

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 first half of fiscal 2009, the six-month period ended September 30, 2009.

1. Operating Results

Operating results for the first half of fiscal 2009 include the results of 293 consolidated subsidiaries (168 in Japan and 125 overseas) and 80 subsidiaries and affiliates accounted for by the equity method (45 in Japan and 35 overseas).

In the first half of fiscal 2009, SMFG recorded consolidated gross profit of ¥1,066.0 billion, almost the same as a year earlier as a result of an increase in gains on bonds by quickly responding to fluctuations in market interest rates. After adjusting for general and administrative expenses,

credit cost, net losses on stocks and equity in losses of affiliates, ordinary profit increased ¥31.2 billion to ¥222.2 billion. The chief factor here was a decrease in credit cost at SMBC, resulting from the Japanese government's economic stimulus package, measures tailored to borrowers' business and financial conditions, and improvement in overseas markets. After adjusting ordinary profit for extraordinary gains and losses, income taxes, and other items, net income was ¥123.5 billion, a year-on-year increase of ¥40.2 billion.

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

September 30, 2009 and 2008, and March 31, 2009

	September 30		March 31
	2009	2008	2009
Consolidated subsidiaries.....	293	282	288
Subsidiaries and affiliates accounted for by the equity method.....	80	76	79

Income Summary

Six months ended September 30, 2009 and 2008, and year ended March 31, 2009

	Millions of yen		
	Six months ended September 30	Year ended March 31	
	2009	2008	2009
Consolidated gross profit.....	¥1,066,026	¥1,068,130	¥2,165,880
Net interest income.....	683,164	678,514	1,338,453
Trust fees.....	540	1,268	2,122
Net fees and commissions	259,528	283,999	557,178
Net trading income (losses).....	140,586	(342)	211,738
Net other operating income (expenses)	(17,794)	104,690	56,386
General and administrative expenses	(533,021)	(538,960)	(1,063,419)
Credit cost (A).....	(268,985)	(303,048)	(769,484)
Write-off of loans	(118,308)	(153,570)	(302,353)
Provision for specific reserve for possible loan losses	(142,974)	(109,697)	(297,400)
Provision for general reserve for possible loan losses	30,253	(24,232)	(104,145)
Others	(37,955)	(15,546)	(65,585)
Net gains (losses) on stocks.....	(8,928)	(19,777)	(183,677)
Equity in earnings (losses) of affiliates	(20,042)	(6,138)	(94,876)
Net other income (expenses)	(12,822)	(9,243)	(9,111)
Ordinary profit.....	222,225	190,962	45,311
Extraordinary gains (losses)	7,851	(407)	(15,815)
Losses on impairment of fixed assets	(1,763)	(1,331)	(7,363)
Gains on recoveries of written-off claims (B).....	526	924	1,708
Income before income taxes and minority interests	230,076	190,555	29,495
Income taxes:			
Current	(64,943)	(46,433)	(72,238)
Deferred.....	14,720	(15,790)	(262,405)
Minority interests in net income	(56,313)	(45,051)	(68,308)
Net income (loss).....	¥ 123,540	¥ 83,281	¥ (373,456)
Total credit cost (A) + (B).....	¥ (268,458)	¥ (302,124)	¥ (767,775)
[Reference]			
Consolidated banking profit (Billions of yen)	¥ 400.4	¥ 410.0	¥ 728.7

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

Deposits (excluding negotiable certificates of deposit) as of September 30, 2009, totaled ¥75,967.9 billion, a ¥398.4 billion increase compared with the previous fiscal year-end. Negotiable certificates of deposit totaled ¥8,330.1 billion, an increase of ¥868.8 billion over the same period.

Loans and bills discounted decreased ¥579.1 billion to

¥64,556.1 billion, while securities decreased ¥342.7 billion to ¥28,355.4 billion.

Net assets increased ¥1,491.2 billion to ¥6,102.9 billion, due mainly to issuance of new common shares and posting of net income for the interim period.

Assets, Liabilities and Net Assets

September 30, 2009 and 2008, and March 31, 2009

	Millions of yen		
	September 30 2009	September 30 2008	March 31 2009
Assets.....	¥117,531,379	¥111,033,760	¥119,637,224
Securities.....	28,355,428	21,795,888	28,698,164
Loans and bills discounted.....	64,556,160	63,477,758	65,135,319
Liabilities.....	111,428,411	105,776,012	115,025,460
Deposits.....	75,967,958	73,583,098	75,569,497
Negotiable certificates of deposit.....	8,330,122	3,254,678	7,461,284
Net assets.....	6,102,967	5,257,748	4,611,764

2. Unrealized Gains (Losses) on Securities

Net unrealized gains on securities as of September 30, 2009 amounted to ¥659.4 billion, an improvement of ¥666.1 billion from the previous fiscal year-end. Of this total, net unrealized gains on other securities including “other money

held in trust,” which are directly credited to net assets, totaled ¥604.4 billion, an improvement of ¥637.8 billion, mainly because of an increase in unrealized gains on stocks due to rising market prices.

Unrealized Gains (Losses) on Securities

September 30, 2009 and March 31, 2009

	Millions of yen							
	September 30, 2009				March 31, 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.....	¥ 55,028	¥ 28,287	¥ 55,215	¥ 186	¥26,741	¥ 28,155	¥ 1,414	
Other securities.....	604,611	637,787	794,962	190,350	(33,176)	356,834	390,011	
Stocks.....	527,824	520,762	648,399	120,575	7,062	287,380	280,317	
Bonds.....	63,294	66,120	64,052	758	(2,826)	21,534	24,360	
Others.....	13,493	50,905	82,510	69,017	(37,412)	47,920	85,332	
Other money held in trust.....	(172)	90	16	188	(262)	—	262	
Total.....	659,468	666,165	850,194	190,726	(6,697)	384,990	391,688	
Stocks.....	527,824	520,762	648,399	120,575	7,062	287,380	280,317	
Bonds.....	118,474	94,055	119,259	785	24,419	49,690	25,270	
Others.....	13,169	51,349	82,535	69,366	(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.
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 of Financial Assets” (Accounting Standards Board of Japan Practical Issues Task Force No. 25).

3. Consolidated Capital Ratio

SMFG's consolidated capital ratio (BIS guidelines) as of September 30, 2009 was 13.13%, chiefly reflecting an increase in total capital due to issuance of new common shares and posting of net income.

Total capital, which is the numerator in the capital ratio calculation equation, amounted to ¥7,281.4 billion. Meanwhile, risk-adjusted assets, the denominator in the equation, amounted to ¥55,423.2 billion.

Consolidated Capital Ratio

September 30, 2009 and 2008, and March 31, 2009

	Millions of yen		
	September 30		March 31
	2009	2008	2009
Tier I capital	¥ 5,295,152	¥ 4,491,317	¥ 4,335,085
Tier II capital included as qualifying capital	2,765,486	2,746,760	2,420,968
Deductions	(779,160)	(730,976)	(708,241)
Total capital	7,281,479	6,507,101	6,047,812
Risk-adjusted assets	55,423,266	63,432,507	52,726,507
Consolidated capital ratio	13.13%	10.25%	11.47%
Tier I capital ratio	9.55%	7.08%	8.22%

4. Deferred Tax Assets

Net deferred tax assets, which are deferred tax assets minus deferred tax liabilities, decreased ¥158.3 billion from the previous fiscal year-end, to ¥671.9 billion. This decrease was attributable to an increase in unrealized gains on other

securities. SMFG has been adopting a conservative stance on the recording of deferred tax assets in consideration of the need to secure a sound financial position.

Deferred Tax Assets

September 30, 2009 and 2008, and March 31, 2009

	Millions of yen		
	September 30		March 31
	2009	2008	2009
Net deferred tax assets	¥671,977	¥1,003,197	¥830,370
Net deferred tax assets / Tier I capital × 100	12.7%	22.3%	19.2%