, and fulfills the role of supplementing the risk control assessments.



**(B) Estimation of Loss Frequency Distribution**

The Poisson distribution (probability distribution often used in estimating the number of occurrences of rare events) is used for generating the loss frequency distribution. To estimate the Poisson distribution, it is necessary to estimate the average number of annual losses, but in this model, we do not simply take the annual average of all cases of losses for the entire period (several fiscal years) but instead, estimate the annual average number of loss cases for each fiscal year individually. Through this approach, we are able to take account of the deviations in the historical incidence of losses for different periods and are able to estimate loss cases that may occur in the future more appropriately.

**(C) Risk Capital Conversion Factor  $\gamma$** 

We calculate 99.0% VaR from the estimated aggregated loss distribution, and then multiply the risk capital conversion factor  $\gamma$  (gamma) in order to compute 99.9% VaR. By introducing  $\gamma$  it is unnecessary to estimate 99.9% VaR directly which can be estimated with lower accuracy, and it provides with stable estimation results by estimating 99.0% VaR which can be estimated with higher accuracy.

The factor  $\gamma$  means the ratio between 99.9% VaR and 99.0% VaR. In other words, it is the risk profile of the loss distribution and an indicator for the characteristics of the tail part of the distribution. The risk profile of the loss distribution is different for each loss event type, by which the calculation is performed. In addition, we have verified statistically that it could differ among SMFG (consolidated), SMBC (consolidated), and SMBC (nonconsolidated). To reflect their characteristics, we set a different value of  $\gamma$  for each entity. There is a tendency for  $\gamma$  to become smaller, etc., when there is a distribution of large expected losses or when the tail of the distribution is highly dense.

When setting  $\gamma$  initially, we conduct an analysis, taking into account the possibility of changes in the risk profiles of many types of loss distributions, and set values that maintain the stability and the conservativeness of capital. In addition, we assess changes in the risk profiles of the most recent loss distributions, including the present one, and, when changes are above a certain level, we conduct a review of the  $\gamma$  values. This makes it possible to keep values of  $\gamma$  appropriate to changes in the risk profile of the loss distribution and calculate stable values of required capital.

**(D) Calculation of Required Capital**

We calculate required capital by multiplying the 99.9% VaR calculated in the previous section by the multiplier for each loss event type that has been determined based on the number of breaches in back testing. As will be mentioned later, back testing is conducted periodically, and, when realized risk is found to be greater than the risks estimated with the quantification model (back testing excess), we take necessary steps, such as multiplying by the multiplier determined through prior analysis, to maintain the conservativeness of required capital estimates.

We then add the required capital amounts calculated for each loss event type to compute the required capital for SMFG (consolidated), SMBC (consolidated), and SMBC (nonconsolidated).

Please note that in calculating required capital, we do not subtract expected losses.

**B. Verification of the Quantification Model**

We conduct a range of sensitivity and verification tests to ensure that the measurement results of the quantification model are appropriate (quantification accuracy) and to confirm that our model is capable of measuring the amounts corresponding to the maximum losses from operational risk that may be incurred for a one year holding period, with a one-sided 99.9 percentile confidence interval. In the following paragraphs, we would like to explain the methods for assessing the quantification accuracy of our measurements and the framework we have in place for regular verifications.

**(A) Verification of Quantification Accuracy**

We have confirmed the reliability of the quantification model through a verification process from various perspectives. Specifically, we obtain a quantitative grasp of the possibilities for variation in measurement results that may arise from preconditions or assumptions made at the time the models were designed. In particular, we assess the possibilities for underestimating required capital and the possible magnitude of such underestimates. Then, in our periodic verification framework, which is described below, we make analyses of how to compensate for such underestimates. We apply our understanding of the possibilities for underestimation to the multiplier derived from back testing, and, if the accuracy of the quantification model deteriorates, we introduce a framework for making adjustments in the multiplier to avoid underestimating the amount of required capital.

**(B) Implementation of Regular Verification Process**

To confirm the appropriateness of the quantification model on a continuing basis, we conduct a regular verification process. Specifically, there are two types of verifications. One is back testing, which enables us to make a comprehensive judgment on the appropriateness of measurement results, and the other is pre-testing, in which we verify the accuracy of the quantification model prior to conducting actual measurements. In the following paragraphs, we present an explanation of these two test types.

**a. Back Testing**

In conducting back tests, we compare the estimates made by the quantification model with the maximum loss arising from business activities to verify on an ex post facto basis whether the measurement results obtained from the model are conservative enough and appropriate. When actual losses become greater than the losses estimated by the model (actual losses exceed the estimate when back tests are conducted), we apply the multiplier factor in accordance with the number of excesses in order to ensure conservativeness of quantification results.

Back testing is a well-known method for verifying comprehensively the appropriateness of VaR (statistical) models. We employ the test to obtain the maximum loss amount with the given confidence interval which the tests work effectively. By comparing the test results with the losses that actually occur, we increase the effectiveness of back testing.

**b. Pre-testing**

Pre-testing is conducted periodically, prior to use of the model for actual measurements, to verify whether the possibility of underestimation is increasing (model risk is rising), since it is possible that the multiplier used in back testing may lead to underestimation. As a result of pre-test verifications, we are able to confirm, on a continuing basis, whether the multiplier used in back testing is conservative enough or model risk is emerging.

**3. Usage of Insurance to Mitigate Risk**

SMFG had not taken measures to mitigate operational risk through insurance coverage for exposures as of March 31, 2010.

**4. Required Capital by Operational Risk Measurement Method**

March 31	Billions of yen	
	2010	2009
Advanced Measurement Approach.....	¥232.2	¥223.5
Basic Indicator Approach.....	17.2	21.6
Total.....	¥249.4	¥245.1

# Capital Ratio Information

Sumitomo Mitsui Banking Corporation and Subsidiaries

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

March 31		Millions of yen	
		2010	2009
Tier I capital:	Capital stock .....	¥ 1,770,996	¥ 664,986
	Capital surplus .....	2,709,682	1,603,672
	Retained earnings .....	668,074	448,750
	Cash dividends to be paid .....	(62,702)	(19,947)
	Unrealized losses on other securities.....	—	(60,148)
	Foreign currency translation adjustments .....	(99,481)	(120,606)
	Stock acquisition rights.....	81	66
	Minority interests .....	1,470,612	1,972,044
	Goodwill and others .....	(220,978)	(0)
	Gain on sale on securitization transactions.....	(37,453)	(42,102)
	Amount equivalent to 50% of expected losses in excess of provision.....	(21,336)	(3,207)
	Total Tier I capital (A) .....	6,177,492	4,443,507
Tier II capital:	Unrealized gains on other securities after 55% discount.....	224,106	—
	Land revaluation excess after 55% discount .....	37,033	37,211
	General reserve for possible loan losses.....	49,937	58,610
	Subordinated debt .....	2,203,415	2,303,618
Total Tier II capital .....	2,514,493	2,399,439	
Tier II capital included as qualifying capital (B) .....	2,514,493	2,399,439	
Deductions:	(C) .....	339,212	284,199
Total qualifying capital:	(D) = (A) + (B) - (C) .....	¥ 8,352,773	¥ 6,558,747
Risk-weighted assets:	On-balance sheet items .....	¥39,030,287	¥37,853,376
	Off-balance sheet items .....	7,583,421	7,364,078
	Market risk items .....	426,799	248,081
	Operational risk .....	3,032,531	2,882,871
	Amount obtained by multiplying by 12.5 the excess of the amount obtained by multiplying the old required capital by the rate prescribed by the Notification over the new required capital.....	—	83,273
Total risk-weighted assets (E).....	¥50,073,039	¥48,431,681	
Tier I risk-weighted capital ratio:	(A) / (E) × 100.....	12.33%	9.17%
Total risk-weighted capital ratio:	(D) / (E) × 100 .....	16.68%	13.54%
Required capital:	(E) × 8% .....	¥ 4,005,843	¥ 3,874,534

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

March 31		Millions of yen	
		2010	2009
Tier I capital:	Capital stock .....	¥ 1,770,996	¥ 664,986
	Capital reserve .....	1,771,043	665,033
	Other capital surplus .....	702,514	702,514
	Other retained earnings .....	705,991	501,178
	Others .....	1,244,635	813,353
	Cash dividends to be paid .....	(62,702)	(19,947)
	Unrealized losses on other securities .....	—	(52,741)
	Gain on sale on securitization transactions .....	(37,453)	(42,102)
	Amount equivalent to 50% of expected losses in excess of provision .....	(60,919)	(36,100)
	Deductions of deferred tax assets .....	—	(29,108)
	<b>Total Tier I capital (A) .....</b>	<b>6,034,105</b>	<b>3,167,065</b>
Tier II capital:	Unrealized gains on other securities after 55% discount .....	222,975	—
	Land revaluation excess after 55% discount .....	30,549	30,722
	Subordinated debt .....	2,105,726	3,171,369
	<b>Total Tier II capital .....</b>	<b>2,359,251</b>	<b>3,202,092</b>
	<b>Tier II capital included as qualifying capital (B) .....</b>	<b>2,359,251</b>	<b>3,167,065</b>
Deductions:	(C) .....	371,646	294,838
Total qualifying capital:	(D) = (A) + (B) - (C) .....	¥ 8,021,710	¥ 6,039,292
Risk-weighted assets:	On-balance sheet items .....	¥34,820,309	¥34,131,307
	Off-balance sheet items .....	6,529,273	6,518,178
	Market risk items .....	169,170	193,298
	Operational risk .....	2,351,082	2,160,664
	Amount obtained by multiplying by 12.5 the excess of the amount obtained by multiplying the old required capital by the rate prescribed by the Notification over the new required capital .....	—	572,410
	<b>Total risk-weighted assets (E) .....</b>	<b>¥43,869,835</b>	<b>¥43,575,860</b>
Tier I risk-weighted capital ratio:	(A) / (E) × 100 .....	13.75%	7.26%
Total risk-weighted capital ratio:	(D) / (E) × 100 .....	18.28%	13.85%
Required capital:	(E) × 8% .....	¥ 3,509,586	¥ 3,486,068

### ■ Board of Directors, Corporate Auditors, and Executive Officers (as of June 30, 2010)

#### BOARD OF DIRECTORS

##### Masayuki Oku

Chairman of the Board and Representative Director

##### Teisuke Kitayama

President and Representative Director

##### Wataru Ohara\*

Deputy President and Representative Director  
Audit Dept.

##### Hideo Shimada\*

Director  
IT Planning Dept.  
Director of The Japan Research Institute, Limited

##### Takeshi Kunibe\*

Director  
Subsidiaries & Affiliates Dept.,  
Corporate Planning Dept., Financial Accounting Dept.,  
Strategic Financial Planning Dept.

##### Satoru Nakanishi\*

Director  
Consumer Business Planning Dept.

##### Junsuke Fujii\*

Director  
General Affairs Dept., Human Resources Dept.

##### Koichi Miyata\*

Director  
Public Relations Dept., Corporate Planning Dept.,  
Financial Accounting Dept., Strategic Financial Planning Dept.,  
Corporate Risk Management Dept.

##### Shigeru Iwamoto

Director (outside)

##### Yoshinori Yokoyama

Director (outside)

##### Kuniaki Nomura

Director (outside)

#### CORPORATE AUDITORS

##### Hiroki Nishio

Corporate Auditor

##### Yoji Yamaguchi

Corporate Auditor

##### Hideo Sawayama

Corporate Auditor

##### Hiroshi Araki

Corporate Auditor (outside)

##### Ikuo Uno

Corporate Auditor (outside)

##### Satoshi Ito

Corporate Auditor (outside)

#### EXECUTIVE OFFICERS

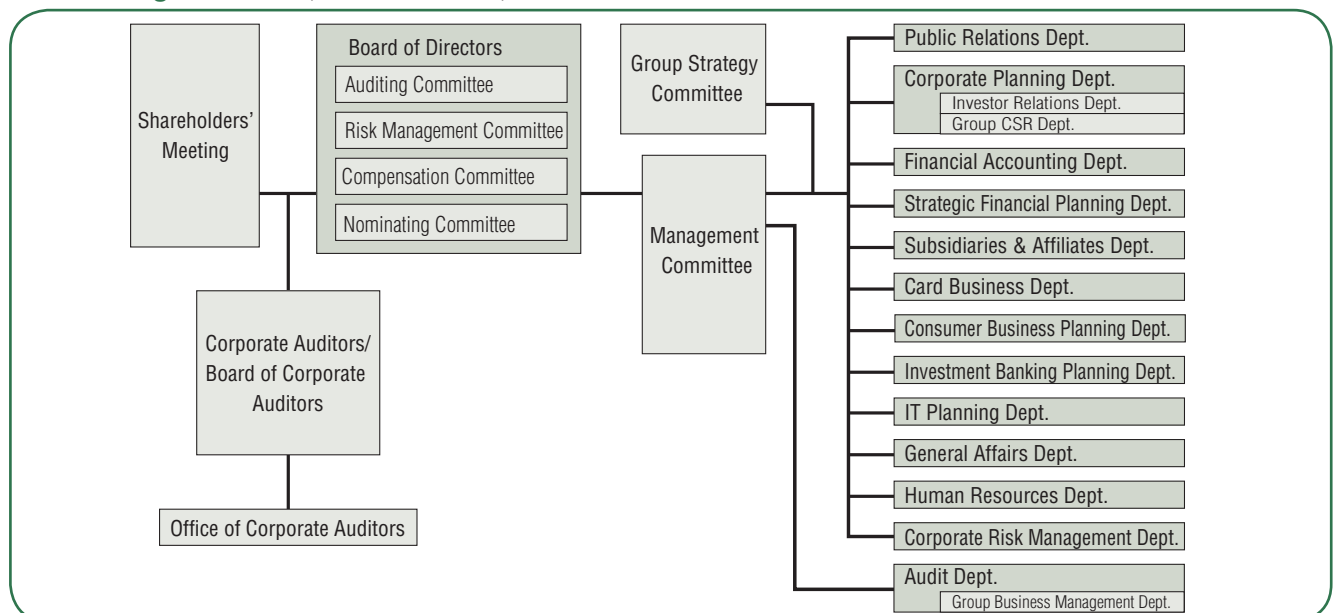
##### Tetsuya Kubo\*

Senior Managing Director  
Investment Banking Planning Dept.

##### Kazuya Jono\*

Senior Managing Director  
Card Business Dept.  
President of SMFG Card & Credit, Inc.

### ■ SMFG Organization (as of June 30, 2010)



# Sumitomo Mitsui Banking Corporation

\*1 Executive Officers

\*2 Authorized Management Committee Members

## ■ Board of Directors, Corporate Auditors, and Executive Officers (as of June 30, 2010)

### BOARD OF DIRECTORS

*Chairman of the Board*

**Teisuke Kitayama**

*President*

**Masayuki Oku**\*1

*Deputy Presidents*

**Yoshinori Kawamura**\*1 \*2

Head of Corporate Banking Unit  
Global Advisory Dept.

**Hideo Shimada**\*1 \*2

IT Planning Dept., IT Business Strategy Planning Dept., Operations Planning Dept., Operations Support Dept., Director of The Japan Research Institute, Limited

**Keiichi Ando**\*1

Located at Osaka (in charge of West Japan),  
Deputy Head of Middle Market Banking Unit (Credit Dept. II)

*Senior Managing Directors*

**Takeshi Kunibe**\*1 \*2

Public Relations Dept., Corporate Planning Dept., Financial Accounting Dept., Strategic Financial Planning Dept., Subsidiaries & Affiliates Dept.

**Tetsuya Kubo**\*1 \*2

Head of Investment Banking Unit

**Satoru Nakanishi**\*1 \*2

Head of Consumer Banking Unit

**Junsuke Fujii**\*1 \*2

Human Resources Dept., Human Resources Development Dept., Quality Management Dept., General Affairs Dept., Legal Dept., Administrative Services Dept.

**Koichi Miyata**\*1 \*2

Risk Management Unit (Corporate Risk Management Dept., Credit & Investment Planning Dept.)  
Human Resources Dept., Human Resources Development Dept.

**Kazuya Jono**\*1

Head of Private Advisory Dept.  
President of SMFG Card & Credit, Inc.

**Yoshihiko Shimizu**\*1 \*2

Head of Middle Market Banking Unit  
Corporate Advisory Division, Global Advisory Dept.

**Hiroshi Minoura**\*1 \*2

Head of International Banking Unit

*Directors (outside)*

**Shigeru Iwamoto**

**Yoshinori Yokoyama**

**Kuniaki Nomura**

### CORPORATE AUDITORS

**Hiroki Yaze**

Corporate Auditor

**Yasuyuki Hayase**

Corporate Auditor

**Hiroshi Araki**

Corporate Auditor (outside)

**Ikuo Uno**

Corporate Auditor (outside)

**Satoshi Ito**

Corporate Auditor (outside)

**Hiroki Nishio**

Corporate Auditor

### EXECUTIVE OFFICERS

*Senior Managing Director*

**Jun Mizoguchi**

Head of Europe Division  
President of Sumitomo Mitsui Banking Corporation Europe Limited

*Managing Directors*

**Koichi Minami**\*2

Corporate Research Dept., Credit Administration Dept.  
Deputy Head of Corporate Banking Unit (Credit Dept.) and Investment Banking Unit (Structured Finance Credit Dept., Trust Services Dept.)

**Koichi Danno**\*2

Internal Audit Dept., Credit Review Dept.

**Mitsunori Watanabe**

Head of Corporate Advisory Division

**Yujiro Ito**

General Affairs Dept., Legal Dept., Administrative Services Dept.

**Shuichi Kageyama**

Osaka Corporate Banking Division (Osaka Corporate Banking Depts. I, II, and III)

**Seiichiro Takahashi**\*2

Head of Treasury Unit

**Hidetoshi Furukawa**

Nagoya Corporate Banking Division (Nagoya Corporate Banking Dept.)  
Head of Nagoya Middle Market Banking Division

**Ikuhiko Morikawa**

Deputy Head of Consumer Banking Unit

**Nobuaki Kurumatani**

Public Relations Dept., Corporate Planning Dept.

**Katsunori Okubo**

Deputy Head of International Banking Unit, Middle Market Banking Unit, Corporate Banking Unit  
Global Advisory Dept.  
Chairman of Sumitomo Mitsui Banking Corporation (China) Limited

**Ryosuke Harada**

Deputy Head of Middle Market Banking Unit (Credit Dept. I)

**Hiroyuki Iwami**

(Managing Director without portfolio)

**Yuichiro Ueda**

Tokyo Corporate Banking Division (Tokyo Corporate Banking Depts. III, IV, and VI)



**Shusuke Kurose**

Deputy Head of Middle Market Banking Unit (in charge of East Japan)

**Masaki Tachibana**

Head of Americas Division

**Toru Nagamoto**

Deputy Head of Middle Market Banking Unit (in charge of East Japan)

**Kohei Hirota**

Deputy Head of Middle Market Banking Unit (in charge of West Japan)

**Yoshimi Miura**

Tokyo Corporate Banking Division (Tokyo Corporate Banking Depts. I, II, and V)

**Masahiro Fuchizaki**

IT Planning Dept., IT Business Strategy Planning Dept., Operations Planning Dept., Operations Support Dept.

*Directors***Toshimi Tagata**

General Manager, Real Estate Finance Dept.

**William M. Ginn**

General Manager, Corporate Banking Dept.-II, Americas Division and Specialized Finance Dept., Americas Division  
Chairman of SMBC Leasing and Finance, Inc.

**Ichiro Onishi**

Deputy Head of Consumer Banking Unit

**Kazunori Okuyama**

Vice Chairman and President of Sumitomo Mitsui Banking Corporation (China) Limited

**Atsuhiko Inoue**

Deputy Head of Corporate Advisory Division

**Shogo Sekimoto**

General Manager, Tokyo Corporate Banking Dept. I

**Toshiyuki Teramoto**

General Manager, Credit Dept. I, Middle Market Banking Unit

**Manabu Narita**

General Manager, Planning Dept., Corporate Banking Unit & Middle Market Banking Unit

**Chan Chi Keung, Chris**

General Manager, Corporate Banking Dept., Greater China

**Shinichi Hayashida**

Deputy Head of International Banking Unit

**Shunso Matsuda**

Head of Tokyo Toshin Middle Market Banking Division and Saitama Ikebukuro Middle Market Banking Division

**Tadashi Matsushashi**

Head of Tokyo Higashi Middle Market Banking Division

**Etsutaka Inoue**

Head of Osaka Minami Middle Market Banking Division

**Katsuhiko Kanabe**

General Manager, IT Planning Dept.

**Hisaya Kuroyanagi**

Head of Shibuya Middle Market Banking Division and Yokohama Middle Market Banking Division

**Yasushi Sakai**

General Manager, Financial Accounting Dept.

**Hiroshi Mishima**

General Manager, Planning Dept., Treasury Unit

**Jun Ota**

General Manager, Planning Dept., Investment Banking Unit

**Yasuyuki Kawasaki**

General Manager, Planning Dept., International Banking Unit

**Fumiaki Kurahara**

General Manager, Structured Finance Dept.

**Makoto Takashima**

General Manager, Corporate Planning Dept.

**Ryoji Yukino**

General Manager, Planning Dept., Consumer Banking Unit

**Kunio Yokoyama**

Head of Shinjuku Middle Market Banking Division

**Shigeru Sadakari**

General Manager, Internal Audit Dept.

**Hiroaki Hattori**

Head of Kobe Middle Market Banking Division

**Kiyoshi Miura**

Head of Osaka Kita Middle Market Banking Division

**Masaki Ashibe**

General Manager, Credit Dept. II, Middle Market Banking Unit

**Seiichi Ueno**

General Manager, Credit Dept., Corporate Banking Unit

**Kozo Ogino**

General Manager, Tokyo Corporate Banking Dept. IV

**Hiromitsu Kawagoe**

Deputy Head of Corporate Advisory Division

**Masahiro Nakagawa**

General Manager, Real Estate Corporate Business Office

**Hiroichi Fukuda**

General Manager, Electronic Commerce Banking Dept.

**Hitoshi Ishii**

General Manager, Marunouchi Corporate Business Office

**Koji Kimura**

General Manager, Corporate Risk Management Dept.

**Atsushi Kuroda**

General Manager, Tokyo Corporate Banking Dept. V

**Seiji Sato**

General Manager, Tokyo Corporate Banking Dept. III

**Masayuki Shimura**

Head of Asia Pacific Division

**Katsunori Tanizaki**

General Manager, International Treasury Dept.

**Tomohiro Nishikawa**

Head of Kyoto Hokuriku Middle Market Banking Unit and General Manager, Kyoto Corporate Business Office-I

**Takafumi Yamahiro**

General Manager, Operations Planning Dept.

■ **Internal Audit Unit**

Internal Audit Dept.
Credit Review Dept.

■ **Corporate Staff Unit**

Public Relations Dept.
Corporate Planning Dept.
Financial Research Dept.
CSR Dept.
Financial Accounting Dept.
Equity Portfolio Management Dept.
Strategic Financial Planning Dept.
Subsidiaries & Affiliates Dept.
IT Planning Dept.
IT Business Strategy Planning Dept.
Human Resources Dept.
Training Institute
Counseling Dept.
Diversity and Inclusion Dept.
Human Resources Development Dept.
Quality Management Dept.
Customer Relations Dept.

■ **Consumer Banking Unit**

■ **Middle Market Banking Unit**

■ **Corporate Banking Unit**

■ **International Banking Unit**

■ **Risk Management Unit**

Corporate Risk Management Dept.
Operational Risk Management Dept.
Risk Management Systems Dept.
Credit & Investment Planning Dept.
Credit Portfolio Management Dept.

■ **Treasury Unit**

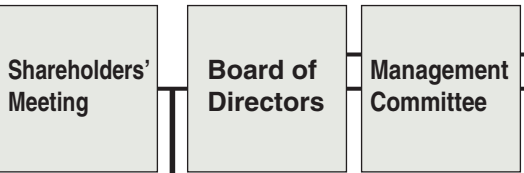
■ **Compliance Unit**

General Affairs Dept.
Antimonopoly Law Monitoring Dept.
Financial Products Compliance Dept.
Financial Crime Prevention Dept.
International Compliance Dept.
Legal Dept.

■ **Investment Banking Unit**

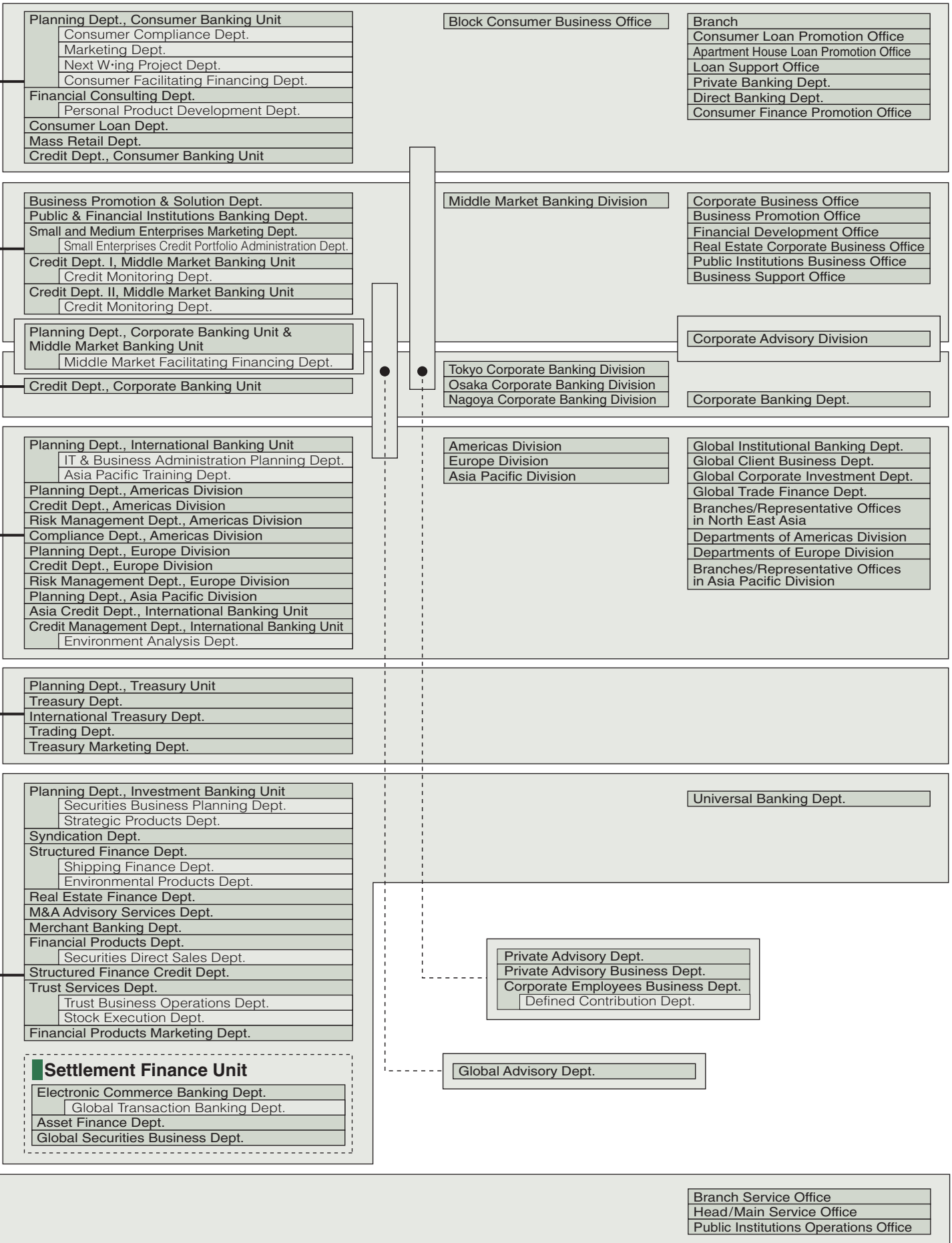
■ **Corporate Services Unit**

Administrative Services Dept.
Secretariat
Operations Planning Dept.
Operations Support Dept.
Corporate Research Dept.
Credit Administration Dept.
Credit Business Dept.



**Corporate Auditors/  
Board of Corporate Auditors**

Office of Corporate Auditors



## Principal Subsidiaries and Affiliates (as of March 31, 2010)

All companies shown hereunder are consolidated subsidiaries or affiliates of Sumitomo Mitsui Financial Group, Inc. Those printed in green ink are consolidated subsidiaries or affiliates of Sumitomo Mitsui Banking Corporation.

### ■ Principal Domestic Subsidiaries

Company Name	Issued Capital (Millions of Yen)	Percentage of SMFG's Voting Rights (%)	Percentage of SMBC's Voting Rights (%)	Established	Main Business
Sumitomo Mitsui Banking Corporation	1,770,996	100	—	Jun. 6, 1996	Commercial banking
Sumitomo Mitsui Card Company, Limited	34,000	0 (65.99)	—	Dec. 26, 1967	Credit card services
Sumitomo Mitsui Finance and Leasing Company, Limited	15,000	60	—	Feb. 4, 1963	Leasing
The Japan Research Institute, Limited	10,000	100	—	Nov. 1, 2002	System engineering, data processing, management consulting, and economic research
SMBC Friend Securities Co., Ltd.	27,270	100	—	Mar. 2, 1948	Securities
SMFG Card & Credit, Inc.	100	100	—	Oct. 1, 2008	Business management
Nikko Cordial Securities Inc.	10,000	0 (100)	100	Jun. 15, 2009	Securities
SAKURA CARD CO., LTD.	7,438	0 (95.74)	85.14 (10.59)	Feb. 23, 1983	Credit card services
ORIX CREDIT CORPORATION	22,170	0 (50.99)	50.99	Jun. 21, 1979	Consumer loans
SMM Auto Finance, Inc.	7,700	0 (56)	41	Sep. 17, 1993	Automotive financing
The Japan Net Bank, Limited	37,250	0 (59.70)	59.70	Sep. 19, 2000	Commercial banking
SMBC Loan Business Planning Co., Ltd.	100,010	0 (100)	100	Apr. 1, 2004	Management support services
SMBC Loan Adviser Co., Ltd.	10	0 (100)	0 (100)	Apr. 1, 1998	Consulting and agency services for consumer loans
SMBC Guarantee Co., Ltd.	187,720	0 (100)	0 (100)	Jul. 14, 1976	Credit guarantee
SMBC Finance Business Planning Co., Ltd.	10	0 (100)	100	Apr. 1, 2004	Management support services
SMBC Finance Service Co., Ltd.	71,705	0 (100)	0 (100)	Dec. 5, 1972	Loans, collecting agent and factoring
SMBC Business Support Co., Ltd.	10	0 (100)	0 (100)	Jul. 1, 2004	Clerical work outsourcer
Financial Link Co., Ltd.	160	0 (100)	0 (100)	Sep. 29, 2000	Data processing service and e-trading consulting
SMBC Consulting Co., Ltd.	1,100	0 (100)	50 (25)	May 1, 1981	Management consulting and seminar organizer
SMBC Support & Solution Co., Ltd.	10	0 (100)	100	Apr. 1, 1996	Help desk and system support
SMBC Servicer Co., Ltd.	1,000	0 (100)	100	Mar. 11, 1999	Servicer
SAKURA KCS Corporation	2,054	0 (50.21)	27.53 (5.00)	Mar. 29, 1969	System engineering and data processing
THE MINATO BANK, LTD.	27,484	0 (46.44)	45.10 (1.33)	Sep. 6, 1949	Commercial banking
Kansai Urban Banking Corporation	47,039	0 (60.24)	49.43 (0.35)	Jul. 1, 1922	Commercial banking
SMBC Staff Service Co., Ltd.	90	0 (100)	100	Jul. 15, 1982	Temporary manpower service
SMBC Learning Support Co., Ltd.	10	0 (100)	100	May 27, 1998	Seminar organizer
SMBC PERSONNEL SUPPORT CO., LTD.	10	0 (100)	100	Apr. 15, 2002	Banking clerical work
SMBC Center Service Co., Ltd.	100	0 (100)	100	Oct. 16, 1995	Banking clerical work
SMBC Delivery Service Co., Ltd.	30	0 (100)	100	Jan. 31, 1996	Banking clerical work
SMBC Green Service Co., Ltd.	30	0 (100)	100	Mar. 15, 1990	Banking clerical work
SMBC International Business Co., Ltd.	20	0 (100)	100	Sep. 28, 1983	Banking clerical work
SMBC International Operations Co., Ltd.	40	0 (100)	100	Dec. 21, 1994	Banking clerical work
SMBC Loan Business Service Co., Ltd.	70	0 (100)	100	Sep. 24, 1976	Banking clerical work
SMBC Principal Finance Co., Ltd.	100	0 (100)	100	Mar. 8, 2010	Investments for corporate revitalization and other related investments
SMBC Market Service Co., Ltd.	10	0 (100)	100	Feb. 3, 2003	Banking clerical work
SMBC Loan Administration and Operations Service Co., Ltd.	10	0 (100)	100	Feb. 3, 2003	Banking clerical work
SMBC Property Research Service Co., Ltd.	30	0 (100)	100	Feb. 1, 1984	Banking clerical work
Japan Pension Navigator Co., Ltd.	1,600	0 (69.71)	69.71	Sep. 21, 2000	Defined contribution plan administrator
SMBC Electronic Monetary Claims Recording Co., Ltd.	500	0 (100)	100	Apr. 16, 2009	Electronic monetary claims recording
SMBC Barclays Wealth Service Co., Ltd.*1	30	0 (100)	100	Mar. 1, 2010	Provision and translation of business tools and research information

Note: Figures in parentheses ( ) in the voting rights columns indicate voting rights held indirectly via subsidiaries and affiliates.

\*1 SMFG and SMBC's voting rights in SMBC Barclays Wealth Service Co., Ltd. has been at 50.1% since July 1, 2010.

## ■ Principal Overseas Subsidiaries

Company Name	Country	Issued Capital	Percentage of SMFG's Voting Rights (%)	Percentage of SMBC's Voting Rights (%)	Established	Main Business
Sumitomo Mitsui Banking Corporation Europe Limited	U.K.	US\$1,600 million	0 (100)	100	Mar. 5, 2003	Commercial banking
Sumitomo Mitsui Banking Corporation (China) Limited	China	CNY7.0 billion	0 (100)	100	Apr. 27, 2009	Commercial banking
Manufacturers Bank	U.S.A.	US\$80.786 million	0 (100)	100	Jun. 26, 1962	Commercial banking
Sumitomo Mitsui Banking Corporation of Canada	Canada	C\$169 million	0 (100)	100	Apr. 1, 2001	Commercial banking
Banco Sumitomo Mitsui Brasileiro S.A.	Brazil	R\$409.357 million	0 (100)	100	Oct. 6, 1958	Commercial banking
ZAO Sumitomo Mitsui Rus Bank	Russia	RUB1.6 billion	0 (100)	99	May. 8, 2009	Commercial banking
PT Bank Sumitomo Mitsui Indonesia	Indonesia	Rp1,502.4 billion	0 (99)	99	Aug. 22, 1989	Commercial banking
SMBC Leasing and Finance, Inc.	U.S.A.	US\$1,620	0 (100)	89.69 (7.69)	Nov. 9, 1990	Leasing, investments
SMBC Capital Markets, Inc.	U.S.A.	US\$100	0 (100)	90 (10)	Dec. 4, 1986	Derivatives and investments
SMBC Securities, Inc.	U.S.A.	US\$100	0 (100)	90 (10)	Aug. 8, 1990	Securities, investments
SMBC Financial Services, Inc.	U.S.A.	US\$3 million	0 (100)	100	Aug. 8, 1990	Investments, investment advisor
SMBC Cayman LC Limited* <sup>2</sup>	Cayman Islands	US\$500	0 (100)	100	Feb. 7, 2003	Credit guarantee, bond investment
Sumitomo Finance (Asia) Limited	Cayman Islands	US\$35 million	0 (100)	100	Sep. 26, 1973	Investments
SBTC, Inc.	U.S.A.	US\$50 million	0 (100)	100	Jan. 26, 1998	Investments
SB Treasury Company L.L.C.	U.S.A.	US\$470 million	0 (100)	0 (100)	Jan. 26, 1998	Loans
SB Equity Securities (Cayman), Limited	Cayman Islands	¥25,000 million	0 (100)	100	Dec. 15, 1998	Finance
SFVI Limited	British Virgin Islands	US\$300	0 (100)	100	Jul. 30, 1997	Investments
Sakura Finance (Cayman) Limited	Cayman Islands	US\$100,000	0 (100)	100	Feb. 11, 1991	Finance
Sakura Preferred Capital (Cayman) Limited	Cayman Islands	¥10 million	0 (100)	100	Nov. 12, 1998	Finance
SMBC International Finance N.V.	Netherlands Antilles	US\$200,000	0 (100)	100	Jun. 25, 1990	Finance
SMBC Leasing Investment LLC	U.S.A.	US\$236.494 million	0 (100)	0 (100)	Apr. 7, 2003	Investments in leasing
SMBC Capital Partners LLC	U.S.A.	US\$10,000	0 (100)	100	Dec. 18, 2003	Holding and trading securities
SMBC MVI SPC	Cayman Islands	US\$195 million	0 (100)	100	Sep. 9, 2004	Loans, buying/selling of monetary claims
SMBC DIP Limited	Cayman Islands	US\$8 million	0 (100)	100	Mar. 16, 2005	Loans, buying/selling of monetary claims
SMBC Capital Markets Limited	U.K.	US\$797 million	0 (100)	100	Mar. 13, 1990	Derivatives and investments
SMBC Derivative Products Limited	U.K.	US\$300 million	0 (100)	0 (100)	Apr. 18, 1995	Derivatives and investments
SMBC Capital India Private Limited	India	Rs400 million	0 (100)	99.99 (0.00)	Apr. 3, 2008	Advisory services
Sumitomo Mitsui Finance Dublin Limited	Ireland	US\$18 million	0 (100)	100	Sep. 19, 1989	Finance
Sakura Finance Asia Limited	Hong Kong	US\$65.5 million	0 (100)	100	Oct. 17, 1977	Investments
Sumitomo Mitsui Finance Australia Limited	Australia	A\$156.5 million	0 (100)	100	Jun. 29, 1984	Investments
SMFG Preferred Capital USD 1 Limited	Cayman Islands	US\$649.491 million	100	—	Nov. 28, 2006	Finance

\*<sup>2</sup> SMBC Cayman LC Limited, like other subsidiaries of SMBC, is a separate corporate entity with its own separate creditors and the claims of such creditors are prior to the claims of SMBC, as the direct or indirect holder of the equity in such subsidiary.

Company Name	Country	Issued Capital	Percentage of SMFG's Voting Rights (%)	Percentage of SMBC's Voting Rights (%)	Established	Main Business
SMFG Preferred Capital GBP 1 Limited	Cayman Islands	£73.676 million	100	—	Nov. 28, 2006	Finance
SMFG Preferred Capital USD 2 Limited	Cayman Islands	US\$1,800 million	100	—	Oct. 25, 2007	Finance
SMFG Preferred Capital GBP 2 Limited	Cayman Islands	£250 million	100	—	Oct. 25, 2007	Finance
SMFG Preferred Capital JPY 1 Limited	Cayman Islands	¥135,000 million	100	—	Jan. 11, 2008	Finance
SMFG Preferred Capital USD 3 Limited	Cayman Islands	US\$1,350 million	100	—	Jul. 8, 2008	Finance
SMFG Preferred Capital JPY 2 Limited	Cayman Islands	¥698,900 million	100	—	Nov. 3, 2008	Finance
SMFG Preferred Capital JPY 3 Limited	Cayman Islands	¥392,900 million	100	—	Aug. 12, 2009	Finance
SMBC Preferred Capital USD 1 Limited	Cayman Islands	US\$663.141 million	0 (100)	100	Nov. 28, 2006	Finance
SMBC Preferred Capital GBP 1 Limited	Cayman Islands	£78.576 million	0 (100)	100	Nov. 28, 2006	Finance
SMBC Preferred Capital USD 2 Limited	Cayman Islands	US\$1,811 million	0 (100)	100	Oct. 25, 2007	Finance
SMBC Preferred Capital GBP 2 Limited	Cayman Islands	£251.5 million	0 (100)	100	Oct. 25, 2007	Finance
SMBC Preferred Capital JPY 1 Limited	Cayman Islands	¥137,000 million	0 (100)	100	Jan. 11, 2008	Finance
SMBC Preferred Capital USD 3 Limited	Cayman Islands	US\$1,358 million	0 (100)	100	Jul. 8, 2008	Finance
SMBC Preferred Capital JPY 2 Limited	Cayman Islands	¥706,500 million	0 (100)	100	Nov. 19, 2008	Finance

## ■ Principal Affiliates

Company Name	Issued Capital (Millions of Yen)	Percentage of SMFG's Voting Rights (%)	Percentage of SMBC's Voting Rights (%)	Established	Main Business
Daiwa SMBC Capital Co., Ltd.*1	18,767	0 (40)	40	Oct. 20, 1983	Venture capital
Daiwa Securities SMBC Principal Investments Co., Ltd.	500	0 (40)	40	Feb. 1, 2010	Investments, fund management
Daiwa SB Investments Ltd.	2,000	43.96	—	Apr. 1, 1999	Investment advisory and investment trust management
Sumitomo Mitsui Asset Management Company, Limited	2,000	0 (27.5)	27.5	Dec. 1, 2002	Investment advisory and investment trust management
JSOL CORPORATION	5,000	0 (50)	—	Jul. 3, 2006	System engineering and data processing
Sakura Information Systems Co., Ltd.	600	0 (49)	49	Nov. 29, 1972	System engineering and data processing
Vietnam Export Import Commercial Joint Stock Bank	VND12,526.947 billion	0 (15.06)	15.06	May 24, 1989	Commercial banking
Promise Co., Ltd.	80,737	0 (22.02)	22.02	Mar. 20, 1962	Consumer loans
At-Loan Co., Ltd.	10,912	0 (100)	49.99 (50.00)	Jun. 8, 2000	Consumer loans
SANYO SHINPAN FINANCE CO., LTD.	16,268	0 (100)	0 (100)	Nov. 22, 1946	Consumer loans
POCKET CARD CO., LTD.	11,268	0 (47.01)	4.99 (42.01)	May 25, 1982	Credit card services
Cedyna Financial Corporation*2	57,843	0 (48.58)	—	Sep. 11, 1950	Credit card and installment services
Sumitomo Mitsui Auto Service Company, Limited	6,950	39.99	—	Feb. 21, 1981	Leasing

\*1 Daiwa SMBC Capital Co., Ltd. is no longer an affiliate of Sumitomo Mitsui Financial Group or Sumitomo Mitsui Banking Corporation as of July 1, 2010, due to dissolution of the venture capital joint venture with Daiwa Securities Group Inc.

\*2 Cedyna Financial Corporation became a consolidated subsidiary, on May 31, 2010.

## International Directory (as of June 30, 2010)

### Asia and Oceania

#### SMBC Branches and Representative Offices

##### Hong Kong Branch

7th & 8th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong Special Administrative Region, The People's Republic of China  
Tel: 852 (2206) 2000  
Fax: 852 (2206) 2888

##### Shanghai Branch

11F, Shanghai World Financial Center, 100 Century Avenue, Pudong New Area, Shanghai 200120, The People's Republic of China  
Tel: 86 (21) 3860-9000  
Fax: 86 (21) 3860-9999

##### Dalian Representative Office

Senmao Building 9F, 147 Zhongshan Lu, Dalian 116011, The People's Republic of China  
Tel: 86 (411) 8370-7873  
Fax: 86 (411) 8370-7761

##### Chongqing Representative Office

27F, Metropolitan Tower, 68 Zourong Road, Yuzhong District, Chongqing 400010, The People's Republic of China  
Tel: 86 (23) 6280-3394  
Fax: 86 (23) 6280-3748

##### Shenyang Representative Office

Room No. 606, Gloria Plaza Hotel Shenyang, No. 32 Yingbin Street, Shenhe District, Shenyang 110013, The People's Republic of China  
Tel: 86 (24) 2252-8310  
Fax: 86 (24) 2252-8769

(\*) Shenyang Representative Office is closed on August 13, 2010.

##### Taipei Branch

3F, Walsin Lihwa Xinyi Building, No. 1 Songzhi Road, Xinyi District, Taipei 110, Taiwan  
Tel: 886-2-2720-8100  
Fax: 886-2-2720-8287

##### Seoul Branch

Young Poong Bldg. 7F, 33, Seorin-dong, Jongno-gu, Seoul, 110-752, Korea  
Tel: 82-2-732-1801  
Fax: 82-2-399-6330

##### Singapore Branch

3 Temasek Avenue #06-01, Centennial Tower, Singapore 039190, The Republic of Singapore  
Tel: 65-6882-0001  
Fax: 65-6887-0330

##### Labuan Branch

Level 12 (B&C), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Labuan, Federal Territory, Malaysia  
Tel: 60 (87) 410955  
Fax: 60 (87) 410959

##### Labuan Branch Kuala Lumpur Marketing Office

Letter Box No. 25, 29th Floor, UBN Tower, 10, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia  
Tel: 60 (3) 2026-8392  
Fax: 60 (3) 2026-8395

##### Kuala Lumpur Representative Office

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##### Ho Chi Minh City Branch

9th Floor, The Landmark, 5B Ton Duc Thang Street, District 1, Ho Chi Minh City, Vietnam  
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Fax: 84 (8) 3822-7762

##### Hanoi Branch

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Tel: 84 (4) 3946-1100  
Fax: 84 (4) 3946-1133

##### Yangon Representative Office

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Fax: 95 (1) 381227

##### Bangkok Branch

8th-10th Floor, Q.House Lumpini Building, 1 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand  
Tel: 66 (2) 353-8000  
Fax: 66 (2) 353-8282

##### Manila Representative Office

20th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, Metro Manila, The Philippines  
Tel: 63 (2) 841-0098/9  
Fax: 63 (2) 811-0877

##### Sydney Branch

Level 35, The Chifley Tower, 2 Chifley Square, Sydney, NSW 2000, Australia  
Tel: 61 (2) 9376-1800  
Fax: 61 (2) 9376-1863

SMBC Principal Subsidiaries/  
Affiliates  
SMFG Network

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**Sumitomo Mitsui Banking Corporation (China) Limited Head Office (Shanghai)**

11F, Shanghai World Financial Center, 100 Century Avenue, Pudong New Area, Shanghai 200120, The People's Republic of China  
Tel: 86 (21) 3860-9000  
Fax: 86 (21) 3860-9999

**Sumitomo Mitsui Banking Corporation (China) Limited Shanghai Puxi Sub-Branch**

1, 12, 13, 12F, Maxdo Center, 8 Xingyi Road, Changning District, Shanghai, The People's Republic of China  
Tel: 86 (21) 2219-8000  
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(\*) opened on July 5, 2010

**Sumitomo Mitsui Banking Corporation (China) Limited Beijing Branch**

Unit1601, 16F, North Tower, Beijing Kerry Centre, No.1, Guang Hua Road, Chao Yang District, Beijing 100020, The People's Republic of China  
Tel: 86 (10) 5920-4500  
Fax: 86 (10) 5915-1080

**Sumitomo Mitsui Banking Corporation (China) Limited Tianjin Branch**

12F, The Exchange Tower 2, 189 Nanjing Road, Heping District, Tianjin 300051, The People's Republic of China  
Tel: 86 (22) 2330-6677  
Fax: 86 (22) 2319-2111

**Sumitomo Mitsui Banking Corporation (China) Limited Tianjin Binhai Sub-Branch**

8F, E2B, Binhai Financial Street, No. 20, Guangchang East Road, TEDA, Tianjin 300457, The People's Republic of China  
Tel: 86 (22) 6622-6677  
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**Sumitomo Mitsui Banking Corporation (China) Limited Guangzhou Branch**

12F, International Finance Place, No.8 Huaxia Road, Tianhe District, Guangzhou 510623, The People's Republic of China  
Tel: 86 (20) 3819-1888  
Fax: 86 (20) 3810-2028

**Sumitomo Mitsui Banking Corporation (China) Limited Suzhou Branch**

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Fax: 86 (512) 6825-6121

**Sumitomo Mitsui Banking Corporation (China) Limited Suzhou Industrial Park Sub-Branch**

16F, International Building, No. 2, Suhua Road, Suzhou Industrial Park, Jiangsu Province 215021, The People's Republic of China  
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**Sumitomo Mitsui Banking Corporation (China) Limited Hangzhou Branch**

23F, Golden Plaza, No.118, Qing Chun Road, Xia Cheng District, Hangzhou, Zhejiang 310003, The People's Republic of China  
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Fax: 86 (571) 2889-6699

**Sumitomo Mitsui Banking Corporation (China) Limited Shenyang Branch**

1501, E Building, Shenyang Fortune Plaza, 59 Beizhan Road, Shenhe District, Shenyang, 110013 The People's Republic of China  
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**PT Bank Sumitomo Mitsui Indonesia**

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Fax: 62 (21) 522-7022

**Sumitomo Mitsui Finance Australia Limited**

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Fax: 61 (2) 9376-1863

**SMBC Capital Markets Limited Hong Kong Branch**

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Tel: 852-2532-8500  
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**SMBC Metro Investment Corporation**

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Tel: 63-2-8110845  
Fax: 63-2-8110876

**Vietnam Export Import Commercial Joint Stock Bank**

7 Le Thi Hong Gam Street, Nguyen Thai Binh Ward, District 1, Ho Chi Minh City, Vietnam  
Tel: 84 (8) 3821-0055  
Fax: 84 (8) 3829-6063

**SBCS Co., Ltd.**

10th Floor, Q. House Lumpini Building, No.1 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120 Thailand  
Tel: 66 (2) 677-7270~5  
Fax: 66 (2) 677-7279



**BSL Leasing Co., Ltd.**

19th Floor, Sathorn City Tower,  
175 South Sathorn Road,  
Thungmahamek, Sathorn,  
Bangkok, 10120 Thailand  
Tel: 66 (2) 670-4700  
Fax: 66 (2) 679-6160

**SMBC Capital India Private Limited**

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**The Japan Research Institute  
(Shanghai) Solution Co., Ltd.**

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Pudong New Area,  
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Tel: 86 (21) 6841-2788  
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(\*) relocated on July 19, 2010

**The Japan Research Institute  
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(\*) relocated on July 19, 2010

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**SMFL Leasing (Thailand) Co., Ltd.**

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Fax: 66 (2) 677-7413

**Sumitomo Mitsui Finance and  
Leasing (China) Co., Ltd.**

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Guangzhou, 510620  
The People's Republic of China  
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Fax: 86 (20) 8755-0422

**Sumitomo Mitsui Finance and  
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Luwan District, Shanghai, 200021  
The People's Republic of China  
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Fax: 60 (3) 2026-2627

**PT. SMFL Leasing Indonesia**

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Selatan 12190, Indonesia  
Tel: 62 (21) 520-2083  
Fax: 62 (21) 520-2088

**Sumitomo Mitsui Auto Leasing &  
Service (Thailand) Co., Ltd.**

161, Nuntawan Building, 10th Floor,  
Rajdamri Road,  
Khwaeng Lumpinee,  
Khet Pathumwan,  
Bangkok Metropolis, Thailand  
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Fax: 66-2255-3130

**PROMISE (HONG KONG) CO., LTD.**

14th Floor, Luk Kwok Centre, 72  
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Fax: 852 (2528) 5472

**PROMISE (THAILAND) CO., LTD.**

15th Floor, Capital Tower, All  
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Lumpini, Phatumwan, Bangkok  
10330 Thailand  
Tel: 66 (2) 655-8574  
Fax: 66 (2) 655-8170

**PROMISE (SHENZHEN) CO., LTD.**

Room 911-912, Ying Long  
Development Center, Shennan  
Road 6025, Fu Tian District,  
Shenzhen 518040, The People's  
Republic of China  
Tel: 86 (755) 2396-6200  
Fax: 86 (755) 2396-6379

## The Americas

### SMBC Branches and Representative Offices

#### New York Branch

277 Park Avenue, New York,  
NY 10172, U.S.A.  
Tel: 1 (212) 224-4000  
Fax: 1 (212) 593-9522

#### Cayman Branch

P.O. Box 694, Edward Street,  
George Town, Grand Cayman,  
Cayman Islands

#### Los Angeles Branch

601 South Figueroa Street,  
Suite 1800, Los Angeles,  
CA 90017, U.S.A.  
Tel: 1 (213) 452-7800  
Fax: 1 (213) 623-6832

#### San Francisco Branch

555 California Street, Suite 3350,  
San Francisco, CA 94104, U.S.A.  
Tel: 1 (415) 616-3000  
Fax: 1 (415) 397-1475

#### Houston Representative Office

Two Allen Center, 1200 Smith  
Street, Suite 1140 Houston, Texas  
77002, U.S.A.  
Tel: 1 (713) 277-3500  
Fax: 1 (713) 277-3555

#### Mexico City Representative Office

Torre Altiva Boulevard Manuel  
Avila Camacho 138 Piso 2, Loc. B  
Lomas de Chapultepec, 11000  
Mexico, D.F.  
Tel: 52 (55) 2623-0200  
Fax: 52 (55) 2623-1375

### SMBC Principal Subsidiaries/ Affiliates SMFG Network

#### Manufacturers Bank

515 South Figueroa Street,  
Los Angeles, CA 90071, U.S.A.  
Tel: 1 (213) 489-6200  
Fax: 1 (213) 489-6254

#### Sumitomo Mitsui Banking Corporation of Canada

Ernst & Young Tower, Suite 1400,  
P.O. Box 172, Toronto Dominion  
Centre, Toronto, Ontario M5K  
1H6, Canada  
Tel: 1 (416) 368-4766  
Fax: 1 (416) 367-3565

#### Banco Sumitomo Mitsui Brasileiro S.A.

Avenida Paulista, 37-11 e 12  
andar, Sao Paulo-SP-CEP 01311-  
902, Brazil  
Tel: 55 (11) 3178-8000  
Fax: 55 (11) 3289-1668

#### SMBC Capital Markets, Inc.

277 Park Avenue, New York,  
NY 10172, U.S.A.  
Tel: 1 (212) 224-5100  
Fax: 1 (212) 224-5181

#### SMBC Leasing and Finance, Inc.

277 Park Avenue, New York,  
NY 10172, U.S.A.  
Tel: 1 (212) 224-5200  
Fax: 1 (212) 224-5222

#### SMBC Securities, Inc.

277 Park Avenue, New York,  
NY 10172, U.S.A.  
Tel: 1 (212) 224-5300  
Fax: 1 (212) 224-5333

#### JRI America, Inc.

277 Park Avenue, New York,  
NY 10172, U.S.A.  
Tel: 1 (212) 224-4200  
Fax: 1 (212) 224-4611

## Europe, Middle-East and Africa

### SMBC Branches and Representative Offices

#### Düsseldorf Branch

Prinzenallee 7, 40549 Düsseldorf,  
Federal Republic of Germany  
Tel: 49 (211) 36190  
Fax: 49 (211) 3619236

#### Brussels Branch

Avenue des Arts, 58, Bte. 18,  
1000 Brussels, Belgium  
Tel: 32 (2) 551-5000  
Fax: 32 (2) 513-4100

#### Dubai Branch

Building One, 5th Floor, Gate  
Precinct, Dubai International  
Financial Centre, PO Box 506559  
Dubai, United Arab Emirates  
Tel: 971 (4) 428-8000  
Fax: 971 (4) 428-8001

#### Madrid Representative Office

Villanueva, 12-1. B, 28001 Madrid,  
Spain  
Tel: 34 (91) 576-6196  
Fax: 34 (91) 577-7525

#### SMBC Amsterdam Representative Office

Strawinskylaan 1733 Toren D-12,  
1077XX Amsterdam, The  
Netherlands  
Tel: 31 (20) 718-3888  
Fax: 31 (20) 718-3889

#### Prague Representative Office

International Business Centre,  
Pobrezni 3, 186 00 Prague 8,  
Czech Republic  
Tel: 420-224-832-911  
Fax: 420-224-832-933

### **Bahrain Representative Office**

No. 406 & 407 (Entrance 3, 4th Floor) Manama Centre,  
Government Road, Manama,  
State of Bahrain  
Tel: 973-17223211  
Fax: 973-17224424

### **Tehran Representative Office**

4th Floor, 80 Nezami Gangavi  
Street, Vali-e-Asr Avenue, Tehran  
14348, Islamic Republic of Iran  
Tel: 98 (21) 8879-4586/4569  
Fax: 98 (21) 8820-6523

### **Doha QFC Office**

Office 1901, 19th Floor, Qatar  
Financial Centre Tower,  
Diplomatic Area-West bay, Doha,  
Qatar, P.O. Box 23769  
Tel: 974-4496-7572  
Fax: 974-4496-7576

### **Cairo Representative Office**

Flat No. 6 of the 14th Fl., 3 Ibn  
Kasir Street, Cornish El Nile, Giza,  
Arab Republic of Egypt  
Tel: 20 (2) 3761-7657  
Fax: 20 (2) 3761-7658

### **Johannesburg Representative Office**

Building Four, First Floor,  
Commerce Square,  
39 Rivonia Road, Sandhurst,  
Sandton 2196, South Africa  
Tel: 27 (11) 502-1780  
Fax: 27 (11) 502-1790

### **SMBC Principal Subsidiaries/ Affiliates SMFG Network**

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#### **Sumitomo Mitsui Banking Corporation Europe Limited Head Office**

99 Queen Victoria Street, London  
EC4V 4EH, U.K.  
Tel: 44 (20) 7786-1000  
Fax: 44 (20) 7236-0049

#### **Sumitomo Mitsui Banking Corporation Europe Limited Paris Branch**

20, Rue de la Ville l'Evêque,  
75008 Paris, France  
Tel: 33 (1) 44 (71) 40-00  
Fax: 33 (1) 44 (71) 40-50

#### **Sumitomo Mitsui Banking Corporation Europe Limited Milan Branch**

Via della Spiga 30/ Via Senato 25,  
20121 Milan, Italy  
Tel: 39 (02) 7636-1700  
Fax: 39 (02) 7636-1701

#### **Sumitomo Mitsui Banking Corporation Europe Limited Moscow Representative Office**

Presnenskaya naberezhnaya,  
house 10, block C, Moscow, 123317  
Russian Federation  
Tel: 7 (495) 287-8265  
Fax: 7 (495) 287-8266

#### **SMBC Capital Markets Limited**

99 Queen Victoria Street, London  
EC4V 4EH, U.K.  
Tel: 44 (20) 7786-1400  
Fax: 44 (20) 7786-1490

#### **SMBC Derivative Products Limited**

99 Queen Victoria Street, London  
EC4V 4EH, U.K.  
Tel: 44 (20) 7786-1400  
Fax: 44 (20) 7786-1490

#### **ZAO Sumitomo Mitsui Rus Bank**

Presnenskaya naberezhnaya,  
house 10, block C, Moscow 123317,  
Russian Federation  
Tel: 7 (495) 287-8200  
Fax: 7 (495) 287-8201

#### **Sumitomo Mitsui Finance Dublin Limited**

La Touche House, I.F.S.C.,  
Custom House Docks, Dublin 1,  
Ireland  
Tel: 353 (1) 670-0066  
Fax: 353 (1) 670-0353

#### **JRI Europe, Limited**

99 Queen Victoria Street, London  
EC4V 4EH, U.K.  
Tel: 44 (20) 7406-2700  
Fax: 44 (20) 7406-2799

#### **SMFL Aircraft Capital Corporation B.V.**

World Trade Center Amsterdam,  
Strawinskylaan 907,  
1077 XX Amsterdam,  
The Netherlands  
Tel: 31-20-575-2570  
Fax: 31-20-575-2571



## Asia and Oceania

- Sumitomo Mitsui Banking Corporation (China) Limited Head Office (Shanghai)
- Sumitomo Mitsui Banking Corporation (China) Limited Tianjin Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Guangzhou Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Suzhou Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Hangzhou Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Beijing Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Shenyang Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Tianjin Binhai Sub-Branch
- Sumitomo Mitsui Banking Corporation (China) Limited Suzhou Industrial Park Sub-Branch
- Shanghai Branch
- Dalian Representative Office
- Chongqing Representative Office
- Shenyang Representative Office
- Hong Kong Branch
- SMBC Capital Markets Limited Hong Kong Branch
- Taipei Branch
- Seoul Branch
- Singapore Branch
- Labuan Branch
- Labuan Branch Kuala Lumpur Marketing Office
- Kuala Lumpur Representative Office
- Ho Chi Minh City Branch
- Hanoi Branch
- Vietnam Export Import Commercial Joint Stock Bank
- Yangon Representative Office
- Bangkok Branch
- SBCS Co., Limited
- Manila Representative Office
- SMBC Metro Investment Corporation
- Sydney Branch
- Sumitomo Mitsui Finance Australia Limited
- PT Bank Sumitomo Mitsui Indonesia
- SMBC Capital India Private Limited

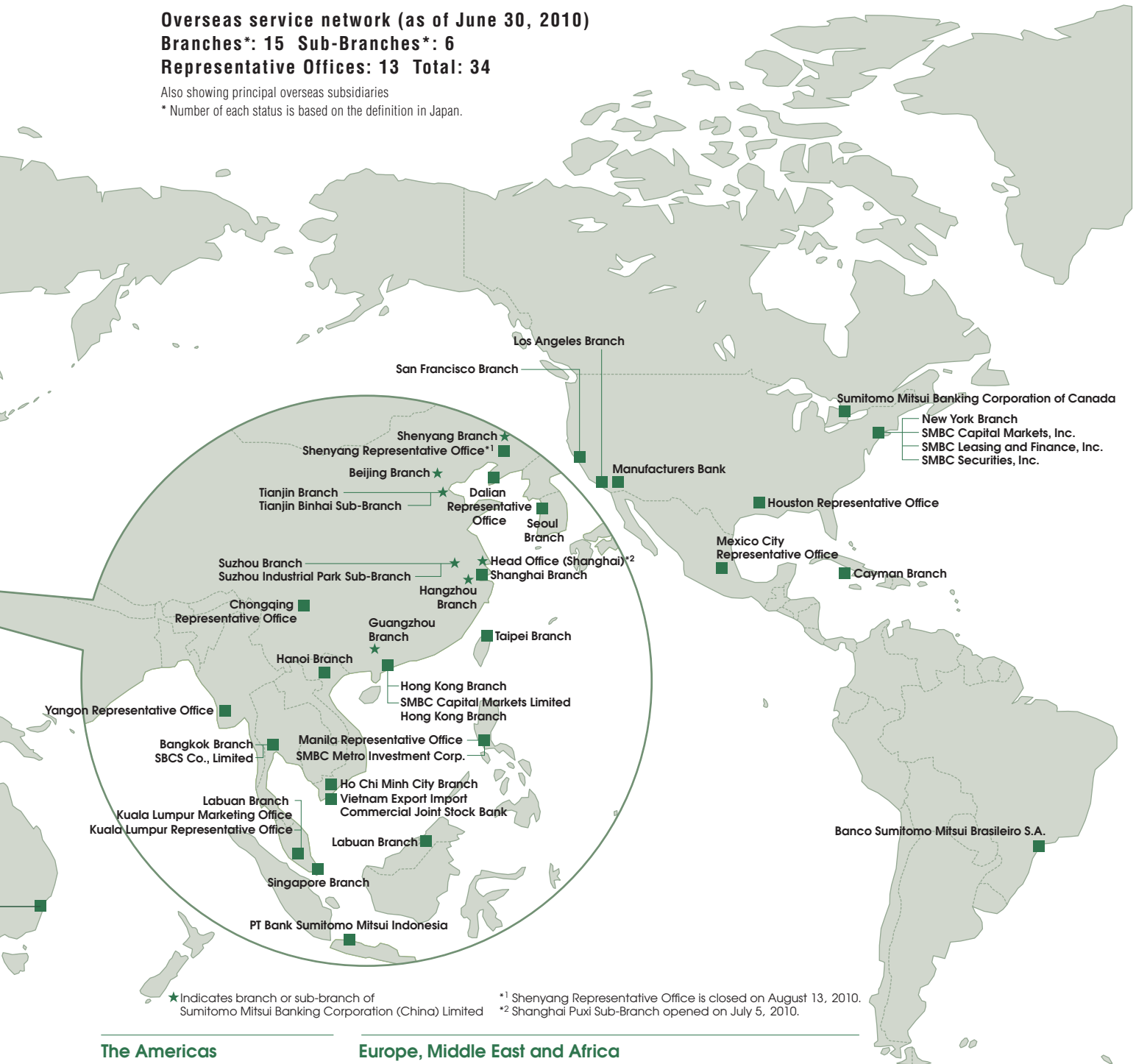
**Overseas service network (as of June 30, 2010)**

**Branches\*: 15 Sub-Branches\*: 6**

**Representative Offices: 13 Total: 34**

Also showing principal overseas subsidiaries

\* Number of each status is based on the definition in Japan.



★ Indicates branch or sub-branch of Sumitomo Mitsui Banking Corporation (China) Limited

\*1 Shenyang Representative Office is closed on August 13, 2010.  
\*2 Shanghai Puxi Sub-Branch opened on July 5, 2010.

**The Americas**

- New York Branch  
SMBC Capital Markets, Inc.  
SMBC Leasing and Finance, Inc.  
SMBC Securities, Inc.
- Los Angeles Branch\*
- San Francisco Branch\*
- Houston Representative Office\*
- Mexico City Representative Office\*
- Cayman Branch
- Manufacturers Bank
- Sumitomo Mitsui Banking Corporation of Canada
- Banco Sumitomo Mitsui Brasileiro S.A.

**Europe, Middle East and Africa**

- Sumitomo Mitsui Banking Corporation Europe Limited  
SMBC Capital Markets Limited
- Sumitomo Mitsui Banking Corporation Europe Limited Paris Branch
- Sumitomo Mitsui Banking Corporation Europe Limited Milan Branch
- Düsseldorf Branch
- Brussels Branch
- SMBC Amsterdam Representative Office
- Madrid Representative Office
- Prague Representative Office
- Sumitomo Mitsui Banking Corporation Europe Limited  
Moscow Representative Office
- ZAO Sumitomo Mitsui Rus Bank
- Sumitomo Mitsui Finance Dublin Limited
- Dubai Branch
- Doha QFC Office
- Bahrain Representative Office
- Tehran Representative Office
- Cairo Representative Office
- Dubai Branch Johannesburg Representative Office\*

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**SMFG** SUMITOMO MITSUI  
FINANCIAL GROUP