

Sumitomo Mitsui Banking Corporation (Nonconsolidated)

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The following is a summary of SMBC's nonconsolidated financial results for the first half of fiscal 2009, the six-month period ended September 30, 2009.

1. Operating Results

Gross banking profit in the first half of fiscal 2009 decreased ¥15.7 billion year on year to ¥719.3 billion, and expenses (excluding nonrecurring losses) decreased ¥14.8 billion to ¥341.7 billion. As a consequence, banking profit (before provision for general reserve for possible loan losses) slightly decreased year on year to ¥377.6 billion.

Ordinary profit, calculated by adjusting banking profit (before provision for general reserve for possible loan losses) for nonrecurring items, such as total credit cost and net losses on stocks, increased ¥24.9 billion to ¥147.0 billion.

After adjustment of ordinary profit for extraordinary losses and income taxes, net income was ¥112.6 billion, a year-on-year increase of ¥32.2 billion.

2. Income Analysis

Gross Banking Profit

Gross banking profit decreased ¥15.7 billion year on year to ¥719.3 billion. The principal reasons for this were a decrease in loan-related fees in overseas operations and lower forex-related income due to lower export and import volumes.

Expenses

Expenses (excluding nonrecurring losses) decreased ¥14.8 billion to ¥341.7 billion, attributable mainly to greater efforts to reduce expenses.

Banking Profit

Banking profit (before provision for general reserve for possible loan losses) as of September 30, 2009 slightly decreased year on year to ¥377.6 billion.

Banking Profit

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

	Millions of yen		
	Six months ended September 30	2008	Year ended March 31
	2009		2009
Gross banking profit	¥719,348	¥735,053	¥1,524,856
[Gross domestic banking profit]	[551,522]	[566,042]	[1,147,202]
[Gross international banking profit]	[167,825]	[169,010]	[377,654]
Net interest income	517,781	512,941	1,018,389
Trust fees	518	1,244	2,074
Net fees and commissions	130,701	147,081	293,824
Net trading income (losses)	107,525	(14,707)	175,038
Net other operating income (expenses)	(37,178)	88,494	35,530
[Gross banking profit (excluding gains (losses) on bonds)]	[680,458]	[739,613]	[1,498,728]
Expenses (excluding nonrecurring losses)	(341,710)	(356,566)	(701,479)
Personnel expenses	(124,114)	(121,669)	(236,966)
Nonpersonnel expenses	(199,802)	(216,070)	(426,231)
Taxes	(17,793)	(18,825)	(38,282)
Banking profit (before provision for general reserve for possible loan losses)	377,637	378,486	823,377
[Banking profit (before provision for general reserve for possible loan losses and gains (losses) on bonds)]	[338,748]	[383,047]	[797,248]
Provision for general reserve for possible loan losses	47,647	(3,729)	(75,730)
Banking profit	425,285	374,757	747,647

<Reference>

Banking Profit by Business Unit

Six months ended September 30, 2009

	Billions of yen						Total
	Consumer Banking Unit	Middle Market Banking Unit	Corporate Banking Unit	International Banking Unit	Treasury Unit	Others	
Banking profit (before provision for general reserve for possible loan losses)	¥48.1	¥122.2	¥80.6	¥56.9	¥158.8	¥(89.0)	¥377.6
Year-on-year increase (decrease)	(4.9)	(32.2)	19.3	20.5	78.8	(82.4)	(0.9)

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 ¥278.1 billion, a year-on-year increase of ¥25.5 billion. The main factor was a rise in net losses on stocks due to an increase in losses on devaluation of stocks. Total credit cost amounted to ¥156.9 billion, a year-on-year decrease of ¥67.2 billion. This primarily reflects the impact of the Japanese government's economic stimulus package, measures tailored to borrowers' business and financial conditions, and improvement in overseas markets.

Ordinary Profit

As a result of the foregoing, ordinary profit increased ¥24.9 billion year on year to ¥147.0 billion.

Extraordinary Gains (Losses)

Extraordinary losses amounted to ¥1.9 billion, an increase of ¥0.7 billion from the previous year.

Net Income

Current income taxes amounted to ¥21.6 billion, and deferred income taxes were ¥10.8 billion. As a result, net income increased ¥32.2 billion to ¥112.6 billion year on year.

Ordinary Profit and Net Income (Loss)

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

	Millions of yen		
	Six months ended September 30	2008	Year ended March 31
	2009		2009
Banking profit (before provision for general reserve for possible loan losses)	¥ 377,637	¥ 378,486	¥ 823,377
Provision for general reserve for possible loan losses (A)	47,647	(3,729)	(75,730)
Banking profit.....	425,285	374,757	747,647
Nonrecurring gains (losses).....	(278,196)	(252,649)	(711,591)
Credit cost (B).....	(204,622)	(220,414)	(474,358)
Net gains (losses) on stocks.....	(36,850)	(17,184)	(220,429)
Gains on sale of stocks	4,230	5,412	7,066
Losses on sale of stocks	(348)	(587)	(4,348)
Losses on devaluation of stocks	(40,731)	(22,009)	(223,147)
Others	(36,724)	(15,049)	(16,803)
Ordinary profit.....	147,089	122,108	36,055
Extraordinary gains (losses)	(1,982)	(1,228)	(8,269)
Losses on disposal of fixed assets	(656)	(60)	(2,139)
Losses on impairment of fixed assets	(1,397)	(1,168)	(6,138)
Gains on recoveries of written-off claims (C).....	70	0	8
Income taxes:			
Current.....	(21,637)	(7,152)	(23,748)
Deferred.....	(10,839)	(33,332)	(305,154)
Net income (loss).....	¥ 112,628	¥ 80,394	¥(301,116)
Total credit cost (A) + (B) + (C)	¥(156,903)	¥(224,143)	¥(550,079)
Provision for general reserve for possible loan losses	47,647	(3,729)	(75,730)
Write-off of loans	(82,501)	(119,444)	(231,412)
Provision for specific reserve for possible loan losses	(89,504)	(86,407)	(182,346)
Losses on sales of delinquent loans.....	(32,770)	(14,563)	(60,182)
Provision for loan loss reserve for specific overseas countries	153	(0)	(417)
Gains on recoveries of written-off claims.....	70	0	8

3. Assets, Liabilities and Net Assets

Assets

SMBC's total assets as of September 30, 2009 amounted to ¥105,029.4 billion, ¥2,448.7 billion lower than at the previous fiscal year-end. The principal factor was a ¥1,342.5 billion decrease in loans and bills discounted, due to a

conservative stance on asset operations overseas and the transfer of most of its branches in China to a newly established subsidiary.

Liabilities

Liabilities as of September 30, 2009 decreased ¥4,237.9 billion to ¥100,693.7 billion from the previous fiscal year-end. This was mainly attributable to a decrease in funding in view of expected decline in loans and other assets.

Net Assets

Net assets as of September 30, 2009 amounted to ¥4,335.7 billion. Of this total, stockholders' equity was ¥3,820.8 billion, ¥1,288.6 billion higher than at the previous fiscal year-end, due mainly to issuance of new common shares and posting of net income. Stockholders' equity comprised ¥1,262.9 billion in capital stock, ¥1,965.5 billion in capital surplus (including ¥702.5 billion in other capital surplus) and ¥592.3 billion in retained earnings.

Valuation and translation adjustments were ¥514.8 billion, which included ¥413.2 billion in net unrealized gains on other securities, ¥79.9 billion in net deferred gains on hedges and ¥21.6 billion in land revaluation excess.

Assets, Liabilities and Net Assets

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

	Millions of yen		
	September 30		March 31
	2009	2008	2009
Assets	¥105,029,480	¥98,159,845	¥107,478,218
Securities	27,659,892	20,982,446	28,000,515
Loans and bills discounted	58,898,698	58,541,953	60,241,266
Liabilities	100,693,766	94,740,953	104,931,725
Deposits	68,846,649	66,918,037	69,499,997
Negotiable certificates of deposit	8,455,041	3,225,677	7,405,710
Net assets	4,335,714	3,418,892	2,546,493

4. Unrealized Gains (Losses) on Securities

Net unrealized gains on securities as of September 30, 2009 amounted to ¥603.4 billion, which represented an improvement of ¥622.0 billion from the previous fiscal year-end. Net unrealized gains on other securities, including "other money

held in trust," which is directly credited to net assets, amounted to ¥563.4 billion, an improvement of ¥606.4 billion over the same period, 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	¥ 54,876	¥ 27,025	¥ 54,876	¥ —	¥27,851	¥ 28,155	¥ 304
Stocks of subsidiaries and affiliates	(14,959)	(11,423)	—	14,959	(3,536)	—	3,536
Other securities	563,666	606,367	756,182	192,516	(42,701)	337,535	380,237
Stocks	496,029	512,574	626,822	130,793	(16,545)	273,058	289,604
Bonds	55,519	56,760	56,050	531	(1,241)	16,910	18,152
Others	12,117	37,031	73,309	61,191	(24,914)	47,566	72,480
Other money held in trust	(172)	90	16	188	(262)	—	262
Total	603,410	622,059	811,074	207,663	(18,649)	365,691	384,341
Stocks	481,070	501,152	626,822	145,752	(20,082)	273,058	293,140
Bonds	110,395	83,786	110,926	531	26,609	45,066	18,456
Others	11,945	37,121	73,325	61,380	(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 and including foreign stocks) are calculated using the average market price during the final month of the respective reporting period. The rest of the securities are valued at the market price as of the balance sheet date.
3. "Other securities" and "Other money held in trust" are valued and recorded on the balance sheet at market prices. The figures in the table above indicate the differences between the acquisition costs (or amortized costs) and the balance sheet amounts.
4. Floating-rate Japanese government bonds which SMBC held as "Other securities" 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" (Accounting Standards Board of Japan Practical Issues Task Force No. 25).