Notes to Interim Consolidated Financial Statements (Unaudited)

Sumitomo Mitsui Financial Group, Inc. and Subsidiaries
Six months ended September 30, 2009

I. Significant Accounting Policies

1. Scope of consolidation

(1) Consolidated subsidiaries: 293 companies
Principal companies:
Sumitomo Mitsui Banking Corporation ("SMBC")
THE MINATO BANK, LTD.
Kansai Urban Banking Corporation
Sumitomo Mitsui Banking Corporation Europe Limited
Manufacturers Bank
Sumitomo Mitsui Banking Corporation (China) Limited
Sumitomo Mitsui Finance and Leasing Company, Limited
Sumitomo Mitsui Card Company, Limited
SMBC Finance Service Co., Ltd.
SMBC Friend Securities Co., Ltd.
The Japan Research Institute, Limited
SMBC Capital Markets, Inc.

Changes in the consolidated subsidiaries in the six months ended September 30, 2009 are as follows:

21 companies including Sumitomo Mitsui Banking Corporation (China) Limited were newly consolidated due mainly to an establishment.

12 companies including QUOQ Inc. were excluded from the scope of consolidation because they were no longer subsidiaries due mainly to merger.

4 companies including Apricot Navigation Co., Ltd. were excluded from the scope of consolidation and became unconsolidated subsidiaries that are not accounted for by the equity method because they became operators of silent partnerships for lease transactions.

(2) Unconsolidated subsidiaries
Principal company:
SBCS Co., Ltd.

219 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 Interim 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 the financial position and results of operations of Sumitomo Mitsui Financial Group, Inc. ("SMFG") when excluded from the scope of consolidation.

2. Application of the equity method

(1) Unconsolidated subsidiaries accounted for by the equity method: 4 companies
Principal company:
SBCS Co., Ltd.

(2) Affiliates accounted for by the equity method: 76 companies
Principal companies:
Sumitomo Mitsui Auto Service Company, Limited
Promise Co., Ltd.
Cedyna Financial Corporation
Daiwa Securities SMBC Co. Ltd.
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 six months ended September 30, 2009 are as follows:

QUOQ Business Support Inc. was excluded from the scope of consolidated subsidiaries and became an affiliated company accounted for by the equity method due to a decrease in shareholding ratio. Other 8 companies became affiliated companies accounted for by the equity method due to acquisition of shares.

AJCC CORPORATION was excluded from the scope of affiliated companies accounted for by the equity method because it became a consolidated subsidiary due to an increase in shareholding ratio. 7 companies including Central Finance Co., Ltd. were also excluded due mainly to merger.

(3) Unconsolidated subsidiaries that are not accounted for by the equity method
219 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 7, Paragraph 1, Item 2 of the Interim Consolidated Financial Statements Regulations.

(4) Affiliates that are not accounted for by the equity method
Principal company:
Daiwa SB Investments (USA) Ltd.

Affiliates that are not accounted for by the equity method are 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.

3. The interim balance sheet dates of consolidated subsidiaries

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

September 30, 2009	
November 30	1
December 31	4
January 31	2
March 31	6
April 30	2
May 31	4
June 30	129
July 31	17
August 31	8
September 30	120

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

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

(3) Special purpose entities

(a) Outline of special purpose entities and transactions

SMBC provides loans, credit lines and liquidity lines to 13 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 13 SPEs as of their most recent closing dates of September 2009 were ¥2,874,012 million ($31,856 million) and ¥2,874,287 million ($31,859 million), respectively.

(b) Principal transactions with the SPEs as of and for the six months ended September 30, 2009

September 30, 2009	Millions of yen	Millions of U.S. dollars
Loans and bills discounted	¥1,635,735	$18,131
Credit lines	534,194	5,921
Liquidity lines	297,386	3,296

Six months ended September 30, 2009	Millions of yen	Millions of U.S. dollars
Interest on loans and discounts	¥9,015	$100
Fees and commissions	1,129	13

4. Accounting methods

(1) Standards for recognition and measurement of 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 interim 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 interim period-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 interim consolidated balance sheet date.

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

(2) Standards for recognition and measurement of 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 interim period, and bonds and others that have market prices are carried at their interim period-end market prices (cost of securities sold is calculated using primarily the moving-average method). Other securities with no available market prices are carried at cost or amortized cost using the moving-average method. Net unrealized gains (losses) on other securities, net of income taxes, are included in "Net assets."

(b) Securities included in money held in trust are carried using the same method used for securities mentioned above.

(3) Standards for recognition and measurement of 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.

(4) Depreciation

(a) Tangible fixed assets

Tangible fixed assets owned by SMFG and SMBC are depreciated using the straight-line method over the estimated useful lives of the respective assets. Others are depreciated using the declining-balance method. The depreciation cost for the interim period is calculated by proportionally allocating the estimated annual cost to the interim period. 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 zero.

(5) 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 ¥809,835 million ($8,976 million) at September 30, 2009.

(6) 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 interim period.

(7) 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 interim period-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.

(8) 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 interim period-end based on the internal regulations.

(9) 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.

(10) 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 Articles 46-5 and 48-3 of the Financial Instruments and Exchange Act.

(11) 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 interim 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 interim balance sheet dates.

(12) 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.

(13) 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 and gains on “macro hedge” (before deducting tax effect) at September 30, 2009 were ¥4,206 million ($47 million) and ¥3,567 million ($40 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) 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 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).

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

(15) Tax effect accounting
On the premise that transfer to and from the reserve for losses on overseas investments will be conducted through appropriation of retained earnings (deficit) at the end of the fiscal year of SMFG and its consolidated domestic subsidiaries, current and deferred income taxes are recorded in the amount corresponding to the interim consolidated period.

(16) Amortization of goodwill

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

(17) 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.

Equity of ¥4,387 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."

5. Statements of cash flows

For the purposes of presenting the interim consolidated statements of cash flows, cash and cash equivalents represent cash and due from banks.

6. Others

Amounts less than one 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 September 30, 2009, which was ¥90.22 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.

II. Notes to Consolidated Balance Sheet

1. Securities include ¥490,709 million ($5,439 million) of stocks of unconsolidated subsidiaries and affiliates and ¥5,816 million ($64 million) of investments.
2. Japanese government bonds as sub-accounts of Securities include ¥33,565 million ($372 million) of unsecured loaned securities for which borrowers have the right to sell or pledge.

   As for the unsecured borrowed securities for which SMBC has the right to sell or pledge and the securities which SMBC purchased under resale agreements and borrowed with cash collateral, that are permitted to be sold or pledged without restrictions, ¥1,201,607 million ($13,319 million) of securities are pledged, and ¥126,387 million ($1,401 million) of securities are held in hand as of the interim consolidated balance sheet date.
3. Bankrupt loans and Non-accrual loans were ¥245,109 million ($2,717 million) and ¥1,132,394 million ($12,551 million), respectively.

   "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.

   "Non-accrual loans" are loans on which accrued interest income is not recognized, excluding "Bankrupt loans" and loans on which interest payments are deferred in order to support the borrowers' recovery from financial difficulties.
4. Past due loans (3 months or more) totaled ¥51,983 million ($576 million).

   "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."
5. Restructured loans totaled ¥220,384 million ($2,443 million).

   "Restructured loans" are loans on which terms and conditions have been amended in favor of the borrowers (e.g., reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt forgiveness) in order to support the borrowers' recovery from financial difficulties, excluding "Bankrupt loans," "Non-accrual loans" and "Past due loans (3 months or more)."
6. The total amount of "Bankrupt loans," "Non-accrual loans," "Past due loans (3 months or more)" and "Restructured loans" was ¥1,649,873 million ($18,287 million).

   The amounts of loans presented in 3. to 6. above are the amounts before deduction of the reserve for possible loan losses.
7. Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Audit Committee Report No. 24. SMFG's banking subsidiaries have rights to sell or pledge bank acceptance bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions. The total face value was ¥533,069 million ($5,909 million).

8. Assets pledged as collateral were as follows:

September 30, 2009	Millions of yen	Millions of U.S. dollars
Assets pledged as collateral:		
Cash and due from banks and Deposits with banks	¥ 223,777	$ 2,480
Call loans and bills bought	198,937	2,205
Monetary claims bought	1,834	20
Trading assets	910,516	10,092
Securities	4,786,414	53,053
Loans and bills discounted	2,775,843	30,767
Lease receivables and investment assets	32,291	358
Tangible fixed assets	17,326	192
Other assets (installment account receivable, etc.)	2,430	27
Liabilities corresponding to assets pledged as collateral:		
Deposits	25,171	279
Call money and bills sold	1,504,590	16,677
Payables under repurchase agreements	1,047,080	11,606
Payables under securities lending transactions	2,909,465	32,249
Trading liabilities	403,073	4,468
Borrowed money	1,792,122	19,864
Other liabilities	13,760	153
Acceptances and guarantees	121,859	1,351

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 September 30, 2009:

September 30, 2009	Millions of yen	Millions of U.S. dollars
Cash and due from banks and Deposits with banks	¥ 24,118	$ 267
Trading assets	98,518	1,092
Securities	12,994,550	144,032
Loans and bills discounted	1,930,012	21,392

At September 30, 2009, other assets included surety deposits of ¥86,798 million ($962 million) and variation margins of futures market transactions of ¥8,695 million ($96 million).

9. Commitment line contracts on overdrafts and loans are agreements to lend to customers, up to a prescribed amount, as long as there is no violation of any condition established in the contracts. The amount of unused commitments at September 30, 2009 was ¥41,975,553 million ($465,258 million), and the amount of unused commitments whose original contract terms are within 1 year or unconditionally cancelable at any time at September 30, 2009 was ¥36,251,251 million ($401,809 million).

   Since many of these commitments are expected to expire without being drawn upon, the total amount of unused commitments does not necessarily represent actual future cash flow requirements. Many of these commitments include clauses under which SMBC and other consolidated subsidiaries can reject an application from customers or reduce the contract amounts in the event that economic conditions change, SMBC and other consolidated subsidiaries need to secure claims, or other events occur. In addition, SMBC and other consolidated subsidiaries may request the customers to pledge collateral such as premises and securities at the time of the contracts, and take necessary measures such as monitoring customers' financial positions, revising contracts when such need arises and securing claims after the contracts are made.

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

    A certain affiliate 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.

11. Accumulated depreciation on tangible fixed assets amounted to ¥634,004 million ($7,027 million).
12. The balance of subordinated borrowings included in "Borrowed money" was ¥378,000 million ($4,190 million).
13. The balance of subordinated bonds included in "Bonds" was ¥2,330,453 million ($25,831 million).
14. The amount guaranteed by banking subsidiaries to privately placed bonds (stipulated by Article 2-3 of Financial Instruments and Exchange Act) in "Securities" was ¥2,218,942 million ($24,595 million).

Ⅲ. Notes to Consolidated Statement of Operations

1. "Other income" included gains on sale of stocks and other securities of ¥4,325 million ($48 million), gains on disposal of fixed assets of ¥10,294 million ($114 million) and gains on recoveries of written-off claims of ¥526 million ($6 million).
2. "Other expenses" included write-off of loans of ¥118,308 million ($1,311 million), losses on devaluation of stocks and other securities of ¥10,597 million ($117 million), losses on sale of delinquent loans of ¥23,914 million ($265 million), equity in losses of affiliates of ¥20,042 million ($222 million), losses on impairment of fixed assets of ¥1,763 million ($20 million) and losses on disposal of fixed assets of ¥1,279 million ($14 million).

3. The difference between the recoverable amount and the book value of the following assets is recognized as "Losses on impairment of fixed assets" and included in "Other expenses" in the interim period.

Six months ended September 30, 2009

Area	Purpose of use	Type	Millions of yen	Millions of U.S. dollars
Tokyo metropolitan area	Branch (1 branch)	Land and buildings, etc.	¥ 13	$ 0
	Corporate assets (1 item)		17	0
	Idle assets (23 items)		403	5
Kinki area	Idle assets (22 items)	Land and buildings, etc.	1,107	12
Other	Idle assets (9 items)	Land and buildings, etc.	222	3

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 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.

IV. Notes to Consolidated Statement of Changes in Net Assets

1. Type and number of shares issued and treasury shares

Six months ended September 30, 2009	Number of shares: March 31, 2009	Increase	Decrease	September 30, 2009
Shares issued				
Common stock	789,080,477	228,631,300*1	—	1,017,711,777
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 (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
Total	789,183,878	228,631,300	—	1,017,815,178
Treasury shares				
Common stock	17,028,466	36,845*2	9,159*2	17,056,152
Total	17,028,466	36,845	9,159	17,056,152

*1 **Increase in number of common shares issued:**
- 219,700,000 shares due to issuance of new shares by way of public offering on June 22, 2009
- 8,931,300 shares due to issuance of new shares by way of third-party allotment on July 27, 2009

*2 **Increase in number of treasury common shares:**
- 36,845 shares due to purchase of fractional shares

Decrease in number of treasury common shares:
- 9,159 shares due to sale of fractional shares

2. Information on stock acquisition rights

Six months ended September 30, 2009	Detail of stock acquisition rights	Type of shares	Number of shares: March 31, 2009	Increase	Decrease	September 30, 2009	Millions of yen: September 30, 2009	Millions of U.S. dollars: September 30, 2009
SMFG	Stock options	—	—	—	—	—	¥—	$—
Consolidated subsidiary	—	—	—	—	—	—	74	1
Total							¥74	$ 1

3. Information on dividends

(1) Dividends paid in the six months ended September 30, 2009

	Millions of yen	Yen
Type of shares	Cash dividends	Cash dividends per share
Common stock	¥15,707	¥ 20
Preferred stock (1st series Type 4)	281	67,500
Preferred stock (2nd series Type 4)	281	67,500
Preferred stock (3rd series Type 4)	281	67,500
Preferred stock (4th series Type 4)	281	67,500
Preferred stock (9th series Type 4)	281	67,500
Preferred stock (10th series Type 4)	281	67,500
Preferred stock (11th series Type 4)	281	67,500
Preferred stock (12th series Type 4)	281	67,500
Preferred stock (1st series Type 6)	3,097	44,250

Notes: 1. The date of the resolution of the ordinary general meeting of shareholders was June 26, 2009.
2. The record date of all types of stock was March 31, 2009.
3. The effective date of all types of stock was June 26, 2009.

(2) Dividends to be paid in the second half of the fiscal year ending March 31, 2010

		Millions of yen	Yen
Type of shares	Source of dividends	Cash dividends	Cash dividends per share
Common stock	Retained earnings	¥45,629	¥ 45
Preferred stock (1st series Type 4)	Retained earnings	281	67,500
Preferred stock (2nd series Type 4)	Retained earnings	281	67,500
Preferred stock (3rd series Type 4)	Retained earnings	281	67,500
Preferred stock (4th series Type 4)	Retained earnings	281	67,500
Preferred stock (9th series Type 4)	Retained earnings	281	67,500
Preferred stock (10th series Type 4)	Retained earnings	281	67,500
Preferred stock (11th series Type 4)	Retained earnings	281	67,500
Preferred stock (12th series Type 4)	Retained earnings	281	67,500
Preferred stock (1st series Type 6)	Retained earnings	3,097	44,250

Notes: 1. The date of the resolution of the meeting of the Board of Directors was November 13, 2009.
2. The record date of all types of stock was September 30, 2009.
3. The effective date of all types of stock was December 4, 2009.

V. Lease Transactions

1. Financing leases

(1) Lessee side

(a) Lease assets

Tangible fixed assets mainly consisted of branches and equipment. Intangible fixed assets are software.

(b) Depreciation method of lease assets

Depreciation method of lease assets is reported in Note I. 4. (4) Depreciation.

(2) Lessor side

(a) Breakdown of lease investment assets

September 30, 2009	Millions of yen	Millions of U.S. dollars
Lease receivables	¥1,426,508	$15,811
Residual value	105,249	1,167
Unearned interest income	(245,894)	(2,725)
Total	¥1,285,862	$14,253

(b) The scheduled collections of lease receivables and investment assets are as follows:

Lease payments receivable related to lease receivables

September 30, 2009	Millions of yen	Millions of U.S. dollars
Within 1 year	¥243,031	$2,694
More than 1 year to 2 years	175,763	1,948
More than 2 years to 3 years	109,427	1,213
More than 3 years to 4 years	77,085	854
More than 4 years to 5 years	36,809	408
More than 5 years	61,328	680
Total	¥703,444	$7,797

Lease payments receivable related to investment assets

September 30, 2009	Millions of yen	Millions of U.S. dollars
Within 1 year	¥ 439,785	$ 4,875
More than 1 year to 2 years	321,542	3,564
More than 2 years to 3 years	231,046	2,561
More than 3 years to 4 years	165,667	1,836
More than 4 years to 5 years	87,896	974
More than 5 years	180,570	2,001
Total	¥1,426,508	$15,811

(c) 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 six months ended September 30, 2009 was ¥8,975 million ($99 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

(1) Lessee side

Future minimum lease payments on operating leases which were not cancelable at September 30, 2009 were as follows:

September 30, 2009	Millions of yen	Millions of U.S. dollars
Due within 1 year	¥14,656	$163
Due after 1 year	50,638	561
Total	¥65,295	$724

(2) Lessor side

Future minimum lease payments on operating leases which were not cancelable at September 30, 2009 were as follows:

September 30, 2009	Millions of yen	Millions of U.S. dollars
Due within 1 year	¥ 21,612	$ 239
Due after 1 year	105,003	1,164
Total	¥126,616	$1,403

Future lease payments receivable on operating leases which were not cancelable amounting to ¥1,375 million ($15 million) on the lessor side were pledged as collateral for borrowings.

Ⅵ. Fair Value Information

1. Securities

The amounts shown in the following tables include 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 interim consolidated balance sheets.

(1) Bonds classified as held-to-maturity with fair value

	Millions of yen			Millions of U.S. dollars		
September 30, 2009	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)	Consolidated balance sheet amount	Fair value	Net unrealized gains (losses)
Japanese government bonds	¥2,391,671	¥2,437,413	¥45,741	$26,509	$27,016	$507
Japanese local government bonds	121,019	123,581	2,562	1,341	1,370	29
Japanese corporate bonds	405,936	412,813	6,876	4,500	4,576	76
Other	7,684	7,533	(151)	85	83	(2)
Total	¥2,926,313	¥2,981,342	¥55,028	$32,435	$33,045	$610

Note: Fair value is calculated using market prices at the interim period-end.

(2) Other securities with fair value

	Millions of yen			Millions of U.S. dollars		
September 30, 2009	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)	Acquisition cost	Consolidated balance sheet amount	Net unrealized gains (losses)
Stocks	¥ 1,975,255	¥ 2,503,079	¥527,824	$ 21,894	$ 27,744	$5,850
Bonds	14,486,839	14,550,133	63,294	160,572	161,274	702
Japanese government bonds	13,850,164	13,908,090	57,925	153,515	154,157	642
Japanese local government bonds	199,568	201,521	1,953	2,212	2,234	22
Japanese corporate bonds	437,106	440,521	3,415	4,845	4,883	38
Other	3,773,966	3,787,459	13,493	41,831	41,981	150
Total	¥20,236,061	¥20,840,673	¥604,611	$224,297	$230,999	$6,702

Notes: 1. Interim consolidated balance sheet amount is calculated as follows:
Stocks (including foreign stocks): Average market prices during one month before the interim period-end
Bonds and other: Market prices at the interim period-end or fair value based on the DCF method on certain Japanese government bonds

2. Floating-rate Japanese government bonds which SMFG held as "Other securities — AFS securities" have been carried 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).
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.

3. 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 interim consolidated balance sheet amount and the amount of write-down is accounted for as valuation loss for the period. Valuation loss for the interim period was ¥2,520 million ($28 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 four categories of issuers.

(3) Securities with no available market value

	Millions of yen	Millions of U.S. dollars
September 30, 2009	Consolidated balance sheet amount	Consolidated balance sheet amount
Bonds classified as held-to-maturity:		
Beneficiary claims on accounts receivable, etc.	¥ 16,188	$ 179
Other securities:		
Unlisted stocks (excluding OTC stocks)	325,285	3,605
Unlisted bonds	2,903,498	32,182
Unlisted foreign securities	732,798	8,122
Other	621,792	6,892

2. Money held in trust

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

There are no corresponding transactions.

(2) Other money held in trust

September 30, 2009	Millions of yen	Millions of U.S. dollars
Acquisition cost	¥7,890	$87
Consolidated balance sheet amount	7,717	85
Net unrealized gains (losses)	(172)	(2)

Note: Interim consolidated balance sheet amount is calculated using market prices at the interim period-end.

3. Net unrealized gains on other securities and other money held in trust

September 30, 2009	Millions of yen	Millions of U.S. dollars
Net unrealized gains	¥603,233	$6,686
Other securities	603,405	6,688
Other money held in trust	(172)	(2)
(–) Deferred tax liabilities	164,562	1,824
Net unrealized gains on other securities (before adjustment)	438,670	4,862
(–) Minority interests	5,398	60
(+) SMFG's interest in net unrealized gains on valuation of other securities held by affiliates accounted for by the equity method	35,490	394
Net unrealized gains on other securities	¥468,762	$5,196

Note: Net unrealized gains included foreign currency translation adjustments on non-marketable securities denominated in foreign currencies.

4. Derivative transactions

(1) Interest rate derivatives

	Millions of yen			Millions of U.S. dollars		
September 30, 2009	Contract amount	Fair value	Valuation gains (losses)	Contract amount	Fair value	Valuation gains (losses)
Listed:						
Interest rate futures	¥ 48,707,503	¥ 6,188	¥ 6,188	$ 539,875	$ 69	$ 69
Interest rate options	631,540	40	40	7,000	0	0
Over-the-counter:						
Forward rate agreements	22,968,000	616	616	254,578	7	7
Interest rate swaps	377,219,181	152,331	152,331	4,181,104	1,688	1,688
Interest rate swaptions	4,555,154	6,162	6,162	50,489	68	68
Caps	41,006,963	(7,087)	(7,087)	454,522	(78)	(78)
Floors	6,789,459	(9,732)	(9,732)	75,254	(108)	(108)
Other	3,990,673	73,219	73,219	44,233	812	812
Total	/	¥221,738	¥221,738	/	$2,458	$2,458

Note: The transactions above are valued at fair value and the valuation gains (losses) are accounted for in the interim consolidated statements of operations. Derivative transactions to which the deferred hedge accounting method is applied are not included in the amounts above.

(2) Currency derivatives

	Millions of yen			Millions of U.S. dollars		
September 30, 2009	Contract amount	Fair value	Valuation gains (losses)	Contract amount	Fair value	Valuation gains (losses)
Over-the-counter:						
Currency swaps	¥23,224,715	¥(220,728)	¥ 58,717	$257,423	$(2,447)	$ 651
Currency swaptions	1,781,424	18,278	18,278	19,745	203	202
Forward foreign exchange	35,234,842	179,615	179,615	390,544	1,991	1,991
Currency options	7,733,653	93,736	93,736	85,720	1,039	1,039
Total	/	¥ 70,901	¥350,347	/	$ 786	$3,883

Note: The transactions above are valued at fair value and the valuation gains (losses) are accounted for in the interim 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 interim 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.

(3) Equity derivatives

September 30, 2009	Millions of yen			Millions of U.S. dollars		
	Contract amount	Fair value	Valuation gains (losses)	Contract amount	Fair value	Valuation gains (losses)
Listed:						
Equity price index futures	¥ 50,372	¥ 55	¥ 55	$ 558	$ 0	$ 0
Equity price index options	18,675	(115)	(115)	207	(1)	(1)
Over-the-counter:						
Equity options	451,611	0	0	5,006	0	0
Total	/	¥ (60)	¥ (60)	/	$(1)	$(1)

Note: The transactions above are valued at fair value and the valuation gains (losses) are accounted for in the interim consolidated statements of operations. Derivative transactions to which the deferred hedge accounting method is applied are not included in the amounts above.

(4) Bond derivatives

September 30, 2009	Millions of yen			Millions of U.S. dollars		
	Contract amount	Fair value	Valuation gains (losses)	Contract amount	Fair value	Valuation gains (losses)
Listed:						
Bond futures	¥2,460,834	¥(130)	¥(130)	$27,276	$(2)	$(2)
Bond futures options	139,687	(311)	(311)	1,548	(3)	(3)
Over-the-counter:						
Forward bond agreements	46,449	844	844	515	9	9
Total	/	¥ 402	¥ 402	/	$ 4	$ 4

Note: The transactions above are valued at fair value and the valuation gains (losses) are accounted for in the interim consolidated statements of operations. Derivative transactions to which the deferred hedge accounting method is applied are not included in the amounts above.

(5) Commodity derivatives

September 30, 2009	Millions of yen			Millions of U.S. dollars		
	Contract amount	Fair value	Valuation gains (losses)	Contract amount	Fair value	Valuation gains (losses)
Listed:						
Commodity futures	¥ 445	¥ 2	¥ 2	$ 5	$ 0	$ 0
Over-the-counter:						
Commodity swaps	442,801	58,899	58,899	4,908	653	653
Commodity options	38,162	1,294	1,294	423	14	14
Total	/	¥60,197	¥60,197	/	$667	$667

Notes: 1. The transactions above are valued at fair value and the valuation gains (losses) are accounted for in the interim consolidated statements of operations. Derivative transactions to which the deferred hedge accounting method is applied are not included in the amounts above.
2. Commodity derivatives are transactions on fuel and metal.

(6) Credit derivative transactions

September 30, 2009	Millions of yen			Millions of U.S. dollars		
	Contract amount	Fair value	Valuation gains (losses)	Contract amount	Fair value	Valuation gains (losses)
Over-the-counter:						
Credit default options	¥2,729,621	¥3,995	¥3,995	$30,255	$44	$44
Total	/	¥3,995	¥3,995	/	$44	$44

Note: The transactions above are valued at fair value and the valuation gains (losses) are accounted for in the interim consolidated statements of operations. Derivative transactions to which the deferred hedge accounting method is applied are not included in the amounts above.

Ⅶ. Stock Option

SMFG recorded stock option expenses in "General and administrative expenses" of ¥8 million ($0 million) in the six months ended September 30, 2009.

Ⅷ. Segment Information

1. Business segment information

Six months ended September 30, 2009	Millions of yen Banking business	Leasing business	Other business	Total	Elimination	Consolidated
Ordinary income						
(1) External customers	¥1,180,892	¥159,518	¥226,499	¥1,566,910	¥ —	¥1,566,910
(2) Intersegment	26,600	1,391	128,424	156,416	(156,416)	—
Total	1,207,493	160,910	354,923	1,723,326	(156,416)	1,566,910
Ordinary expenses	1,033,568	141,390	307,026	1,481,985	(137,300)	1,344,685
Ordinary profit	¥ 173,924	¥ 19,519	¥ 47,897	¥ 241,341	¥ (19,116)	¥ 222,225

Six months ended September 30, 2009	Millions of U.S. dollars Banking business	Leasing business	Other business	Total	Elimination	Consolidated
Ordinary income						
(1) External customers	$13,089	$1,768	$2,511	$17,368	$ —	$17,368
(2) Intersegment	295	16	1,423	1,734	(1,734)	—
Total	13,384	1,784	3,934	19,102	(1,734)	17,368
Ordinary expenses	11,456	1,568	3,403	16,427	(1,522)	14,905
Ordinary profit	$ 1,928	$ 216	$ 531	$ 2,675	$ (212)	$ 2,463

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. 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.

2. Geographic segment information

Six months ended September 30, 2009	Millions of yen Japan	The Americas	Europe and Middle East	Asia and Oceania	Total	Elimination	Consolidated
Ordinary income							
(1) External customers	¥1,331,661	¥108,327	¥66,217	¥60,703	¥1,566,910	¥ —	¥1,566,910
(2) Intersegment	13,652	54,438	1,621	2,428	72,140	(72,140)	—
Total	1,345,314	162,765	67,838	63,131	1,639,050	(72,140)	1,566,910
Ordinary expenses	1,203,227	103,661	65,505	34,798	1,407,193	(62,507)	1,344,685
Ordinary profit	¥ 142,087	¥ 59,104	¥ 2,333	¥28,333	¥ 231,857	¥ (9,632)	¥ 222,225

Six months ended September 30, 2009	Millions of U.S. dollars Japan	The Americas	Europe and Middle East	Asia and Oceania	Total	Elimination	Consolidated
Ordinary income							
(1) External customers	$14,760	$1,201	$734	$673	$17,368	$ —	$17,368
(2) Intersegment	152	603	18	27	800	(800)	—
Total	14,912	1,804	752	700	18,168	(800)	17,368
Ordinary expenses	13,337	1,149	726	386	15,598	(693)	14,905
Ordinary profit	$ 1,575	$ 655	$ 26	$314	$ 2,570	$(107)	$ 2,463

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. 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.

3. Ordinary income from overseas operations

Six months ended September 30, 2009	Millions of yen	Millions of U.S. dollars
Consolidated ordinary income from overseas operations (A)	¥ 235,248	$ 2,607
Consolidated ordinary income (B)	1,566,910	17,368
(A) / (B)	15.0%	15.0%

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.

IX. Business Combinations

Business combinations of subsidiaries: 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 Cedyna Financial Corporation and became an equity method affiliate of SMFG. The outline of the merger is as follows:

1. Outline of the merger
   (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 merger
   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 merger
   April 1, 2009
   (4) Legal form of the business combinations
   The merger was a merger procedure by absorption with OMC Card as the surviving company. (New name of the company: Cedyna 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 interim consolidated statement of operations for the six months ended September 30, 2009
   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 Cedyna Financial Corporation has become an affiliated company accounted for by the equity method.

X. Per Share Data

September 30, 2009	Yen	U.S. dollars
Net assets per share	¥3,645.47	$40.41

Six months ended September 30, 2009	Yen	U.S. dollars
Net income per share	¥128.05	$1.42
Net income per share (diluted)	125.97	1.40

Notes: 1. Net income per share and Net income per share (diluted) are calculated based on the following:

Six months ended September 30, 2009	Millions of yen, except number of shares	Millions of U.S. dollars
Net income per share:		
Net income	¥123,540	$1,369
Amount not attributable to common stockholders	5,352	59
Dividends on preferred stock	5,352	59
Net income attributable to common stock	¥118,188	$1,310
Average number of common stock during the six months (in thousands)	922,966	/
Net income per share (diluted):		
Adjustment for net income	¥ 2,034	$ 23
Dividends on preferred stock	2,254	25
Stock acquisition rights issued by subsidiaries and affiliates	(220)	(2)
Increase in number of common stock (in thousands)	31,430	/
Preferred stock	31,430	/
Stock acquisition rights	—	/

Outline of dilutive securities which were not included in the calculation of "Net income per share (diluted)" for the six months ended September 30, 2009 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:

September 30, 2009	Millions of yen, except number of shares	Millions of U.S. dollars
Net assets	¥6,102,967	$67,645
Amounts excluded from Net assets	2,455,104	27,212
Preferred stock	310,203	3,438
Dividends on preferred stock	5,352	59
Stock acquisition rights	74	1
Minority interests	2,139,474	23,714
Net assets attributable to common stock at the interim period-end	¥3,647,863	$40,433
Number of common stock at the interim period-end used for the calculation of Net assets per share (in thousands)	1,000,655	/

XI. Subsequent Events (up to November 26, 2009)

Pursuant to the agreement reached on May 1, 2009 among SMBC, Nikko Citi Holdings, Inc., a wholly-owned subsidiary of Citigroup Inc. ("Citi"), and other affiliates of Citi, SMBC has acquired all of the shares of Nikko Cordial De-merger Preparatory Company Ltd. (the "Acquisition of Target Shares") on October 1, 2009. Nikko Cordial De-merger Preparatory Company succeeded to all of the operations (excluding selected assets and liabilities) of Nikko Cordial Securities Inc. ("Former Nikko Cordial"), which was engaged mainly in the retail securities business (the "Retail Business"), and certain businesses, including the domestic debt and equity underwriting businesses, of Nikko Citigroup Ltd. ("Former Nikko Citi"), which was engaged mainly in the wholesale securities business (the "Wholesale Business" and with the Retail Business, collectively, the "Target Businesses"), through a corporate de-merger (the "De-merger").

As of October 1, 2009, Nikko Cordial De-merger Preparatory Company Ltd.'s name has been changed to Nikko Cordial Securities Inc.

1. Overview of the transaction

(1) Overview

SMBC acquired the following Target Businesses and assets from Citi, etc.

- The entire business (excluding certain assets and liabilities) of Former Nikko Cordial
- Certain businesses of Former Nikko Citi (including its domestic equity and debt underwriting business)
- Other subsidiaries and affiliates related to the Target Businesses (Nikko System Solutions, Ltd., Nikko Global Wrap, Ltd., Nikko Business Systems Co., Ltd., etc.) (hereinafter the "Affiliates")
- Strategic shareholdings
- Other assets including the "Nikko" brand and related trademarks

The Acquisition of Target Shares was implemented in a manner by which SMBC obtained Nikko Cordial Securities' shares from Former Nikko Cordial immediately after the succession to the Target Businesses by Nikko Cordial Securities as a result of the De-merger from Former Nikko Cordial and Former Nikko Citi.

In addition, the acquisition of the shares of the Affiliates, strategic shareholdings or other assets was implemented in a manner by which Nikko Cordial Securities either (i) succeeded to such shares or other assets which had been assigned or transferred to Former Nikko Cordial from related companies of Citi prior to the De-merger, or (ii) acquired such shares or other assets after the De-merger.

(2) Final acquisition price

(a) The acquisition price for the Target Shares, etc.
¥545.0 billion (note that this figure will be adjusted by the end of December 2009, based on the net assets, etc. of Nikko Cordial Securities as of the effective date of the De-merger.)

(b) Strategic shareholdings (listed stocks)
¥29.8 billion

2. Outline of Nikko Cordial Securities Inc.

(1) Company name
Nikko Cordial Securities Inc.
(The company name changed from "Nikko Cordial De-merger Preparatory Company Ltd." on October 1, 2009)

(2) Description of principal business
Financial instruments business, etc.

(3) Location of head office
3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo

(4) Representative
Representative Director and President, Eiji Watanabe

(5) Amount of capital
¥10.0 billion

(6) Date of incorporation
June 15, 2009

(7) Major shareholders and shareholding ratio
Sumitomo Mitsui Banking Corporation
100%

(8) Operating results and financial condition of Former Nikko Cordial (Non-consolidated basis)

	Millions of yen		Millions of U.S. dollars
	Year ended March 31, 2009	Six months ended September 30, 2009	Six months ended September 30, 2009
Operating revenues	¥ 164,135	¥ 85,632	$ 949
Net operating revenues	158,942	84,418	936
Operating income	19,685	20,932	232
Ordinary income	22,158	21,223	235
Net income (loss)	(3,626)	31,574	350
Net assets (period-end)	393,392	522,774	5,794
Total assets (period-end)	1,466,956	1,911,167	21,183

XII. Parent Company

1. Nonconsolidated balance sheets (unaudited)

Sumitomo Mitsui Financial Group, Inc.

	Millions of yen			Millions of U.S. dollars
	September 30		March 31	September 30
September 30, 2009 and 2008, and March 31, 2009	2009	2008	2009	2009
Assets				
Current assets	¥ 27,377	¥ 15,524	¥ 23,730	$ 304
Cash and due from banks	22,441	10,153	1,281	249
Other current assets	4,936	5,371	22,449	55
Fixed assets	5,236,196	3,976,432	4,033,583	58,038
Tangible fixed assets	2	3	2	0
Intangible fixed assets	10	5	11	0
Investments and other assets	5,236,183	3,976,422	4,033,568	58,038
Investments in subsidiaries and affiliates	5,228,339	3,972,567	4,028,093	57,951
Other	7,844	3,854	5,475	87
Total assets	¥5,263,574	¥3,991,957	¥4,057,313	$58,342
Liabilities and net assets				
Liabilities				
Current liabilities	¥1,080,372	¥1,051,424	¥1,079,566	$11,975
Short-term borrowings	1,078,030	1,049,030	1,078,030	11,949
Income taxes payable	371	785	372	4
Reserve for employees bonuses	98	97	102	1
Other current liabilities	1,872	1,511	1,061	21
Fixed liabilities	347,483	162	199	3,852
Bonds	347,300	—	—	3,850
Reserve for executive retirement benefits	183	162	199	2
Total liabilities	1,427,856	1,051,587	1,079,766	15,827
Net assets				
Stockholders' equity				
Capital stock	1,851,389	1,420,877	1,420,877	20,521
Capital surplus	1,346,601	930,319	916,163	14,926
Capital reserve	1,072,868	642,355	642,355	11,892
Other capital surplus	273,732	287,963	273,808	3,034
Retained earnings	681,156	672,619	683,907	7,550
Other retained earnings				
Voluntary reserve	30,420	30,420	30,420	337
Retained earnings brought forward	650,736	642,199	653,487	7,213
Treasury stock	(43,430)	(83,445)	(43,400)	(482)
Total stockholders' equity	3,835,717	2,940,370	2,977,547	42,515
Total net assets	3,835,717	2,940,370	2,977,547	42,515
Total liabilities and net assets	¥5,263,574	¥3,991,957	¥4,057,313	$58,342

2. Nonconsolidated statements of income (unaudited)

Sumitomo Mitsui Financial Group, Inc.

	Millions of yen			Millions of U.S. dollars
	Six months ended September 30		Year ended March 31	Six months ended September 30
Six months ended September 30, 2009 and 2008, and year ended March 31, 2009	2009	2008	2009	2009
Operating income	¥32,594	¥49,659	¥134,772	$361
Dividends on investments in subsidiaries and affiliates	25,451	38,493	117,051	282
Fees and commissions received from subsidiaries	7,142	11,166	17,721	79
Operating expenses	3,535	3,466	8,790	39
General and administrative expenses	3,413	3,466	8,790	38
Interest on bonds	122	—	—	1
Operating profit	29,058	46,193	125,982	322
Nonoperating income	253	142	151	3
Nonoperating expenses	12,244	12,563	23,824	136
Ordinary profit	17,067	33,771	102,309	189
Income before income taxes	17,067	33,771	102,309	189
Income taxes:				
Current	1,227	3,850	2,393	13
Deferred	(2,469)	(2,153)	(3,552)	(27)
Net income	¥18,309	¥32,074	¥103,468	$203

3. Nonconsolidated statements of changes in net assets (unaudited)

Sumitomo Mitsui Financial Group, Inc.

	Millions of yen			Millions of U.S. dollars
	Six months ended September 30		Year ended March 31	Six months ended September 30
Six months ended September 30, 2009 and 2008, and year ended March 31, 2009	2009	2008	2009	2009
Stockholders' equity				
Capital stock				
Balance at the end of the previous fiscal year	¥1,420,877	¥1,420,877	¥1,420,877	$15,749
Changes in the period:				
Issuance of new shares	430,512	—	—	4,772
Net changes in the period	430,512	—	—	4,772
Balance at the end of the period	¥1,851,389	¥1,420,877	¥1,420,877	$20,521
Capital surplus				
Capital reserve				
Balance at the end of the previous fiscal year	642,355	642,355	642,355	7,120
Changes in the period:				
Issuance of new shares	430,512	—	—	4,772
Net changes in the period	430,512	—	—	4,772
Balance at the end of the period	¥1,072,868	¥ 642,355	¥ 642,355	$11,892
Other capital surplus				
Balance at the end of the previous fiscal year	273,808	288,031	288,031	3,035
Changes in the period:				
Disposal of treasury stock	(75)	(67)	(14,222)	(1)
Net changes in the period	(75)	(67)	(14,222)	(1)
Balance at the end of the period	¥ 273,732	¥ 287,963	¥ 273,808	$ 3,034
Total capital surplus				
Balance at the end of the previous fiscal year	916,163	930,386	930,386	10,155
Changes in the period:				
Issuance of new shares	430,512	—	—	4,772
Disposal of treasury stock	(75)	(67)	(14,222)	(1)
Net changes in the period	430,437	(67)	(14,222)	4,771
Balance at the end of the period	¥1,346,601	¥ 930,319	¥ 916,163	$14,926

(Continued)

Six months ended September 30, 2009 and 2008, and year ended March 31, 2009	Millions of yen			Millions of U.S. dollars
	Six months ended September 30		Year ended March 31	Six months ended September 30
	2009	2008	2009	2009
Stockholders' equity				
Retained earnings				
Other retained earnings				
Voluntary reserve				
Balance at the end of the previous fiscal year	¥ 30,420	¥ 30,420	¥ 30,420	$ 337
Changes in the period:				
Net changes in the period	—	—	—	—
Balance at the end of the period	¥ 30,420	¥ 30,420	¥ 30,420	$ 337
Retained earnings brought forward				
Balance at the end of the previous fiscal year	653,487	670,259	670,259	7,243
Changes in the period:				
Cash dividends	(21,059)	(60,135)	(120,240)	(233)
Net income	18,309	32,074	103,468	203
Net changes in the period	(2,750)	(28,060)	(16,772)	(30)
Balance at the end of the period	¥ 650,736	¥ 642,199	¥ 653,487	$ 7,213
Total retained earnings				
Balance at the end of the previous fiscal year	683,907	700,679	700,679	7,580
Changes in the period:				
Cash dividends	(21,059)	(60,135)	(120,240)	(233)
Net income	18,309	32,074	103,468	203
Net changes in the period	(2,750)	(28,060)	(16,772)	(30)
Balance at the end of the period	¥ 681,156	¥ 672,619	¥ 683,907	$ 7,550
Treasury stock				
Balance at the end of the previous fiscal year	(43,400)	(83,194)	(83,194)	(481)
Changes in the period:				
Purchase of treasury stock	(137)	(423)	(943)	(2)
Disposal of treasury stock	107	172	40,736	1
Net changes in the period	(29)	(251)	39,793	(1)
Balance at the end of the period	¥ (43,430)	¥ (83,445)	¥ (43,400)	$ (482)
Total stockholders' equity				
Balance at the end of the previous fiscal year	2,977,547	2,968,749	2,968,749	33,003
Changes in the period:				
Issuance of new shares	861,025	—	—	9,544
Cash dividends	(21,059)	(60,135)	(120,240)	(233)
Net income	18,309	32,074	103,468	203
Purchase of treasury stock	(137)	(423)	(943)	(2)
Disposal of treasury stock	32	105	26,513	0
Net changes in the period	858,169	(28,378)	8,798	9,512
Balance at the end of the period	¥3,835,717	¥2,940,370	¥2,977,547	$42,515
Total net assets				
Balance at the end of the previous fiscal year	2,977,547	2,968,749	2,968,749	33,003
Changes in the period:				
Issuance of new shares	861,025	—	—	9,544
Cash dividends	(21,059)	(60,135)	(120,240)	(233)
Net income	18,309	32,074	103,468	203
Purchase of treasury stock	(137)	(423)	(943)	(2)
Disposal of treasury stock	32	105	26,513	0
Net changes in the period	858,169	(28,378)	8,798	9,512
Balance at the end of the period	¥3,835,717	¥2,940,370	¥2,977,547	$42,515